TARIFF SCHEDULES

BRIEFS AND STATEMENTS

FILED WITH THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

SIXTY-THIRD CONGRESS
· FIRST SESSION

ON

H. R. 3321

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

(IN THREE VOLUMES)

VOLUME III—SCHEDULES M AND N, FREE LIST, CUSTOMS ADMINISTRATION AND INCOME TAX

SUBJECT INDEX IN VOLUME III

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Ruhm, H. D.; par. 584, caustic potash	1875
Russell Co.; par. 651, wood pulp	1925
Ryon, John W.; par. 444, buckwheat and buckwheat flour	1765
St. Lawrence Pulp & Lumber Corporation; par. 651, wood pulp	1924
Schonthal, Joseph, Iron Co.; par. 591, iron or steel rails	1881
Schuler-Mueller Co.; par. 657, stained glass	1947
Schwartz, J. H., and others; par. 430, press cloths	1753
Scott, Albert J.; par. 657, stained glass	1938
Scudder, S. J.; par. 551, condensed milk	1836
Seeman Bros.; par. 629, tea	1898
Self, Thomas; par. 430, press cloths	1754
Shaw, Robert Alfred; par. 518, indigo and hydron blue	1800
Shepard & Morse Lumber Co.; par. 649, lumber and shingles	1913
Skiddy, W. W.; par. 626, dyewood and tanning extracts	1887, 1888
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Tacoma & Eastern Lumber Co.; par. 649, lumber and shingles	1911
Tea Association of the United States of America; par. 629, tea	1900
Tea & Coffee Trade Journal; par 629, tea	1901
Thomas, W. S.; par. 401, agricultural implements	1722
Three K Shoe Co.; par. 534, boots and shoes	1819
Traill, F. A.; par. 649, lumber and shingles	1908
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Union Carbide Co.; par. 449, calcium carbide	1766
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Carswell, J. Frank	2049
Carter, Ledyard & Milburn	2051
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Claflin, John	2004
Clark, J. T	2078
Criss, Charles L	2040
Daniel, Walter Travers	2040
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Downs, Murray	1979
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Gram, Jesse P	1979
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Pratt, Sereno S	2004
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SCHEDULE M.

PAPERS AND BOOKS.

SCHEDULE M.—PAPERS AND BOOKS.

Par. 328.—SHEATHING PAPER, ETC.

THE BEAVER CO., BUFFALO, N. Y., BY W. F. MacGLASHAN AND C. B. HURBEY.

BUFFALO, N. Y., *June 12, 1913.*

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

DEAR SIR: On May 23 we had the honor to appear before the subcommittee having under consideration Schedule M of the Underwood tariff bill, and at the conclusion of the hearing filed a brief in support of a proposed amendment affecting section 332 of Schedule M, whereby the section is made to read:

Sheathing paper and pulp or paper board in rolls used as sheathing for walls and ceilings, also roofing felt, 5 per centum ad valorem—

instead of—

Sheathing paper and roofing felt, 5 per centum ad valorem—

the present wording.

We inclose herewith a copy of the brief referred to, in which is set forth the purpose of the proposed amendment and a comparison of so-called sheathing paper with our own product. After further consultation with United States Government expert, C. D. Nevius, and upon his advice, it has been decided that the word "used" in the proposed amendment should be struck out and the words "suitable for use" substituted therefor. A study of the tariff bill as a whole and a review of leading Treasury decisions confirms the statement of Mr. Nevius that the latter form is the one most commonly used in cases where reference to the use of an article or commodity is essential to its proper classification. It appears also to be a more desirable wording from the administration standpoint.

We have the honor to urge, therefore, that section 332, Schedule M, be amended to read as follows:

Sheathing paper and pulp or paper board in rolls suitable for use as sheathing for walls and ceilings, also roofing felt, 5 per centum ad valorem.

Our request is merely for a definite classification in the tariff that will clearly provide for our product, and we respectfully ask your favorable consideration.

[Inclosure for the Beaver Co. in support of the proposed amendment to section 312, Schedule M, the Underwood tariff bill before the Finance Committee, United States Senate.]

BRIEF.

Present form:

"Sheathing paper and roofing felt, 5 per centum ad valorem."

Proposed form, as suggested and approved by Government expert, Judge Shad S. Sharratts:

"Sheathing paper and pulp or paper board in rolls used as sheathing for walls and ceilings; also roofing felt, 5 per centum ad valorem."

Purpose of amendment.—To make clear section 332, Schedule M, as affecting our product. Present wording indefinite and unsatisfactory. It was taken from former tariffs, published before our improved sheathing or wall and ceiling covering was placed on the market.

Comparison of so-called sheathing paper and our product.—Both are made by the same method, on the same style of machine, fibers for sheathing paper being made from mixtures of pulp, sulphite, and old papers. It is sized and often colored. Fibers for our product pulp alone with small percentage of sulphite at times; sized but left in natural color. Sheathing paper is of various thicknesses, approximately averaging from one-thirtieth inch to one-thirty-fifth inch, known to the trade as paper. Our product is thicker, approximately one-twentieth inch in thickness, and is known as a board. We understand that the United States appraisers' office, in considering fibrous material, do not have any arbitrary distinction of thickness between a paper and a board. Our product is built up from rolls to three or more thicknesses and finished at our factories in the United States to make the sheets firm, affording better protection against heat, cold, and sound as a wall and ceiling covering. Sheathing paper has its disadvantages for interior sheathing by being too thin and not affording the protection required. We say the opportunity perfected a heavier material for interior lining and marketed under the trade name Beaver Board.

Our product does not compete with any other products in any other sections in Schedule M or N.

Our product does compete with laths and lumber used by competitors, which are placed on the free list, section 651.

No question of taxation or principle is involved.

Our request is for a definite classification in the tariff that will clearly provide for our product.

Par. 329.—WOOD PULP.

JOHN C. HOORNBEEK'S SONS, NAPANOCH, N. Y., BY ARTHUR V. HOORNBEEK.

NAPANOCH, N. Y., *May 7, 1913.*

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

DEAR SIR: We are engaged in the manufacture of what is known in the United States as dry wood pulp, and in foreign countries the same article is designated as wood flour. Our mill is located at Napanoch, Ulster County, N. Y., and we, and our father, now deceased, have been engaged in that business for 14 years last past.

Congress now has under consideration the proposed amendment of the tariff known as the "Underwood tariff bill," and paragraph No. 651 proposes to put wood flour on the free list. The present tariff imposes a duty on this article of 35 per cent ad valorem (par. No. 215), and this duty amounts to about $3.50 per ton of 2,000 pounds.

The removal of this present duty will make it possible to import wood flour from Europe at about $3.50 per ton less than the present

cost of importation. The result will be that the present profit of the business to us will be eliminated, and in this event it will be necessary for us either to continue in business without profit or to shut down and dismantle our plant.

We earnestly protest against such a serious change in the present tariff as affects this business. The business was built up upon the assumption that to a reasonable extent those engaged in it would be protected by reasonable tariff rates, and it seems unjust that we should be driven out of business by the proposed change of law.

We trust that you will give this matter your serious consideration, as it vitally affects us.

Par. 330.—PRINTING PAPER.

THE ST. CROIX PAPER CO. OF WOODLAND, ME. AND OTHERS, BY BURDETT, WARDWELL & IVES, ATTORNEYS.

The St. Croix Paper Co., the Great Northern Paper Co., and the Berlin Mills Co. are all manufacturers of news print paper in the United States. They have a total output of about 1,070 tons of news print paper per day, and employ about 8,000 men.

We believe that the manufacturers of news print paper are entitled to a duty on the importation of such paper. But waiving, for the purposes of argument, without abandoning our position in this regard, we now urge that if news print paper is to be put on the free list, as provided in section 573 of the tariff bill as it passed the House, some provision be made which will secure to the manufacturers of paper in the United States a supply of their most important raw material—wood and wood pulp—without restriction and without duty.

We urge that section 573 be amended by adding a proviso thereto so that it shall read as follows:

SEC. 573. Printing paper (other than paper commercially known as hand-made, or machine hand-made paper, Japan paper, and imitation Japan paper, by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or binding, not specially provided for in this section, valued at not above 2½ cents per pound: *Provided, however*, That if any country, dependency, province, or other subdivision of government, shall directly or indirectly, in any manner, forbid or restrict the exportation of, or impose, directly or indirectly, any export duty, export license fee, or export charge of any kind whatsoever, upon any mechanically ground wood pulp, or any wood for use in the manufacture of wood pulp in any form, or printing paper made in whole or in part from wood pulp, there shall be imposed upon printing paper, when imported, either directly or indirectly, from such country, dependency, province, or other subdivision of government, a duty of one-tenth of 1 cent per pound, when such paper is valued at 2½ cents per pound or less and, in addition thereto, the amount of such export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon wood pulp, or pulp wood, or printing paper.

The section as amended adds a proviso in the form of a countervailing clause, the necessity for which is shown in the attitude toward this country which in the past has been and is now taken by Canada, or rather with the different Provinces of Canada.

The vast forests of Canada are divided into Crown and freehold lands, by far the greater part being Crown lands belonging to the Government and subject to control and regulation by the different provincial governments.

As will be shown hereafter, the provincial governments for a number of years have shown jealousy of the commercial supremacy of the United States and, under the guise of managing their public lands, have in effect discriminated against the American manufacturer and have aided the Canadian manufacturer in evasion of our tariff laws by methods which among individuals would be considered to be reprehensible.

For convenience the action of the various Provinces will be considered separately.

ONTARIO.

R. S. Ontario (1897), chapter 28, section 14:

The lieutenant governor in council may, from time to time fix the price per acre of public lands and the terms and conditions of sale and settlement and payment.

R. S. Ontario (1897), chapter 32, section 2:

The commissioner of Crown lands, or any officer or agent under him authorized to that effect, may grant licenses to cut timber on the ungranted lands of the Crown at such rates and subject to such conditions, regulations, and restrictions as may from time to time be established by the lieutenant governor in council and of which notice may be given in the Ontario Gazette.

On the 16th day of September, 1897, a notice was issued by authority of an order of the lieutenant governor in council, amending the Crown timber regulations by adding an order and regulation providing that licensees or others engaged in cutting timber on Crown lands or driving, floating, or towing the same in Canadian waters should (with two or three minor exceptions) employ only persons "resident and domiciled in Canada," and that the live stock, provisions, supplies, and material used in such operations should be purchased in Canada. (See "Order of lieutenant governor in council," hereto attached as Exhibit A.)

On December 18, 1897, an order in council compelled owners of timber limits, leased from the Crown (in other words, from the Ontario department of Crown lands and forests) after April 30, 1897, to manufacture within the limits all timber cut on these limits.

On April 30, 1900 (63 Victoria, ch. 11), a law was passed providing that licenses for cutting pulp wood from Crown lands in that Province are strictly confined to pulp wood to be manufactured into wood pulp in Canada. In other words, no pulp wood is to be shipped from the Province of Ontario to foreign countries as pulp wood, but to be manufactured into wood pulp in the Dominion of Canada. (For this statute, see Exhibit B.)

On May 4, 1900, an order in council provided that no hemlock bark cut on Crown lands in Ontario for the use of tanning leather, or for the use of any other manufacturing process, could be shipped beyond the Dominion.

On October 16, 1907, the Crown lands department in issuing an advertisement for the sale of the right to cut pulp wood on Government lands, notified would-be tenderers that in addition to paying Crown dues, they would be required to establish a paper mill in which the pulp wood must be manufactured into paper.

BRITISH COLUMBIA.

Laws of British Columbia (1908) chapter 30, section 49:

All timber cut under lease, special license, or general license, from Provincial lands lying west of the Cascade Range of mountains, must be manufactured within the confines of the Province of British Columbia, otherwise the lease, special license, or general license shall be canceled.

By statute, 1911, chapter 29, section 7, this was extended to cover the whole Province.

Acting under this statute the Province of British Columbia has leased its Province lands to various companies. The important provisions of these leases are as follows: The citations are from lease dated January 9, 1907, to the Canadian Industrial Co. (Ltd.), assigned October 22, 1909, to the Powell River Paper Co.

To have and hold the premises hereby demised unto and to the use of the said lessee for the term of twenty-one years from the date hereof, for the purpose only of cutting and taking therefrom timber, wood, and trees for conversion into pulp or paper, and of erecting on my portion of said land all mills, engines, buildings, and machinery necessary for carrying on the wood pulp and paper business * * *. That the said lessee * * * shall erect, equip, and maintain within the Province of British Columbia a pulp or paper mill having a capacity for an output of one ton of pulp or one-half ton of paper for each and every square mile of timber limits included in this lease * * *. *Provided*, That said lessee shall not be entitled to cut, carry away, or use for any other purpose than for the manufacture of pulp any of the timber, etc.

The Powell River Paper Co., in the assignment of October 22, 1909, agreed with the Government to expend not less than $500,000 in the construction of a pulp mill or a paper and pulp mill having a daily capacity of not less than 100 tons of pulp, and—

The paper company further agrees that they will not manufacture or sell any lumber from the premises comprised in any of said pulp leases until the pulp mill or pulp and paper mill having a daily capacity as above mentioned shall be complete and in operation, except such as may be required in the erection of the paper company's own buildings or other similar works in connection with the installation of such pulp plant.

With these prohibitions against the export of pulp in force the Treasury Department of the United States ruled that paper made from wood cut from province lands in British Columbia, together with that cut on Crown lands in Ontario, Quebec, and New Brunswick, was not entitled to enter this country free of duty under section 2 of the Reciprocity Act, which provided that pulp and paper should come in free only

on the condition precedent that no export duty * * * or any prohibition or restriction in any way of the exportation * * * shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board. (T. D. Circular No. 48, Division of Customs, July 26, 1911.)

Subsequently to this ruling of the Treasury Department on July 12, 1912, an order of lieutenant governor in council provided that the prohibitions against the exportation of pulp wood contained in leases No. 2 and 5 should be removed. (This order is attached as Exhibit C.)

The lands which this order purported to release from restrictions were leased to the Powell River Paper Co., and consisted of 15,305 acres against a total timber land owned by that company of 137,569 acres held under 24 leases similar to the one above cited.

It is hard to see how the action of the lieutenant governor in council can be even a colorable removal of restrictions on exportation of wood in view of the action of the legislature of that Province, cited above, prohibiting the export of pulp wood. But the Treasury Department of the United States, undoubtedly not knowing the facts and trusting to the good faith of the executive department of British Columbia, on receipt of a certified copy of the order in council, by decision of August 10, 1912 (T. D. 32757), ruled that paper made from wood cut on these specified tracts was entitled to free entry.

(The United States Treasury Department, we are informed, have recently notified the Powell River Paper Co. to furnish the State Department certain information concerning the transaction).

Aside from the direct provisions of law, however, it is clear that the action of the lieutenant governor in council was not taken in good faith, but was merely a subterfuge to assist the Powell River Paper Co. to evade the restrictive provisions of the reciprocity act and the payment of tariff duties. This company is one of four which own government leases in British Columbia. It has an output of over 200 tons of newsprint paper per day, is the only manufacturer of newsprint in that Province, and needs for its own use all the pulp wood on which the restrictions have been removed. It sells neither wood nor pulp in this country. From the fact that the other three companies, which only manufacture pulp and not paper, did not share in the benefits of this action, and must therefore continue to pay duty on importations of pulp into the United States, it is obvious that this was an attempt to compel the manufacturer of paper, as well as pulp, to go over on the Canadian side of the line.

QUEBEC.

R. S. Quebec (1909), section 1597:

The minister of lands and forests, or any officer or agent under him authorized for that purpose, may grant licenses to cut timber on the ungranted lands of the Crown, at such rates, and subject to such conditions, regulations, and restrictions, as may, from time to time, be established by the lieutenant governor in council, and of which notice shall be given in the Quebec Official Gazette.

On April 26, 1910, in the orders of lieutenant governor in council (see Woods and Forest Regulations, par. 13), the following order was passed:

All timber cut on Crown lands after the 1st of May, 1910, must be manufactured in Canada, that is to say, converted into pulp or paper, deals or boards, or into any other article of trade or merchandise of which such timber is only the raw material.

On December 31, 1912, subsequent to the passage of the reciprocity act and the ruling of the Treasury Department mentioned above, July 26, 1911, that wood cut from Crown lands in Quebec was not entitled to free entry into the United States, the lieutenant governor in council passed an order exempting certain specified timber limits from the obligation to manufacture in Canada wood cut thereon as provided for in article 13 of the Woods and Forest Regulations, supra. (This order is hereto attached as Exhibit D.) It applied to certain specified timber limits in the Lake Kenogami, River St. Maurice, St. Maurice West, and Lake Clair districts.

The lands exempt from prohibition as to export in this order belong to four companies. The first paragraph of the order exempts lands in the Lake Kenogami region leased by the Price-Porritt Co., which has paper mills at Jonquiere with a capacity of 236 tons news print per day.

The River St. Maurice and St. Maurice West district lands are leased to the Laurentide Co., with paper mills at Grand Mere, capacity 210 tons news print per day, and to the Belgo Canadian Pulp & Paper Co., with a capacity of 145 tons per day.

We are informed and believe that the Wyagamack Paper Co. leases a part of the Lake St. Clair district. At any rate, a part of its

Crown land holdings are freed by this order, and it does manufacture paper.

These companies manufacture their own paper and do not ship wood and but very little pulp, if any, to the United States. (The Price-Porritt Lumber Co. ships some pulp to the United States, but this is shipped from Rimouski, where they have a pulp but no paper mill, and the wood does not come from the exempted lands.)

That the action of the Quebec Government was only a subterfuge intended to aid the paper manufacturers in evading the plain intent of section 2 of the reciprocity act, and to compel citizens or corporations of the United States who desire to continue or engage in the business of the manufacture of paper and pulp to do so on the Canadian side of the line if they propose to look there for their wood supply was well known. The following quotation from the Quebec Chronicle of December 21, 1912, referring to the order of the Government, above quoted, is one of many comments in the Canadian papers:

> By this it is thought that the limit holders will be enabled to get free entry for their paper, but will, it is understood, see that no wood is exported from their holdings even though the restrictions are removed. It remains to be seen if the astute Uncle Sam is likely to be flimflammed by any such transparent device.

The Treasury Department by this time, however, had had reason to suspect the action of British Columbia and Quebec in the cases above mentioned and withheld action on this order pending investigation. On January 18, 1913, by T. D. 33108, collectors were instructed to collect duty on pulp and paper made from Crown-land wood from Quebec notwithstanding statements in invoices.

Previous to the year 1910 the Province of Quebec had leased many thousand square miles of Crown lands to owners of paper mills located in the United States. These leases contain certain restrictions and obligations, but in none of them was there any attempt to prohibit the exportation of pulp wood. During the year 1910, however, as pointed out above, an absolute prohibition was placed upon all wood cut from Crown lands.

The Province of Quebec covers substantially 340,000 square miles, apportioned as follows:

	Square miles.
Owned by Province, Crown lands in timber	200,000
Owned by Province, Crown lands burned, waste, and cull	106,000
Private lands under seigniory	16,000
Private lands under letters-patent	18,000
	340,000

(These are the figures given by the American Newspaper Publishers' Association.)

Of the 34,000 square miles of private land much is under cultivation, and only 8,000 square miles is in timber of all kinds.

It appears from these figures that the Province of Quebec has left but one twenty-fifth of her timber area open to the United States for the furnishing of raw material, which supply, because of the prohibition as to export of Crown land wood, must come from fee land wood, a large part of which is now owned by Canadian paper manufacturers.

Preceding the passage of the reciprocity act American manufacturers of paper and pulp had acquired Crown land rights in Quebec

for the purpose of cutting pulp wood to use as a supplemental supply for their mills in the United States. One of these purchasers was the Quebec & St. Maurice Industrial Co., a company owned by United States citizens and formed for the purpose of acquiring pulp and other wood lands to supply the Berlin Mills, of Berlin, N. H., with pulp wood and pulp. A large part of their land is located in the St. Maurice section in close proximity to a part of the land released from the Crown restrictions by the order of December 31 cited above. This company made application to the provincial government to have its lands released from the obligation to manufacture in Canada. The application was refused.

At substantially the same time the Saguenay Lumber Co., also an American corporation, engaged in sawing lumber in the Province of Quebec, part of some of whose logs were not suitable for merchantable boards, desired to ship the same as pulp wood into the United States. Application was made to the prime minister to free the company's Crown lands as had been done in the case of the lands of the Canadian owners of paper mills under the order of December 31, 1912. The correspondence follows:

PORTLAND, ME., *January 6, 1913.*

The honorable PREMIER OF THE PROVINCE OF QUEBEC,
Quebec City, Quebec.

SIR: Your letter of November 28 was duly received, acknowledging ours of the 27th.

I am informed that under date of December 31, 1912, an order in council was passed, removing all prohibition or restriction in any wise relating to the exportation of pulp wood, paper, paper board, or wood pulp from certain specified Crown land timber berths or licenses.

As our timber holdings in the Province of Quebec are all Crown lands, acquired and held, we believe, under precisely the same conditions governing those cited in the order in council, above mentioned, we presume we are upon proper application entitled to enjoy the same exemption.

Will you kindly advise us at once on this point? We desire the information for use not only to our own advantage but also to the advantage of the provincial revenues.

Yours, very respectfully,

SAGUENAY LUMBER CO.,
Per C. W. NORTON, *Treasurer.*

OFFICE OF THE PRIME MINISTER,
PROVINCE OF QUEBEC,
Quebec, January 21, 1913.

C. W. MORTON, Esq.,
Treasurer Saguenay Lumber Co., Portland, Me.

DEAR SIR: In reply to your letter of the 6th instant, I must state that the order in council of December 31, 1912, to which you refer, has been adopted in favor of four companies which convert into paper, in the Province of Quebec, the timber they cut on Crown lands. As you are not in the same position we can not make the same exception for your company.

Yours, truly, L. GOUIN.

The Riordon Paper Co. was also refused, Mr. Allard, acting as premier in the place of Mr. Gouin, stating that the object of his government was to have wood manufactured into finished paper for export rather than the intermediate process of pulp.

With this evidence at hand the Treasury Department, on February 28, 1913, issued the following instructions to collectors and other officers of the customs:

WOOD PULP, PAPER, AND PAPER BOARD.

Pulp, paper, or paper board manufactured from wood cut on Crown lands covered by the Quebec order in council of December 31, 1912, subject to duty.

TREASURY DEPARTMENT, *February 28, 1913.*

To collectors and other officers of the customs:

Your attention is invited to T. D. 33108, of January 18, 1913, relative to the collection of duty on importations of pulp, paper, or paper board manufactured from wood cut on Crown lands in the Province of Quebec.

It appears that an order in council dated December 31, 1912, of the Province of Quebec, purports to remove the export restrictions from the wood cut on certain Crown lands therein specified, which are under lease to certain paper-manufacturing companies of that Province, who intend to convert the wood or timber cut on such lands into paper in the said Province and have no intention of exporting such wood or timber.

It further appears that the government of Quebec has declined to remove the restrictions against the exportation of wood upon the application of persons or companies holding leases of Crown lands who intend to export the wood for manufacture in this country.

The department is of the opinion that the action of the Province of Quebec in such purported removal of restrictions against the exportation of wood which it is known will not be exported, together with its refusal to remove such restrictions upon the exportations of wood which might be exported to the United States, does not entitle the pulp, paper, or paper board manufactured from wood cut on any Crown lands to entry free of duty under the terms of section 2 of the act approved July 26, 1911.

You are therefore hereby instructed to continue to assess duty upon all pulp, paper, or paper board manufactured from wood cut on Crown lands in Quebec, notwithstanding any statements contained in invoices or affidavits or otherwise relating to the freedom from restrictions of wood cut on such lands.

JAMES F. CURTIS, *Assistant Secretary.*

NEW BRUNSWICK.

On April 13, 1911, while the reciprocity act was under consideration in Congress, New Brunswick, which had never prohibited or restricted the exportation of wood cut on Crown lands, passed an act providing in effect that all wood sent for manufacturing pulp and paper should be manufactured into pulp or paper in Canada.

(The material part of this act, known as the "manufacturing condition" (1 Geo. V, ch. 10), is hereto attached as Exhibit E.)

Some of the leases of the Crown lands of this Province had many years to run, but as there was a provision for annual renewals, now sections have been added to all of them as follows:

This license is to be subject to the manufacturing condition as authorized by section 1 of schedule A, Ch. X, 1 Geo. V.

On March 20, 1913, an act was passed providing that 50 per cent of the lumber cut yearly upon Crown lands "should be manufactured into pulp and paper or other manufactures of pulp" within the Province, and that the licensee shall erect a paper mill for the purpose of such manufacture.

(This act is hereto attached as Exhibit F.)

As we understand it, the present situation in New Brunswick is that by the act of 1911 the exportation of wood cut on Crown lands is absolutely prohibited, while by the act of 1913 all future licenses will contain a provision that 50 per cent of the pulp must be manufactured into paper in the Province.

CANADA'S ATTITUDE ON FREIGHT RATES ON PULP WOOD.

The policy of the Canadian Government to compel manufacturers of paper to remove to the Canadian side of the line is instanced by the attitude of the Canadian railroad commissioners.

Some time ago the Canadian railroads, which of course have everything to gain by the establishment of manufacturing establishments along their lines, gave notice of their purpose to make general advances in the freight rates on pulp wood shipped into the United States, although no increase whatever was suggested on the paper rates, the evident purpose being to increase the difficulty of sending raw material into this country and at the same time make the shipment of the finished product as easy as possible.

On complaint of certain shippers hearings were held before the railroad commissioners with respect to the advanced rates.

Mr. George Sullivan, president of the William Nixon Paper Co., of Philadelphia, stated on oath at the hearing before the Committee on Ways and Means (Tariff Schedules, p. 2295) that—

> Mr. D'Arcy Scott, assistant chief commissioner of the board of railway commissioners of Canada, stated at the oral hearing granted at Ottawa on August 28, 1912, that, in his opinion, this Canadian raw material, spruce pulp wood, should be manufactured into paper upon the Canadian side of the international line, and that the same opinion was widely held in Canada.

On February 24, 1913, the railroad commission sustained the advance in rates. (International Paper Co. *v.* Grand Trunk Railway Co., re International Pulp Wood Rates, File No. 18879). Naturally the opinion does not state that the above is the reason for sustaining the rates, but it is significant that the opinion makes no comparison of the relation between the rates on pulp and the rates on paper which it is understood was argued at length at the hearings.

The argument presented by the last administration for the adoption of the reciprocity act was to "cement the friendly relations with the Dominion" and to "further promote good feeling between kindred peoples." Canada rejected reciprocity.

The argument presented for the adoption of section 2 of that act, relating to pulp and paper, which was not reciprocal in terms, but which gave Canada the right to ship its pulp and paper into the United States free, while Canada was imposing a 15 per cent duty on shipments from the United States into Canada, was that it would give our manufacturers free access to the Canadian forests and thus indirectly reduce the consumption of our own.

Canada's gratitude was shown by legislation not only prohibiting the export of wood, but restricting the exportation of pulp, and by the action of the executive departments of Quebec and British Columbia, attempting in an underhand manner to assist Canadian manufacturers to evade the payment of existing duties on paper.

Manufacturers of paper in the United States in good faith invested money in timber lands in Canada, intending to obtain a supplemental supply of pulp wood for their mills. They were prohibited from exporting the pulp wood.

Some of them erected pulp mills in Canada.

They were met by an attempted and partially successful discrimination against them and in favor of the Canadian paper manufacturers by the governments of British Columbia and Quebec and by

the recent action of New Brunswick providing that in new or renewed leases 50 per cent of the timber cut should be manufactured into paper in the Province.

As has been shown, the Canadian Provinces have for many years been taking one step after another intended to break down the paper industry in this country for the benefit of their own manufacturers. If section 573 is passed in the form in which it passed the House, Canada will consider it an invitation to prohibit the export of pulp as well as wood, while if the amendment which we suggest is adopted, the strongest compulsion will be imposed upon all the Canadian Provinces to remove the restrictions which now exist.

(The above communication bore the signatures of the St. Croix Paper Co., of Woodland, Me; Great Northern Paper Co., of Millinocket, Me.; and Berlin Mills Co., of Berlin Falls, N. H. By Burdett, Wardwell & Ives, their attorneys.)

EXHIBIT A.

ONTARIO.

[Order of lieutenant governor in council, Sept. 16, 1897.]

SECTION 1. No timber licensee or holder of a permit engaged in cutting, taking, or removing saw logs or timber upon or from the lands of the Crown, or driving, floating, or towing the same in Canadian waters, and no other person, firm, or company engaged in or about any such work under the authority or with the assent of such licensee or holder of a permit, shall employe or engage or permit to be employed or engaged in any capacity whatever, in and about or in connection with such cutting, removing, driving, floating, or towing in Canadian waters, any person who is not a resident of and domiciled in Canada, excepting the following persons, viz: The agent or manager having charge or supervision of the entire lumbering operation carried on by any person, firm, or company within the Province of Ontario, the head bookkeeper or accountant under such agent or manager, and one estimator or explorer, unless under special permission of the commissioner of Crown lands expressed in writing.

SEC. 4. All horses, cattle, sleighs, and all provisions, pork, flour, tea, and all tools and hardware, such as chains, axes, saws, and all other tools, supplies, or material of any kind whatsoever required or used in connection with the taking out of saw logs or timber cut upon Crown lands shall be purchased in Canada.

EXHIBIT B.

ONTARIO.

[63 Vict., ch. 11, Apr. 30, 1900.]

(1) All sales of timber limits or berths by the commissioner of Crown lands which shall hereafter be made and which shall convey the right to cut and remove spruce or other soft-wood trees or timber other than pine, suitable for manufacturing pulp or paper, and all licenses or permits to cut such timber on the limits and berths so sold, and all agreements entered into or other authority conferred by the said commissioner by virtue of which such timber may be cut upon lands of the Crown, shall so be made, issued, or granted subject to the condition set out in the first regulation of schedule A of this act, and it shall be sufficient if such condition be cited as "the manufacturing condition" in all notices, licenses, permits, agreements, or other writing.

Schedule A.

(1) Every license or permit conferring authority to cut spruce or other soft-wood trees or timber, not being pine, suitable for manufacturing pulp or paper, on the ungranted lands of the Crown, or to cut such timber reserved to the Crown on lands leased or

otherwise disposed of by the Crown, which shall be issued on and after the 30th day of April, 1900, shall contain and be subject to the condition that all such timber cut under the authority or permission of such license or permit shall, except as hereinafter provided, be manufactured in Canada; that is to say, into merchantable pulp or paper, or into sawn lumber, woodenware, utensils, or other articles of commerce or merchandise, as distinguished from the said spruce or other timber in its raw or unmanufactured state; and such condition shall be kept and observed by the holder or holders of any such license or permit who shall cut or cause to be cut spruce or other soft-wood trees or timber, not being pine, suitable for manufacturing pulp or paper, under the authority thereof, and by any other person or persons who shall cut or cause to be cut any of such wood trees or timber, under the authority thereof, and all such wood trees or timber, cut into logs or lengths or otherwise, shall be manufactured in Canada as aforesaid. It is hereby declared that the cutting of spruce or other soft-wood trees or timber, not being pine, suitable for manufacturing pulp or paper into cordwood or other lengths, is not manufacturing the same within the meaning of this regulation.

EXHIBIT C.

[A. Campbell Reddie, deputy clerk executive council.]

Certified copy of a report of a committee of the honorable the executive council, approved by his honor the lieutenant governor, on the 12th day of July, A. D. 1912.

To his honor the LIEUTENANT GOVERNOR IN COUNCIL:

On a memorandum from the honorable the minister of lands, which has been accepted and approved by council, it is ordered that, notwithstanding anything contained in the following pulp leases granted by His Majesty, the King, therein represented by the honorable the chief commissioner of lands for the Province of British Columbia, on the 9th day of January, 1907, demising the following lands in the Prov ince of British Columbia, that is to say:

Lease No. 2: Lots 148 to 155, inclusive, lots 160 to 160A, inclusive, lots 162 to 167, inclusive, all in range 1, coast district. Lots 104 to 122, inclusive, lots 124 to 151, inclusive, lots 153 to 154, inclusive, all in range 2, coast district;

Lease No. 5: Lot 493, range 1, coast district;

or any other prohibition or restriction whether by law, order, regulation, or contractual relation, directly or indirectly, obtaining in the premises, all pulp wood which has been or shall be cut on the lands described in the said leases, or the papers, board, or wood pulp manufactured from the wood cut on said lands may be exported free of any export duty, export license fee, or other export charge of any kind whatsoever, or any prohibition or restriction in anywise relating to such exportation.

And that a certified copy of this minute, if approved, be forwarded to E. V. Bodwell, Esq., solicitor, Victoria.

Dated this 11th day of July, A. D. 1912.

WM. R. ROSE, *Minister of Lands.*

Approved this 12th day of July, A. D. 1912.

RICHARD MCBRIDE,
Presiding Member of the Executive Council.

EXHIBIT D.

ORDER.

EXECUTIVE COUNCIL CHAMBER,
Quebec, December 31, 1912.

Present: The lieutenant governor in council.

It is ordered that the obligation to manufacture in Canada any timber cut on Crown lands, as enacted by article 13 of woods and forests regulations, shall not apply to the timber cut from the 1st day of May, 1911, and which will be cut hereafter on the timber limits hereinafter described; and that all pulp wood cut from the 1st day of May, 1911, or which will be cut hereafter on the said timber limits, or the paper, paper board, or wood pulp manufactured from the wood cut on such timber limits, may be exported

free of any export duty, or any other charge of any kind whatsoever, or any prohibition or restriction in any wise relating to such exportation.

Lake Kenogami (Plessis), No. 21; Mesy South, No. 26; Riviere-aux-Ecorces, No. 20; Mesy, No. 25; River Pikauba, No. 16; Township Dequen, No. 149; Caron, No. 29; Riviere-aux-Ecorces, west; Riviere-aux-Ecorces, east.

River St. Maurice, No. 6 west; River St. Maurice, No. 10 west; River St. Maurice, No. 11 west; River St. Maurice, No. 12 west; Riviere-au-Rat, No. 1 south; River Weeseneau, A. B. C. D.

St. Maurice, west, No. 13; St. Maurice, west, No. 14; Trench, west, No. 1; Croche, west, No. 4; Arriere Croche, B.

Lake Clair, No. 2 west; Lake Clair, No. 2 east; Mattawan, No. 2 south; No. 5 south; No. 5 rear south; No. 6 south; No. 6 rear south; No. 7 south; No. 5 north; No. 7 north; Croche, No. 1 east; No. 3 east; No. 3 rear east; No. 1 west; No. 2 west; No. 3 west; No. 5 west; Bostonnais, No .1 north; Bostonnais, No. 2 north half west.

WM. LEARMONTH,
Clerk Executive Council per interim.

EXHIBIT E.

NEW BRUNSWICK.

[1 George V, ch. 10.]

Every timber license or permit conferring authority to cut spruce or other softwood trees or timber, not being pine or poplar, suitable for manufacturing pulp or paper, on the ungranted lands of the Crown, shall contain and be subject to the condition that all such timber cut under the authority or permission of such license or permit, shall be manufactured in Canada—that is to say, into merchantable pulp or paper, or into sawn timber, woodenware utensils, or other articles of commerce or merchandise as distinguished from the said spruce or other timber in its raw or manufactured state; and such condition shall be kept and observed by the holder or holders of any such timber licenses or permit, who shall cut or cause to be cut spruce or other softwood trees or timber, not being pine or poplar, suitable for manufacturing pulp or paper under the authority thereof, and by any other person or persons who shall cut or cause to be cut any of such wood trees or timber under the authority thereof, and all such wood trees or timber cut into logs or lengths or otherwise shall be manufactured in Canada as aforesaid. It is hereby ordered that the cutting of spruce or other softwood trees or timber, not being pine or poplar, suitable for manufacturing pulp or paper into cord-wood or other lengths is not manufacturing within the meaning of this section.

EXHIBIT F.

NEW BRUNSWICK.

[Mar. 20, 1913, 3 Geo. V. Act re timber lands of the Province.]

A license, to be known as "the pulp and paper license," which shall contain as part of its conditions the following provisions and requirements: At least 50 per cent of the lumber cut yearly upon the said Crown lands under such license shall be manufactured into pulp and paper or other manufactures of pulp within the Province of New Brunswick; that the licensee agrees, upon taking out the license, that he shall acquire or erect and operate a pulp mill within three years of the date of taking out of such license and that he shall acquire or erect and operate a paper mill or other mill which manufactures goods into which pulp largely enters as raw material within five years from the same date and that both the pulp and paper mill or other mill, as aforesaid, shall be of sufficient capacity to manufacture the quantity of timber above mentioned, and, further, that the operation of such pulp and paper mill or other mill, as aforesaid, shall be continuous from year to year, such licenses to be renewable for a period of 30 years and shall be subject to an extension for a period of 20 years from the termination of the 30-year period upon the condition hereinafter provided; the renewal from year to year for the 30-year period and the yearly renewals during the extended period of 20 years to be subject to a satisfactory compliance on the part of the licensee with such rules and regulations as may be made from time to time by the lieutenant governor in council in dealing with the Crown lands of the Province.

JOHN NORRIS, CHAIRMAN COMMITTEE ON PAPER OF THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

A STORY OF PAPER COMBINATIONS AND OPPRESSION.

WASHINGTON, *May, 1911.*

"When bankruptcy was staring many (paper) mills in the face," the International Paper Co. was organized in January, 1898, by the consolidation of 24 paper mills. The phrase in quotation was used by Mr. Chester W. Lyman, representing the International Paper Co., to the Senate Finance Committee on February 23, 1911, and it is assumed that he described mills which were merged into that company.

The total output of American news-print paper mills in 1898 was 1,600 tons per day, and the International Paper Co. practically absorbed 80 per cent of the entire American production, including practically every important mill in New England and New York, with one exception.

The mills were bought and consolidated on the basis of a daily output of 1,576 tons, but the actual output of those plants was 1,200 tons per day on 111 machines, or an average of 11 tons per day per machine.

At that time the paper machines in other mills were averaging 25 tons per day per machine, so that the equipment turned over to the consolidated company was not within 40 per cent of standard capacity. Since 1898 the speed of paper machines has increased from 300 feet per minute to 650 feet per minute; the width has increased from 100 inches to 184 inches; and the product has increased from 25 tons per day per machine to 56 tons per day per machine.

The following mills were combined: Falmouth at Jay, Otis Falls Pulp Co., Webster, and Rumford Falls, Maine; Glen and Franklin, New Hampshire; Bellows Falls and Wilder, Vermont; Haverhill and Turners Falls and Montague, Massachusetts; Fort Edward, Glens Falls, Herkimer, Niagara, Palmers Falls, Piercefield, Ticonderoga, Ontario, and Watertown Group, New York.

Immediately after consolidation the International Paper Co. sold 3 of the 111 machines which it took over; it discontinued 15; it leased 5; and it put to other uses or gradually changed from their original purpose of news-print manufacture 23 machines; a total of 46 machines taken from its field of news-print paper production.

In 13 years the International Paper Co. has rebuilt or lengthened or patched up some of its old machines, but in all that period it has added only two new machines to its equipment for news-print manufacture, so that when it made a showing to the Mann committee in 1908 it disclosed only 67 paper machines used on news.

Its present average output is less than 20 tons per day per machine, whereas up-to-date machines are making 56 tons per day per machine. The capacity of the International Paper Co. is only 35 per cent of modern equipment. Yet the International Paper Co. is asking Congress to put a premium upon the antiquity of plants in mills that were verging on bankruptcy 13 years ago.

EXCESSIVE CAPITALIZATION.

The financial side of the International Paper Co. furnishes a striking instance of excessive capitalization.

In 1901 the St. Regis Paper Co. mill at De Feriet, N. Y., was built complete at a cost of $12,500 per ton of daily output, including hydraulic installation, pulp-grinding plant, sulphite digestors, and paper mill. The International Paper Co. had an actual output of 1,200 tons per day of news print paper when it was organized, but it was short 40 per cent in ground-wood mills and in sulphite pulp auxiliaries. The mills that had bankruptcy staring them in the face at that time could have been duplicated in better locations for $15,000,000. The company was capitalized at $55,000,000, in addition to rentals of $196,000 per annum for water power and for other fixed charges, which would increase the capitalization in excess of $60,000,000, so that the American consumers of news print paper have been forced to shoulder the burden of an inflation of at least $40,000,000.

The capitalization of 1,200 tons of daily output was fixed at $60,000,000, or $50,000 per ton of daily output, for bankrupt mills that were incomplete and unbalanced, as Mr. Lyman testified, because the sulphite pulp capacity and the mechanical pulp capacity have since been increased 40 per cent to balance the paper machinery.

It will be noted that this capitalization of $50,000 per ton of daily output for incomplete and unbalanced mills was four times the rate at which the St. Regis Co. built a complete and balanced mill.

When the Ways and Means Committee heard testimony on the paper schedule on November 21, 1908, the chairman, Mr. Payne, asked Mr. Lyman, representative of the International Paper Co., to produce and file with the committee a statement showing the purchase price of each of the properties merged into the International Paper Co. and how paid, in cash or bonds or otherwise, and the capacity of each mill and the number of tons they made each day at the time of purchase. That statement, if ever made by the International Paper Co., can not be now found in the files of the Ways and Means Committee.

SPECULATING IN WOODLANDS.

Instead of confining itself to the manufacture of paper, the International Paper Co. launched into a gigantic woodland speculation. In 1898 the company owned 450,000 acres of spruce land in New York, Maine, New Hampshire, Vermont, and Michigan, and it held Government licenses for 1,132,000 acres in Canada. Ten years later it owned 1,079,969 acres in fee and 2,689,280 acres in limits, a total increase of 3,417 square miles.

Gifford Pinchot and Mr. Dillon, the vice president of the Great Northern Paper Co., said that 1,000 acres of spruce land would reproduce enough wood to make one ton of paper per day perpetually. The International Paper Co. had acquired 3,769,249 acres, or enough to reproduce approximately three times its output. Moreover, it had been in the habit of cutting from its own lands only one-fourth of the wood which it used, so that it had twelve times the quantity which it actually needed for its immediate purposes. The policy

which it has urged upon Congress in dealing with Canada has resulted in the alternative submitted to it of suffering a practical deprivation of the use of 4,200 square miles of its timberlands in Quebec and New Brunswick, or the removal of the company's manufacturing operations to Canada.

ANOTHER NEWS-PRINT COMBINATION.

Following the combination of the 24 mills, many of which were verging on bankruptcy, into the International Paper Co., the news-print paper mills and the wrapping-paper mills of Wisconsin and Minnesota organized the General Paper Co., which the United States Government attacked in 1904 at the instance of the American Newspaper Publishers' Association. The mills fought stubbornly until March 14, 1906, when the United States Supreme Court decided that the officers of the paper companies could not withhold their books from judicial scrutiny. They then consented to dissolve, and a formal decree of dissolution and a prohibition from further participation in such combinations was entered of record on June 18, 1906, in the Circuit Court of the United States for the District of Minnesota against 22 paper companies, as follows: Itasca Paper Co., Hennepin Paper Co., Wolf River Paper & Fiber Co., Atlas Paper Co., Kemberly & Clark Co., Riverside Fiber & Paper Co., Combined Locks Paper Co., Dells Paper & Pulp Co., Grand Rapids Pulp & Paper Co., Menasha Paper Co., The C. W. Howard Co., Nekoosa Paper Co., Fall's Manufacturing Co., Flambeam Paper Co., John Edwards Manufacturing Co., Wisconsin River Pulp & Paper Co., Tomahawk Pulp & Paper Co., Northwest Paper Co., Consolidated Water Power & Paper Co., Petosky Fiber Paper Co., and Rhinelander Paper Co.

THREE OTHER PAPER POOLS.

A promoter named John H. Parks, located at No. 1 West Thirty-fourth Street, New York, organized six pools from which he derived a personal income of $25,000 per month, or at the rate of $300,000 per annum. Among these pools were: The fiber and manila pool, the box board pool, the sulphite pulp pool. Each of these pools affected the market for news print paper and influenced its price. When mills which can be changed to make news print paper with slight cost are made excessivly profitable in other directions by these pooling arrangements, then their equipment is kept out of news print paper production, and a news print paper famine is promoted.

Copies of the minutes of these organizations were furnished to the United States authorities. Park's office was raided by them and the following companies in the fiber and manila pool were indicted, pleaded guilty, and paid fines: Allen Bros. Co., Analomink Paper Co., Bedford Pulp & Paper Co., Bayless Pulp & Paper Co., Brownville Paper Co., Champion Paper Co., Central Paper Co., Continental Paper Co., DeGrasse Paper Co., The Dexter Sulphite Pulp & Paper Co., Detroit Sulphite Pulp & Paper Co., Fletcher Paper Co., Gould Paper Co., Hartje Paper Manufacturing Co., The Island Paper Co., Island Paper Co., Jefferson Paper Co., Newton Falls Paper Co., Orono Pulp & Paper Co., Parsons Pulp & Paper Co., The Raquette River Paper Co., York Haven Paper Co., Munising Paper Co. (Ltd.), Charles W. Pratt & John W. Moyer.

We had charged that the International Paper Co. was producing 63,000 tons of manilas annually in four of its mills and was selling that output through the Continental Paper Bag Co., its exclusive selling agent. We charged that the International Paper Co., through the Continental Paper Bag Co., whose stock it controlled, was participating in the fiber and manila pool. Mr. Waller, vice president of the International Paper Co., appeared before the Mann committee on May 18, 1908 (p. 1169 of hearings), and unqualifiedly denied any participation or any interest in any combination or any pool of any sort, either directly or through selling agents, and this applied to "any grade of paper." Yet within 32 days after that testimony was given, that is, on June 19, 1908, the Continental Paper Bag Co. pleaded guilty to participation in the fiber and manila pool. The Continental Paper Bag Co. hid its identity in the records of the association by appearing on the minutes as John Smith. And the indictment shows that that association voted (see folio 55 of indictment) to send its uniform price list to Mr. Sparks, of the Union Bag & Paper Co., and "one to Mr. Waller of the International Paper Co. for their guidance."

BOX-BOARD POOL.

The members of the box-board pool were also indicted, as follows: Albia Box & Paper Co., American Paper Co., Boehme & Rauch Co., the Colin Gardner Paper Co., Eastern Straw Board Co., Empire Paper Co., Foster Box Board Co., Fort Orange Paper Co., Kokomo Paper Co., Lydall & Foulds Paper Co., Marion Paper Co., New Haven Pulp & Paper Co., Ohio Box Board Co., Niles Board & Paper Co., Ravenswood Paper Manufacturing Co., The Tait & Sons Paper Co., The U. S. Board & Paper Co., Haverhill Box Board Co., Piermont Paper Co., Beveridge Paper Co., Chicago Coated Board Co., Philadelphia Paper Manufacturing Co., Lafayette Box Board & Paper Co., Franklin Board & Paper Co., Vincennes Paper Co., Elkhart Bristol Box & Paper Co., and Tonawanda Board & Paper Co.

The minutes showed that the box-board pool profits of $4,835,652.45 were obtained on sales of 853,677 tons for $32,151,824.96.

THE SULPHITE POOL.

For five years prior to 1908 the members of the sulphite pulp pool had been attending monthly meetings to hold up the market by its boot straps. They were continually embarrassed by the refusal of Theodore Burgess, of the Burgess Sulphite Co., of Berlin, N. H., producing 340 tons of sulphite per day, to restrict his tonnage. Finally he was bought out by Mr. W. W. Brown, of the Berlin Mills, who cut the mill's production to 90 tons per day; and a shout of great joy went up from the sulphite pulp pool over the elimination of this disturber.

When the American Newspaper Publishers' Association started to dig into these various paper pools, the sulphite pulp pool dissolved and reorganized in December, 1907, as a bureau of statistics.

Reverting to the early history of the combination which developed into the International Paper Co., I should state that a delegation of paper makers, headed by Mr. William A. Russell, appeared before the Ways and Means Committee, on December 31, 1896, and urged the

framing of the paper schedule to suit the purposes of a number of mill men who were then organizing the industry so that they might control prices. I appeared before the committee and charged that these gentlemen were then planning to form a combination of mills and to raise the price of news print paper to 2½ cents per pound, or $50 per ton. In the report of that proceeding you will find that Mr. Russell said:

> I deny both that there is a combination formed or practically formed, or that any combination or any consideration of this matter by the paper manufacturers which contemplates raising the price of paper at all.

Within seven months after the passage of the so-called Dingley bill the International Paper Co. was formed from a consolidation of many mills including those on the verge of bankruptcy, and immediate steps were taken to mark up prices.

The trade disturbances and price fluctuation in news print paper due to unlawful combinations have been continuous since the passage of the Dingley bill. When the Federal Government dissolved the General Paper Co. at the instance of newspaper publishers, one of its officers threatened publishers with the vengeance of higher prices, apparently ignoring the fact that the association had already helped to add $10 per ton to the cost of news print paper.

Combinations to restrict production and to fix prices have been made in almost every one of the divisions of the American Paper and Pulp Association, as follows: News print paper, book paper, fiber and manila, box board, sulphite pulp, tissue, writing, blotting paper, and soda pulp.

Information relating to all these combinations was submitted to the Attorney General in October, 1907, and was subsequently embodied in a formal letter to him under date of February 10, 1908. It can be found on page 212 of the pulp and paper investigation.

Mr. John A. Davis, who had been manager of the General Paper Co. until its dissolution and who had been largely responsible for the methods which ultimately wrought its ruin, joined the firm of H. G. Craig & Co., of 261 Broadway, New York, February 1, 1907. His new venture was attended with the prompt acquirement of the selling agency of a number of mills which theretofore had been acting independently. He controlled an output of about 750 tons daily from the following mills: St. Regis Paper Co., St. Croix Paper Co., Gould Paper Co., Taggarts Paper Co., West End Paper Co., Malone Paper Co., Le Ray Paper Co., and De Grasse Paper Co.

Incidentally he also sold paper for mills like the Cliff. At a period when prices were hardening from some cause Mr. Davis tied up over a million dollars in paper, representing more than 20,000 tons, so that when publishers applied to the International and Great Northern Paper Cos. they were informed that no paper was to be had from them, but suggested that a call be made on Mr. Davis. Within 15 minutes, in one instance, Mr. Davis called on the long-distance telephone and arranged to ship paper at a price of $2.65, equaling $53 per ton. The representatives of the large paper companies, instead of exposing this manipulation of the market to the publishers and the authorities, steered purchasers to him, and they were equally guilty. Mr. Davis's action explains the so-called paper famine of 1907. The testimony of Mr. H. J. Brown, of the Berlin Mills, indicates another

phase of Mr. Davis's operations in paper. Again, in March, 1908, when the Belgo Canadian Mill, of Shawinigan Falls, sold 10,000 tons of news-print paper to an American purchaser, Mr. S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp & Paper Co., of Indiana, he was not permitted to dispose of all of it in this market, and 2,500 tons were sold to Lloyd, London, and another slice went to England, the purchaser paying the difference in cost. Some of the mills had apparently planned in August, 1908, to create a paper panic by writing to applicants that the entire output for next year had been sold out, all of which was untrue, because in other places its output was for sale.

REFUSAL TO ALLOW AN OPEN MARKET FOR PAPER.

The paper makers have arrayed themselves against open prices and against public quotations. They have preferred to keep their mills idle and their labor unemployed, and to allow Canada to sell paper here to the advantage of Canadian labor and the disadvantage of their own labor, rather than sell paper f. o. b. mill. When I applied to the Remington Martin Co. for 100 tons of paper which it wanted to sell, it refused to let me have it because I refused to tell the name of the buyer, the place to which it was to be shipped, and the contract relations of the purchaser to other companies. I applied to every considerable news print paper mill east of the Rocky Mountains for paper on terms which insured cash in advance for the paper delivered on car at the mill, and I was not able to buy from more than 2 out of 50 mills. Many of them needed orders. Their labor was working part time, but they preferred to respect a "gentleman's agreement" and starve the market to maintain a price. Some time ago I applied for a price for paper to be furnished to a western publication, and I then discovered that the paper makers not only interchanged information, but apparently kept an index of the expiration of each paper contract. Cases have been brought to my notice of applicants for paper quotations who would be seated in one room while a clerk would call up some one to ascertain the status of the applicant. Almost invariably prohibitory prices were quoted under such conditions. Scores upon scores of publishers have complained that in some unaccountable way they had been apportioned to a particular mill at a given price, and that all the results of a paper pool were accomplished notwithstanding the denials of the news print paper makers. Though the farmer has not the right to say who shall make into bread the wheat that he sells, yet these favored paper makers undertake to follow their paper into our pressrooms and to dictate what publications shall be printed upon it.

Practically all of the mills of Wisconsin which were participants in the General Paper Co. have united in the creation of a traffic bureau which concentrates the routing and handling of one and one-half million tons of incoming and outgoing traffic for them. The same mills have common buyers who purchase all of their pulp wood. For a time all of them had auditors inspecting their books and gauging their business assumedly for Dean and Shibley. In view of the fact that these mills quote what seem to be agreed prices and accuse each other occasionally of cutting prices I can not conceive of any machinery more complete for a combination in restraint of trade

"COOPERATION OF EVERYBODY."

The American Paper & Pulp Association has established a bureau to collect reports of the operation of each mill. It was aptly described by Mr. Louis Chable, of the International Paper Co., at a banquet on November 10, 1909, as follows:

Within the last year, under Mr. Hastings's leadership, we have delved into statistics. We know to-day how many tons are produced in each grade of paper making, and we have separated each branch, and each branch reports to the association the daily output, the daily sales, and amount of stock, and disseminates this information to the parties interested, keeping them advised in that way what the prices should be under the law of supply and demand. There is absolutely nothing in the laws of the country that would prevent anything of this nature, and it enables the man to use his own judgment as to what he should do. Little by little our membership, which was about 92 or 93 years ago, has increased to 185, all manufacturers, and we hope to round up every man who manufactures a pound of paper. Instead of having only a local organization we succeeded in getting a national organization. The western men have come into our association with their usual vim and are agreed to see this thing a success. We will soon have such an association that will really mean the cooperation of everybody in the paper-manufacturing industry and will impose certain trade rules upon our paper manufacturers. There are no laws which would prevent us from making absolute trade rules to govern our industry. There is such a thing as abolishing abuses, and we have doubtless had a great many of them.

DETAILS OF ADVANCES IN PAPER PRICES.

Further evidence of the use of information of that bureau to promote illegal purposes is obvious from the following:

The Paper Trade Journal of July 22, 1909, gave details of an advance of $5 per ton by western manufacturers of fiber and manila, and of $3 per ton by eastern manufacturers.

The book-paper manufacturers advanced prices $4 per ton, effective October 5, 1909, the West Virginia Pulp & Paper Co., the largest producer of book paper, being the first to publicly announce this advance. That action followed a meeting of eastern manufacturers of book paper, held in New York City in the last week of August, 1909, with the announced purpose of conferring on trade conditions. Forty of the western paper makers met in Appleton, Wis., on September 1, 1909, nominally to banquet Mr. G. F. Steele. It was followed by intimations that an advance in prices was coming, and on October 5, 1909, the book-paper increase became effective.

At approximately the same time, the makers of tissues (No. 2 and colored) announced an advance in price, which is reported to have been a second advance in tissues.

In November, 1909, the manufacturers of roofing paper announced an advance of $4 per ton.

The western news print paper manufacturers made a second advance of $2 per ton in the first week of November, 1909.

It might be claimed that these manufacturers were following the upward trend of prices in all branches. What, then, will be the plea to the action of the sulphite pulp makers who promulgated on October 30, 1909, a reduction of $3 per ton?

MEETING OF PAPER MAKERS IN CHICAGO.

On November 10, 1909, a meeting of paper makers was held at the La Salle Hotel, Chicago, where "informally matters affecting the paper industry were talked over." The persons in attendance

at that meeting came principally from the West. Among those present, according to trade paper reports, were A. N. Burbank, president International Paper Co.; E. G. Barrett, president of the Union Bag & Paper Co.; H. J. Brown, of Berlin Mills Co.; M. S. Flint, of Berlin Mills Co.; A. C. Hastings, president American Paper and Pulp Association; F. J. Sensenbrenner, of Kimberly Clark Co.; G. F. Steele, of Nekoosa-Edwards Co.; C. I. McNair, of Northwest Paper Co.; Chas. Oberly, of Watab Pulp & Paper Co.; A. C. Bossard, of Itasca Paper Co.

INTERNATIONAL PAPER CO. ANNOUNCEMENT AFTER CHICAGO MEETING.

Within 48 hours of that Chicago meeting—that is, on November 12, 1909—the International Paper Co., which had delayed for 10 weeks the announcement of its contract price for the year 1910, informed those papers which were dependent upon it for their supply of news print paper that its minimum price for yearly contracts, in 1910, would be $2.25 per 100 pounds delivered, or $45 per ton, and that its minimum price at mill would be $2 per 100 pounds, or $40 per ton.

Many of those named proceeded westward to Minnesota and inspected the new mills of the Minnesota & Ontario Power Co., at International Falls, in the Rainy Lake district. It is reported that in a Pullman sleeping car at that place a conference was held with regard to prices. It is also reported that an understanding had been reached by the new Minnesota mill with the International Paper Co. that news print paper would not be sold by either at less than 2 cents f. o. b. mill. Repeated announcements have been made by both parties to that effect. These announcements are interesting, because the contracts for the supply of news print paper to three Chicago papers involved such large consumption that the publications named would be unable to buy elsewhere than from either of those two paper companies. Testimony can be obtained to show that an attempt was made by E. W. Backus, of Minneapolis, the head of the new Minnesota mill, to fix the price of paper which might be sold to the Chicago papers. Unsuccessful efforts were made to close Canadian paper mills against those prospective purchasers.

RESTRICTION OF USE OF PAPER.

In a letter sent, under date of December 31, 1909, to United States Attorney Wise, of New York City, copy of which is printed on page 237 of hearings before the Committee on Finance of the United States Senate on reciprocity with Canada, specifications were furnished to him of restrictions imposed by 46 news print paper mills in the use of the paper which they made and sold, these restrictions constituting an absolute bar to an open market on news print paper and a bar to public quotations. The paper furnished to each publication can be used only by it.

The news print paper mills are producing approximately 96,000 tons of paper per month, of which they are selling about 20,000 tons per month on a transient basis, yet I have been unable to buy any considerable quantity anywhere east of the Rocky Mountains on fair market terms. Is not that fact substantial evidence of a combination in restraint of trade? A conspiracy or arrangement

of some sort exists among news print paper mills the effect of which is to deprive a responsible purchaser of the opportunity to buy news print paper at a fair market price without restrictions as to its use or at the price which the mills are selling a similar article in similar quantities to others. Those mills so doing which are under the injunction of the court have disobeyed its orders.

That letter of December 31, 1909, to United States Attorney Wise also contained information about the refusal of many news print paper mills to sell other than 32-pound paper or to contract for supplies for more than one year as a result of obviously concerted action by the paper mills.

A WEEK'S SHUTDOWN AND AN IMPROVED METHOD OF RESTRICTION.

On November 25, 1903, all the news print mills agreed to close down for one week and to reduce the quantity of paper on hand. Notices of the shutdown were circulated and printed in the trade press. As a result of that performance there was a paper famine and prices bounded to $50 per ton. Then the publishers' association appointed a committee, which visited Washington in April, 1904, and appeared before the Judiciary Committee of the House in an effort to compel the paper makers to keep within the law. Ordinarily a paper mill might shut down when its output exceeded the demand, but when that shutting down is part of an agreement between mills to starve the market and to extort excessive profits from buyers and to throw thousands of workingmen into idleness, then that arrangement assumes another aspect.

In view of the fact that Mr. Herbert Knox Smith, the Commissioner of Corporations, reports that the news-print paper mills worked in March, 1911, to 87 per cent of their capacity, we are led to suspect that the shutdown of seven years ago has been repeated by methods which have been described by the Paper Trade Journal as "avoiding legal pitfalls." While avoiding a seeming violation of the law, the paper makers are doing many of those things which the law prohibits.

Through a so-called bureau of statistics of the American Paper & Pulp Association the paper makers have been engaged in an obvious effort to restrict production and to starve the print-paper market in order that they might maintain price at an agreed figure. As a result of their efforts in this direction the paper makers have kept down the quantity of paper at hand at the mills to an average of an eight-day supply to all the newspapers of the country. On June 9, 1910, the paper committee of the American Newspaper Publishers Association notified publishers that stocks of paper were accumulating. On July 11, 1910, that is within five weeks, the president of the American Paper & Pulp Association advised paper makers to curtail output and the output was curtailed. The full text of that letter can be found on page 320 of the Hearings of the Ways and Means Committee on Reciprocity, February 2–9, 1911.

The president of the Union Bag & Paper Co., Mr. Edgar G. Barrett, in an interview printed last August, gave details of the methods by which the larger paper companies reduced their production to 35 per cent of their normal output to allow weaker mills to get a market. A copy of that letter can be found on page 321 of the Hearings of the Ways and Means Committee on Reciprocity, February 2–9, 1911.

The stock of print paper on hand at the mills April 1, 1911, was 30,272 tons, or less than an eight-day supply to the newspapers of the country, which use an average of 4,200 tons per day, or 1,200,000 tons per annum. The rated capacity of all the mills of the country approximates 4,776 tons per day, or 1,432,800 tons per annum, exclusive of 800 tons per day, or 240,000 tons per annum produced in Canada and Newfoundland, some of which is designed for the American market. It will be noted that the total production of the United States and Canada and Newfoundland is 5,576 tons per day.

The increased consumption of news print paper in the United States is roughly calculated at 200 tons per day, or 60,000 tons per annum. In 30 years the use of print paper has increased from 95,000 tons to 1,200,000 tons per annum.

The figures of stock on hand at the end of each month for the past year were as follows:

Tons of paper on hand at the end of each month:

	1909	1910	1911
	Tons.	*Tons.*	*Tons.*
January	23,096	23,096	31,046
February	26,807	22,800	29,931
March	32,955	19,907	30,272
April	36,133	18,000	.....
May	43,411	19,593	.....
June	47,202	23,719	.....
July	52,431	28,231	.....
August	53,115	42,418	.....
September	48,686	48,846	.....
October	42,331	46,743	.....
November	35,378	42,290	.....
December	26,139	33,669	.....
Average	39,023	30,831	.....

PRICES.

An effort, inaugurated by the International Paper Co. in 1909, to establish a uniform price of $45 per ton gross weight, at points within a given zone of the mills has been maintained and extended by that company and by nearly all the other paper makers, so that a considerable part of the consumption of print paper is now on that basis. It is worthy of note that the price of print paper has increased from $32 to $45 per ton, or approximately 50 per cent, since the consolidation of 24 mills into the International Paper Co. in 1898. Since the passage of the Payne law in August, 1909, the New York price of print paper has been increased from $42.50 per ton to $45 per ton, an increase of $2.50 per ton, notwithstanding the reduction in import duty from $6 to $3.75 per ton. In the summer of 1910 the larger paper-making companies refused to make any quotations for the calendar year 1911, until after October 1, 1910. The International Paper Co. recently refused to make any quotations on a large order for the year 1912, though it is obvious that a newspaper using a considerable quantity of print paper can not readily adjust itself to new conditions or to change its source of supply within a few months. the effect of this action on large consumers of news print paper has been to force publishers to accept the terms of the paper makers or to arrange for new production. The tangle of the American Government with Canadian Provinces and the tariff burdens imposed upon

print paper have added approximately more than $6,000,000 per annum to the price which newspapers would pay for raw material under normal conditions.

One publication which obtains a supply at less than $45 per ton, and using 200 tons per day, has been notified that its present source of supply will not be extended after the year 1911 for more than 83 tons per day.

American news print paper sold in Sheffield, England, in 1907 on a basis of $39 per ton of 2,000 pounds f. o. b. New York, while selling to New York customers at $50 per ton. In April, 1904, we called the attention of the Judiciary Committee of the House to the action of the International Paper Co. in selling paper for London on a basis of $35 per ton f. o. b. New York, while charging local customers $45 per ton, and when I told the Mann committee that that same corporation had been selling abroad at lower prices than it had sold to domestic customers, it cunningly evaded the point by furnishing, not its actual prices for special markets abroad at particular periods, but it gave an average price for each year. Even upon that table it admitted that in two years, 1903 and 1904, it obtained a lower average price for foreign business than for domestic supply.

Overwhelming evidence of the fact that the paper makers are now selling paper abroad at lower prices than they sell in the domestic market is furnished by the report of the committee of "The Paper Makers' Association of Great Britain and Ireland." At a meetin held last March in the Hotel Cecil, London, the committee comprising Messrs. Lewis Evans, Joseph Dixon, and John E. Jepson reported as follows:

> The paper-manufacturing industry in the United Kingdom has suffered very grievously during the past 10 or 15 years from the competition of the United States paper manufacturers. The United Kingdom has been used as a dumping ground for the surplus production of the United States paper manufacturers, and the surplus production was only possible because of the Canadian timber being available.

Further and conclusive evidence that American paper is sold abroad at a lower price than in the United States is obtainable by a comparison of the exports of American news print paper to foreign markets to the extent of 50,000 tons per annum in competition with Canadian paper, which is selling f. o. b. mills at approximately $4 per ton less than the American paper mills are selling to domestic consumers.

The exports of news print paper for nine months ended March 31, 1911, were 36,801 tons, which is at the rate of 49,068 tons per annum. Of this quantity the United Kingdom took over 30 per cent, Cuba 20 per cent, and Argentina 11 per cent. The Canadian mills have been shipping their news print paper to the United States at a price of $36.80 per ton f. o. b. mill. The American mills are charging the domestic consumers $41 per ton f. o. b. mill. It is obvious that Canadian mills would not pay a duty of $3.75 per ton for admission into the United States and sell at $36.80 per ton f. o. b. mill if they could obtain better prices in the foreign market, where they do not pay an import duty and where there would be a gain of $4 per ton for them if American paper makers quoted paper to foreign buyers at the same price that they exact from American consumers.

Par. 330.—COUNTERVAILING DUTY.

THE TIDEWATER PAPER MILLS CO. OF NEW YORK.

The Tidewater Paper Mills Co. of New York State, whose mills are situated in the city of New York at the foot of Thirty-third Street, East River, and have a daily output of 100 tons of news paper, respectfully protest against the imposition of a countervailing duty of one-tenth of a cent per pound on chemical wood pulp. They protest upon the following grounds:

This countervailing duty is intended to apply to the chemical wood pulp made in Canada. If manufactured news paper is allowed to enter free from Canada, as is contemplated in the Underwood bill, it is manifestly most unjust to United States manufacturers of news paper that a raw material which constitutes about 25 per cent of his total raw materials should be made dutiable and this duty imposed upon a country where he must look for his cheapest source of supply of chemical pulp. The only chance the United States manufacturer has to compete successfully with Canada in the manufacture of news paper is to obtain from Canada free raw materials—i. e., mechanical wood pulp and chemical wood pulp. If he is handicapped by a duty on Canadian sulphite or chemical pulp, he is obliged to get chemical pulp from Scandinavia, where the pulp manufacturers for many years have been in close touch with each other and have advanced the price to the United States manufacturer of news paper at every opportunity afforded them.

The Tidewater Paper Mills Co. consider that it is certainly in line with the Underwood bill that if the product of the United States manufacturer is made free of duty that his raw materials should also be made free of duty. Unless this is done the industry must be driven from existence in the United States. If the discriminating duty on chemical wood pulp is made as a retaliatory measure to influence certain Provinces of Canada which have prohibited the export of pulp wood, it will entirely fail of its purpose, as only 30,000 tons of chemical wood pulp were imported into the United States from Canada in the year 1912, the contemplated duty on same being only $60,000 per annum. It is absurd to think that Canada can in any way be influenced by a discriminating duty on such a small quantity of chemical wood pulp when mechanical wood pulp (of which 185,000 tons were imported from Canada into the United States in 1912) and news paper are admitted free into the United States. This discrimination, therefore, against chemical wood pulp will not be of the slightest avail as a retaliatory measure, because it is entirely insufficient and will only irritate the Canadian Provinces to still further restrict exports of pulp wood to the United States. (There were about 1,000,000 cords of pulp wood shipped from Canada to the United States in 1912.) The countervailing duty not only being a serious handicap to the United States manufacturer of news paper because of the additional cost of Canadian sulphite, it will also prevent the construction of sulphite pulp mills in Canada and make the United States manufacturer of news paper entirely dependent for his supply of sulphite pulp upon Scandinavia, while the Canadian manufacturer of news paper will have the benefit of free and cheap pulp and free entry of his manufactured product into the United States.

The Tidewater Paper Mills Co. therefore, as above stated, respectfully protest against the imposition of this discriminating countervailing duty upon chemical wood pulp, which constitutes a serious menace to the news-paper manufacturing industry of the United States.

Par. 331.—CRÊPE PAPER.

GEO. BORGFELDT & CO., SIXTEENTH STREET AND IRVING PLACE, NEW YORK, N. Y., BY CURT J. PFEIFFER.

NEW YORK, *June 2, 1913.*

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

DEAR SIR: Permit us to call your attention to what we think is only an oversight in H. R. 3321, paragraph 331. Re crêpe paper and filtering paper it says, "weighing not more than 10 pounds per ream of 480 sheets * * *." The size of the sheets is not given.

The law of 1909, paragraph 110, provides for a weight duty on some papers, and mentions as a basis the size 20 by 30 inches. Presumably the amendment on paragraph 331 should read, "weighing not more than 10 pounds per ream of 480 sheets, size 20 by 30 inches," or whatever size may have been intended by the Ways and Means Committee.

Par. 332.—WRAPPING PAPER.

SOUTHERN PAPER CO., MOSS POINT, MISS., BY A. W. MAYNER, MANAGER.

MOSS POINT, MISS., *March 19, 1913.*

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

DEAR SIR: As you are possibly aware, we are investing a million dollars in a modern pulp and paper mill here. Our principal raw materials is to be slabs obtained from the large sawmills in this locality.

As we are about ready to commence operation we find that we are confronted with a very serious question—foreign competition. We understand that the duty on paper such as we propose to make (Kraft paper, which is used for wrapping purposes) is now 35 per cent ad valorem. As it is hardly possible that this paper could enter for shipment into the United States at a value of less than $60 per ton, the duty would amount to $21 per ton, and it is not possible with our costs of labor, taxation, freight rates, etc., that we would be able to make a manufacturing profit of anywhere near $21 per ton. The proof of the fact that foreigners can manufacture cheaper than we is demonstrated through the large amount of paper of same quality that we propose to make that is being imported in this grade from Norway, Sweden, and Germany. If this duty is reduced very materially, the effect will be a lower price on the finished product, and the first reduction of the duty, of course, goes to the exporter, who will give as little of it to the American consumer as he is obliged to

and will only meet competitive prices made by American manufacturers. If this duty is reduced, it is our opinion that this market will be flooded with foreign paper and we will not be able to run our mills to capacity.

We understand that the mills in the United States making so-called wrapping paper in the year 1909 only operated about 81 per cent of their normal capacity; in 1910, 84 per cent; in 1911, 83 per cent; and in 1912, 89 per cent; in other words, the mills were obliged to curtail their production on the average of about 15 per cent over this period.

The paper business is a little different, perhaps, than any other manufacturing industry in that no excess production over the demand can be disposed of at any price. The demand for some articles may be stimulated by lowering the price, but this is not true of paper or any of its products, as it is bought for certain purposes which are practically necessities. No stock of paper is carried beyond that necessary for supplying the customer by the mill and the jobbers who handle this commodity.

There is no question but that the constant hammering which the paper industry receives every year is brought about by the desire of the publisher of the daily paper to get his supply as cheap as possible. The paper industry, as a whole, has never been treated as has any other large industry, due to this opposition on the part of the publisher.

We trust that your support may be secured for a proper consideration of the paper industry at the forthcoming tariff legislation. We know of no paper manufacturer who desires for himself more than he is willing to concede to the person from whom he buys. If there is to be a horizontal reduction in the tariff, well and good, we will stand our share, but if you desire to promote the paper-manufacturing industry in the United States, and particularly in the South, it must be adequately considered in comparison of cost of labor and materials that go into the manufacture of paper.

We will be glad to receive an expression from you, as this is a most vital question with us at this time.

Par. 332.—SURFACE-COATED PAPERS.

LOUIS DEJONGE & CO., NEW YORK, BY I. O. VAN DUZER.

NEW YORK, *May 12, 1913.*

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

DEAR SIR: We are inclosing for the attention of your committee brief on behalf of the surface-coated paper manufacturers, whose specialty is the production of the class known as glazed and fancy papers.

We must, in consideration of the welfare of our employees and the continuance of our industry, ask for the recognition of our needs for proper classification and rates of duty that will enable us to at least produce our papers in competition with the foreign article,

which would be absolutely precluded by the proposed ad valorem rate of 35 per cent. (H. R. 3321, Schedule M, par. 332.)

Our firm is recognized to be not only the largest manufacturers in this branch of surface-coated papers, but also as the largest importers, and through large purchases and personal knowledge of exact conditions here and abroad are in the position to substantiate all claims made in the brief and are at your service to furnish any further information or evidence if required.

[Inclosure.]

MAY 9, 1913.

THE COMMITTEE ON FINANCE,
Senate of the United States:

The undersigned respectfully show that they are manufacturers of papers with coated surface or surfaces and the products and varieties are covered by part of paragraph 411 of the customs tariff act of August 5, 1909, as follows:

"Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided), or with gelatin or flock, or if embossed or printed, 5 cents per pound and 20 per cent ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, 4½ cents per pound; if embossed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 5 cents per pound and 20 per cent ad valorem."

Under the bill to revise tariff duties, etc., H. R. 3321, introduced in the House by Mr. Underwood April 21, 1913, and recommitted to the House April 22, 1913, and amended May 3, 1913, these products are affected by that portion of paragraph 332 which reads as follows:

"Papers, including wrapping paper, with coated surface or surfaces, or with the surface wholly or partly covered or decorated with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise; all of the foregoing not specially provided for, whether or not wholly or partly covered with metal or its solution, or with gelatin or flock, or embossed or printed, except by lithographic process, cloth-lined or reenforced paper."

These papers are produced in various colors and effects and are used for covering paper boxes, the manufacture of fancy articles, and the white is used especially for fine printing. The processes of coating and finishing require technical skill and experience, and the materials used are high-grade colors, glue, clays, etc. After the paper is coated the usual primary finish is produced by flint stones operated by a machine which will glaze about two reams in 10 hours. The papers thus finished are known as flint-glazed or polished papers. To produce embossed, printed, and decorated effects requires still other and further processes by the use of machines operating engraved steel and copper cylinders, costing abroad about one-half as much as in this country. These processes of flinting, embossing, etc., require the employment of skilled labor, and the following is a table of comparative wages paid at home and in Germany:

	Germany (per day).	United States (per day).
	Marks.	
Color-machine tenders	1.80 or $0.43	$1.75
Flint or finishing machine tenders	1.40 or .34	1.50
Color-room bosses	4.00 or .96	2 25
Average wages skilled male factory help	2.50 or .60	$2.00-2.50

The above table shows that 250 per cent higher wages are paid in this country than in Germany. In addition to the item of labor the difference in cost of material and manufacturing expenses make the average cost of producing a ream of flint-finished paper in the United States from $2 to $2.25, colors and quantities considered, as compared with the foreign papers, the average cost

of which to the importer is about $1 per ream, as shown by the Treasury records.

Surface-coated papers, friction finish, are simply imitations or substitutes for the flint-finished goods before mentioned. This finish is produced by the paper running between the rolls or cylinders of a friction calender. These goods are of an inferior quality, and are used on the cheaper grades of boxes.

Our particular branch of the paper industry, viz, the coating, decorating, and finishing of raw paper, has existed for many years in this country, but, compared with the printing and writing paper industry, it has been little known. As a consequence in the preparation of tariff schedules the facts pertaining to this special class of papers have been misunderstood and confused with other varieties. We have been placed in blanket and n. s. p. f. paragraphs, with classifications and rates covering papers of an entirely different character. This lack of a clear understanding as to the facts was evidently, but unintentionally, continued in the preparation of that part of paragraph 332 of the pending bill applying to our papers, wherein it is proposed to place a duty of 35 per cent ad valorem on all surface-coated papers regardless of their character and finished effects. For example, certain fine grades of papers covered with metal leaf are subject to this duty of 35 per cent, and this would result in an actual advance in the duty on this class of goods of 25 per cent over the present rate of 5 cents per pound and 20 per cent ad valorem, while on ordinary flint-glazed colored papers the 35 per cent ad valorem would result in the drastic reduction of 65 per cent in duty as compared with the present rate of 5 cents per pound.

Paragraph 332 of the pending bill involves our special class of paper with wrapping paper, and would replace paragraph 411 of the act of 1909, which was a decided improvement upon all previous paragraphs as to the distinct and comprehensive classifications, and acknowledged as such by importers, and proven by its use for nearly four years by customhouse officials. The present paragraph 411 provides, first, for "papers with coated surface or surfaces not specially provided for in this section," and covers the general line in various qualities of glazed, flat, and smooth surface-coated papers, upon which the duty is 5 cents per pound, and resulted, as per Treasury reports for the year 1912, in a revenue of $305,354 and an ad valorem rate of 50.72 per cent.

Secondly, that part of paragraph 411, "if wholly or partly covered with metal or its solutions, or with gelatin or flock, or if embossed or printed," covers various classes of papers coated with metal or its solutions and the plain or smooth papers before mentioned requiring the additional process and cost of embossing, printing, and decorating. The duty is 5 cents per pound nd 20 per cent ad valorem, and resulted, as per Treasury reports for the year ending June 30, 1912, in a revenue of $246,765 and an ad valorem rate of 41.77 per cent, which shows fair and reasonable resultant ad valorem rates.

We know that the common objection is made to specific or pound-rate duties, whereas it is a well-known fact that all materials used in the production of surface-coated papers are purchased by the pound or weight, and weight is therefore the accepted basis of the cost of production. Under these conditions the specific duty is rational, easily and surely assessed and collected, and eliminates any advantage that might be gained by undervaluations, or on consigned goods, wherein the foreign manufacturer profits unduly.

Under the proposed duty on our goods of 35 per cent ad valorem, as provided in paragraph 332 of the pending bill, we would be placed far below a tariff competitive basis on lines which we now manufacture. In fact, under this rate the average ordinary flint-finished, colored papers could be imported and delivered duty paid in this country at the approximate price of $1.45 per ream, standard size of 20 by 24 inches, 500 sheets to ream, weight 19 to 20 pounds per ream, as compared with the cost of domestic flint-glazed of $2 to $2.25 per ream, heretofore mentioned, and also the domestic inferior friction-glazed, costing approximately $1.65 per ream, standard size.

We accept the provisions of paragraph 332 of the pending bill in so far as they relate to white-coated papers suitable for printing and decorated wrapping paper, etc., but on our distinctive varieties of surface-coated colored papers—plain, embossed, printed, or decorated—we respectfully ask that the portion of said paragraph relating to our products be amended as follows:

Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed (except by lithographic process), 5 cents per pound and 20 per cent ad valorem: papers with a white-

coated surface or surfaces, suitable for printing, and papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern or character, whether produced in the pulp of otherwise, but not by lithographic process, cloth-lined or reenforced paper, and all articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, 35 per cent ad valorem.

These provisions would provide distinct classifications for our papers and the rates would place us on a competitive basis. We do not ask for protection of our profits, but we do ask that we be allowed to live and develop our industry.

Respectfully submitted.

Doty & Scrimgeour (Inc.), New York, N. Y.; Louis Dejonge & Co. (Inc.), New York, N. Y., and Fitchburg, Mass.; Walther & Co., New York, N. Y.; United Manufacturing Co., New York, N. Y., and Springfield, Mass.; Kupfer Bros. Co., New York, N. Y., Chicago, Ill., and Northbridge, Mass.; Springfield Glazed Paper Co., Springfield, Mass.; Holyoke Card & Paper Co., Springfield, Mass.; New England Card & Paper Co., Springfield, Mass.; Hampden Glazed Paper Co., Holyoke, Mass.; Nashua Gummed & Coated Paper Co., Nashua, N. H.; Riverview Coated Paper Co., Kalamazoo, Mich. For the committee: W. H. Shuart, president Springfield Glazed Paper Co., Springfield, Mass.; I. O. Vanduzer, of Louis Dejonge & Co., 69-71 Duane Street, New York.

Any further information or samples will be gladly furnished.

W. H. SHUART, PRESIDENT SPRINGFIELD GLAZED PAPER CO., SPRINGFIELD, MASS.; I. O. VAN DUZER, OF LOUIS DEJONGE & CO., 69-73 DUANE STREET, NEW YORK; W. L. CARTER, GENERAL MANAGER NASHUA GUMMED & COATED PAPER CO., NASHUA, N. H., FOR THE COMMITTEE.

NEW YORK, *June 5, 1913.*

Hon. CHAS. F. JOHNSON,
Chairman Subcommittee on Finance, Washington, D. C.

DEAR SIR: On the 21st day of May your subcommittee gave a hearing to the undersigned as representing the manufacturers of surface-coated and fancy papers. Since then our attention has been called to an article which appeared in the New York Journal of Commerce under date of May 23, of which we attach a copy:

[Excerpt from New York Journal of Commerce, May 23, 1913.]

Charles W. Williams, a general jobber in high-grade paper in New York, appeared before the subcommittee headed by Senator Johnson of Maine, to oppose the contentions presented by American makers of high-grade paper that they were not receiving sufficient protection. He declared that they had made many misstatements before the committee yesterday. He, in particular, showed that the paper makers have misrepresented labor costs of paper made in Europe, asserting differences in a marked degree. For instance, in some instances the Americans had said that wages were 34 cents a day, whereas as a matter of fact, they were $1.32 and so on. "The duties have been so high," said Williams, "as to make importations impossible."

On the 28th day of May one of our committee applied to the clerk of the Finance Committee for a copy of the testimony of Charles W. Williams, an importer, as given before your subcommittee on the 22d day of May, but was informed that such testimony had not been printed and could not be procured. As a consequence we are unable to reply in detail to Mr. Williams's testimony. We must rely, therefore, upon the facts as set forth in our brief and supplementary brief filed with the Ways and Means Committee—the brief filed with and the testimony given before your committee on the 21st day of May, which we shall be glad to substantiate absolutely by any further information which your committee may desire.

As manufacturers, we know positively the actual cost of producing our papers in this country, and are also familiar, from Treasury records and competitive experience, that the papers which cost us $2.25 per ream to produce are sold to the importer at the $1 per ream f. o. b. foreign port.

In the oral testimony of Mr. Carter, given on the 21st day of May, there was a misapplication of figures, wherein he stated that wages for flint finishers were 43 cents per day in Germany and $1.75 in the United States. These wages apply to color machine tenders and not to flint finishers. Wages for finishers are 34 cents per day in Germany and $1.50 per day in the United States, as shown by brief submitted to your committee, and the average cost of labor per ream is 49 cents in the United States as compared with 10 cents per ream in Germany, as shown in our briefs with table of costs, pages 4843–4845, hearings before the Ways and Means Committee, House of Representatives, January, 1913.

We would also ask your attention to that part of the testimony of Mr. Van Duzer, in answer to Senator Johnson:

Senator JOHNSON. Twenty per cent more than on the first?
Mr. VAN DUZER. Yes, sir; because they are a finer grade of paper.
Senator JOHNSON. Papers covered with metal or its solutions, gelatin, or flock, or if embossed or printed—that should be 20 per cent more than coated paper?
Mr. VAN DUZER. Yes, sir.

These answers were made with the understanding that the advanced rate of 20 per cent would apply to a combined specific and ad valorem duty, asked for in our recommendation for a classification, of the same intent as in existing tariff, paragraph 411, which has shown by Treasury records equitable ad valorem rates and competitive importations.

CHARLES W. WILLIAMS & CO., NEW YORK, N. Y., BY CHARLES W. WILLIAMS.

NEW YORK, N. Y., *May 22, 1913.*

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

DEAR SIR: We hand you herewith a letter received from German manufacturers of surface-coated, metal-coated, embossed, and printed papers, such as are enumerated in Schedule M, paragraph 332, of the Underwood bill.

We protest against the unfair means used by the American manufacturers in giving incorrect information to the Congress.

We append a table showing American manufacturers' claim of European wages and a table showing actual wages paid.

	Wages per day, according to brief of American manufacturers.	Actual wages paid per day.
1. Machine tenders	$0.43	$1.08-$1.20
2. [illegible]glazing machine tenders	.34	1.13- 1.32
3. [illegible]oom bosses	.96	1.20- 1.44
4. Average wages factory help	$0.48- .00	.84- .96

The domestic manufacturers are already telling the trade they will meet any reduction the importers may make, if the Underwood bill becomes law. On the other hand, they protest before your committee that they can not meet the competition. It is the old story of special privilege, privilege to mulct the consumer.

The duty on metal-coated and embossed and printed paper, paragraph 332, in the House bill, provides for 35 per cent duty. This is too high and should not be over 25 per cent if the importer is to get into active competition with the domestic manufacturers. We trust the Finance Committee will report metal-coated, embossed, or printed papers at 25 per cent. Gold and silver leaf paper under the present law figures only 25 per cent. The Underwood bill raises this article to 35 per cent. This is an additional reason for changing metal-coated and embossed and printed papers to 25 per cent.

We further hand you herewith an article by Kupfer Bros. (who are now signing briefs by domestic manufacturers asking to keep up duties), written at the time the Payne-Aldrich bill was under discussion. This article is absolutely true to-day and shows how the same party will blow hot and cold at the same time. In other words, if protection run-mad theory is to prevail in this country, they get in the game to get all out of the consumer that the law will allow.

We attach samples to this brief to illustrate to the committee the class of goods we are talking about. We trust that the Democratic Party will live up to its name and stop the exploiting of the American consumer by the few American manufacturers. Take, for example, embossed papers; the domestic manufacturers' price was $3 per ream. The foreign mills' price to importers is, f. o. b. Antwerp, $2.75 per ream. If this article was on the free list the importer must struggle to compete. Since the passage of the Underwood bill by the House the domestic manufacturers have reduced their price on stock goods to $2.70 per ream.

The Finance Committee under the chairmanship of Senator Aldrich, in 1909, reduced the rates of the House bill nearly one-half. Shall a Democratic Finance Committee do less?

We respectfully petition that the clause in paragraph 332 reading, "Whether or not wholly or partly covered with metal, or its solution, or with gelatine, or flock, or embossed, or printed, except by lithographic process," be stricken out from its present connection and that in the same paragraph after the words, "35 per centum ad valorem," and after the semicolon, be inserted, "paper wholly or partly covered with metal, or its solution, or with gelatine, or flock, or if embossed, or printed, except by lithographic process," thus placing it in the paragraph ending 25 per cent ad valorem.

We appeal for 2,000 paper-box manufacturers, to whom these papers are raw material, who are tired of being exploited by 10 domestic manufacturers.

[Inclosure.]

ASCHAFFENBURG (BAYERN), *11 April, 1913.*

Messrs. CHARLES W. WILLIAMS Co.,
29 Beekman Street, New York.

DEAR SIRS: Since a few days we have got knowledge of the report of the meeting of the Committee on Ways and Means, and on studying it we found that you have acted in an extraordinary and successful manner with the view of reducing again to a reasonable base the duties enormously raised since the last revision. In the name of several German manufacturers we beg to return you our best and sincere thanks for it.

In this report there is a proposal of the American colored-paper manufacturers signed by firms as Louis Dejonge & Co., Kupfer Bros., and others asking for maintaining the present duties on coated papers. Just as many years ago they liked to produce arguments by presenting a comparative table of the wages being paid in Germany and America. This table shows figures arbitrarily chosen which by no means correspond to the reality. These figures have already been refuted long ago. Besides, firms as Dejonge and Kupfer Bros. must know that these figures are false and wrong.

As we must on principle remain neutral in this affair, we leave it entirely to you to give the necessary explanations and informations at the competent places. The American colored-paper manufacturers assert that the following wages per day are paid in Germany: (1) Machine tender, 1.80 marks (43 cents); (2) flint-glazing machine tender, 1.40 marks (34 cents); (3) color-room bosses, 4 marks (96 cents); (4) average wages, male factory help, 2 to 2.50 marks (48 to 60 cents).

However, the wages in fact paid here in Germany are as follows, per day: (1) Machine tender, 4.50 to 5 marks ($1.08 to $1.20); (2) flint-glazing machine tender, 4.70 to 5.50 marks ($1.13 to $1.32); (3) color-room bosses, 5 to 6 marks ($1.20 to $1.44); (4) average wages, male factory help, 3.50 to 4 marks (81 to 96 cents).

Therefrom you see that we must pay quite other wages than those stated by the American firms. Our better workmen get still much higher wages than it is expressed by the above average figures.

We are, dear sirs, yours, truly,

ACTIEN-GESELLSCHAFT FÜR BUNTPAPIER UND LEIMFABRIKATION.
Dr. NOENAULT, *per Herlein.*

MORE TARIFF TALK.

A COMMUNICATION URGING THE IMMEDIATE ACTION OF PAPER-BOX MANUFACTURERS AGAINST THE PAYNE TARIFF.

The following contribution received by the Shears is to the point and is timely matter for our readers:

There we have it now—the long-expected new tariff, and like every other industry the box maker has searched and looked into the new tariff asking: Is it doing any good to me? And what does he find? Almost every single material which a box maker has heretofore bought from foreign countries has been advanced by the proposed tariff.

Flints, gold and silver paper, chromopictures, tinsels, and every other little thing which is necessary to decorate a confectionery or perfume box are to become dearer from 30 to 90 per cent against the present rate. It is only during the last 20 years that the American box maker by hard work and intelligent workmanship has succeeded to turn out more than a common box. Centers for the box-making industry have grown up. European imports have from year to year become smaller without the box makers asking for protection by a high duty and now he sees all his efforts worked against by the unscrupulous demands of not more and not less than eight American paper manufacturers.

And how have they gone to work that this tariff, worked out to their exclusive benefit, has been put before the Congress? Their representative before the Committee of Ways and Means has made statements which are false and untrue, and he has brought same forward, although he, as secretary of a paper-coating firm, must have known that he was talking plain untruth. The German authority which he called upon as his strongest argument has given testimony before the American consul general in Berlin contradicting every single word of the statements. The representative has not mentioned that gold papers, tinsels, etc., never have and never can be produced in this country. Only a d—— box-maker policy has been pursued by the gentleman and the firms which he represented, instead of protecting their customers, the box makers.

Therefore the box maker must protect himself and do all in his power that any increase of duty upon surface-coated, gold papers, chromopictures, etc., is struck out from the Payne tariff. Remember, that the box-making industries employ thirty times as many workmen as the eight firms who have succeeded to bring this excessive tariff before the Congress.

It is expected that the new tariff will yield an additional revenue of $10,000,000 a year. Why should two millions alone come out of the box-makers' pockets? Wake up, box maker. Start a fight-to-the-knife against this new tariff. The Senator of your State and your Congressman must help you. Send them a letter signed by all your employees. A reduction, not an increase, is what is wanted, and a reduction will mean still more boxes being manufactured in our country.

DOTY & SCRIMGEAUS.

The COMMITTEE ON FINANCE,
Senate of the United States.

The undersigned, manufacturers of those products generally known as surface-coated papers—a few of the many varieties of which are represented by the samples attached hereto (samples filed)—respectfully urge a change in the phraseology and rates proposed in the bill to revise tariff duties, etc., H. R. 3321, paragraph 332, so that their product will remain on the present competitive basis with the foreign article.

[Payne bill, paragraph 411.]

Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided), or with gelatin or flock, or if embossed or printed, 5 cents per pound and 20 per cent ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, 4½ cents per pound; if embossed, or wholly or partly covered with metal or its solutions or with gelatin or flock, 5 cents per pound and 20 per cent ad valorem.

[Underwood bill, paragraph 332.]

Papers, including wrapping paper, with coated surface or surfaces, or with the surface wholly or partly covered or decorated with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise; all of the foregoing not specially provided for, whether or not wholly or partly covered with metal or its solution or with gelatin or flock or embossed or printed except by lithographic process, cloth-lined or reenforced paper, * * * 35 per cent ad valorem.

Our industry is not a paper-making industry.

Paper is our basic raw material.

The making of our product requires artistic conception, and the application to the paper of high-grade finished materials, by processes of coating, decorating, and finishing, all of which require technical knowledge and experience, as well as expert and skilled labor.

Although this industry has existed in this country for many years, it has not been so well known and understood as the other branches of the paper industry. As a result, in the preparation of tariff schedules, we have been placed in paragraphs with other papers, of entirely different characters and finished effects. This error has unintentionally been continued in the preparation of the Underwood bill.

We therefore respectfully request that paragraph 332 of the Underwood bill be amended to read as follows:

Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed (except by lithographic process) 5 cents per pound, and 20 per cent ad valorem; papers with a white coated surface or surfaces, suitable for printing, and papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern or character, whether produced in the pulp or otherwise, but not by lithographic process, cloth lined or reenforced paper, and all articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, 35 per cent ad valorem; * * *.

Two distinct classes of our products are produced, the first requiring moderate artistic skill and high mechanical efficiency, which we will hereafter refer to as flint glazed papers, and a second class, requiring a higher-priced line of material as well as great artistic

skill and high mechanical efficiency, which we will hereafter refer to as fancy papers.

As there are two distinct groups, representing marked differences in cost, due to materials used and number of processes employed, two different rates should be applied.

5 cents per pound.		*5 cents per pound and 20 per cent ad valorem.*	
FLINT GLAZED PAPERS.		FANCY PAPERS.	
Basis 500 sheets 24 by 20 inches, weight 19-20 pounds per ream:		Basis 500 sheets 24 by 20 inches, weight 24-26 pounds per ream:	
Foreign cost—		Foreign cost—	
Paper	$0.51	Paper	$1.10
Color	.20	Color	.55
Labor	.10	Labor	.10
Manufacturing and selling expense	.21	Manufacturing and selling expense	.91
	1.02		2.66
Domestic cost—		Domestic cost—	
Paper	.78	Paper	1.50
Color	.44	Color	.90
Labor	.49	Labor	.92
Manufacturing and selling expense	.54	Manufacturing and selling expense	1.12
	2.25		4.44
Difference	1.23	Difference	1.78

Par. 332.—PHOTOGRAPHIC PAPER.

EASTMAN KODAK CO., BY GEORGE EASTMAN, TREASURER.

Attention is respectfully directed to the statement this day filed by the Eastman Kodak Co. as to Schedule N, which contains a history of the Eastman Co. and other matters which should be considered in connection with those presented by this statement, which has to do with paper suitable for photographic purposes and sensitized photographic paper.

The Eastman Co. and no doubt others has encouraged the manufacture in this country of paper (hereinafter called "raw" paper) suitable for photographic purposes, but without satisfactory results. The fact is that manufacturers of sensitized photographic paper in this country have to rely upon foreign manufacturers for most of their raw paper, as such manufacturers alone seem to be able or willing to make it suitable for the finest quality of photographic prints. This being the case, raw paper should be on the free list. The placing of it there would not seriously affect any American paper manufacturer, because there are none manufacturing paper suitable for the finest quality of photographic prints. In the case of sensitized photographic paper, however, a duty should be imposed such as that provided for by the House bill for the reason, among others, that the raw materials which go to make up the sensitized emulsion are in the House bill subject to a duty of 25 per cent ad valorem (for the gelatin) and 10 per cent ad valorem (for the nitrate of silver).

EASTMAN KODAK CO.,
By GEO. EASTMAN, *Treasurer.*

UNITED STATES OF AMERICA,
City, County, and State of New York, ss:

George Eastman, being duly sworn, deposes and says that he has read the foregoing statement signed by him in behalf of the Eastman Kodak Co., and that the same is true except as to the matters therein stated upon information and belief, and that as to those matters he believes it to be true.

GEORGE EASTMAN.

Subscribed and sworn to before me this 27th day of May, A. D. 1913.

[SEAL.]

THOMAS F. KEHOE,
Notary Public, New York County.

ANSCO CO., 2 WALL STREET, NEW YORK, N. Y., BY T. W. STEBBINS, PRESIDENT.

[Brief respecting proposed duties on raw paper for photographic uses and duties upon the finished article—that is, photographic paper coated and sensitized ready for use.]

Being fully in accord with the principle of a downward revision of the tariff, I wish to speak briefly on the subject of tariff duties on raw materials necessary in manufacturing and not produced in this country.

Representing a company engaged in the manufacture and sale of photographic goods, I should like to call attention to the proposed tariff on photographic paper coated and sensitized ready for use and on photographic paper in the raw state—that is, uncoated and without the sensitive emulsion. This most important article, the raw paper, is not produced in this country, and manufacturers are therefore compelled to import same from Europe, principally from Germany and France.

It is proposed to place the same duty, namely, 25 per cent ad valorem, on both the raw paper and on paper coated and sensitized ready for use. This is, as I view the matter, wrong in principle, as it places the American manufacturers at a decided disadvantage. The existing tariff places a duty of 30 per cent ad valorem on the coated and sensitized article, and upon the raw paper a duty of 3 cents per pound and 10 per cent ad valorem. A specific and an ad valorem duty on the raw paper is much more equitable, owing to the varying prices of the different grades of raw paper necessary for different uses.

My particular plea in this matter is that there should be a lower duty on raw paper than on the finished article.

Inasmuch as it is proposed to reduce the duty on the finished article from 30 to 25 per cent ad valorem, the duty on the raw paper, which, as before stated, must be imported, should at least be reduced in the same proportion, and in order to be fair to the American manufacturers should be levied in the form of a specific and an ad valorem duty. My suggestion would be 2¼ cents per pound and 7½ per cent ad valorem.

Par. 332.—CARBON TISSUES.

GEORGE MURPHY (INC.), 57 EAST NINTH STREET, NEW YORK, N. Y.

NEW YORK, *April 21, 1913.*

Senator FURNIFOLD MCL. SIMMONS,
Chairman of Finance Committee, Senate,
United States Capitol, Washington, D. C.

DEAR SIR: In the new tariff bill there is one item, viz, carbon tissues. Carbon tissue consists of gelatin impregnated with color pigment, and when dissolved is flowed over a sheet of paper. This tissue is sensitized by photographers here and photographic prints made on it.

Under the present tariff this is entered at 30 per cent ad valorem duty. Under the new tariff it is to be entered at 25 per cent ad valorem.

We ask that it be entered at the most 15 per cent duty or free, as no competition exists in this country, and photographers here produce prints, putting their work and labor on it.

Under the contemplated tariff we note that this carbon tissue is to be entered at 25 per cent duty, but on carbon prints, the finished print made abroad, is entered at 15 per cent duty. This is a discrimination against American labor. If the raw material—carbon tissue—is to be entered at 25 per cent or less duty, the finished product should be at a higher duty.

Par. 332.—PARCHMENT.

THE HARTFORD CITY PAPER CO., HARTFORD CITY, IND., BY B. A. VAN WINKLE, GENERAL MANAGER.

[The exhibits referred to herein are samples of parchment paper.]

MAY 24, 1913.

We beg to call your attention to paragraph 336 of Schedule M, H. R. 10, and especially to that particular part of this paragraph relating to "parchment papers and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever name known; all other grease-proof and imitation parchment papers, not specially provided for in this section, by whatever name known."

You will note that rate proposed in this bill is 35 per cent ad valorem, and while this rate may impress you as being sufficiently high, we ask you to consider the following reasons why we ask to have the rate on this particular grade of paper raised to 45 per cent instead of 35 per cent.

1. The manufacture of grease-proof and imitation parchment paper has only been attempted in the United States since 1906. It is a specialty and manufactured by the ordinary paper mill, and its manufacture requires special machinery, much of which is not made in the United States, and it also requires specially trained help, all of which is very costly.

2. This industry is only 7 years old in this country, and we have not yet a sufficient number of trained paper makers in this country to enable us to secure our help on the same basis of wages

as other domestic mills pay, and for that reason the manufacture of this particular grade of paper should not be compared with the manufacture of the ordinary grades of paper.

To show the effect the proposed rate of 35 per cent ad valorem will have upon our business, we call attention to the following statements and samples of the paper under consideration. Samples are designated A, B, C, D, E, F.

In making the following comparison we assume that the foreign mills will continue to sell their product at the same prices which they are now asking for it.

Paper like Exhibit A can be imported under the present law at $173.60 per ton f. o. b. New York.

Under the proposed law is can be imported at $162.80 per ton.

	Per ton.
Reduction in tariff	$10.80
It costs us to deliver this grade of paper in New York in car lots	157.51
Profit—the present law approximately	16.09
Under the proposed law it would be	5.29

Paper like Exhibit B can be imported under the present law at $157.20 per ton f. o. b. New York. Under the proposed law it can be imported at $142.60 per ton.

	Per ton.
Reduction in tariff	$14.60
It costs us to deliver this grade of paper in New York in car lots	138.34
Profit under present law	18.86
Profit under proposed law	4.26

Paper like Exhibit C can be imported under the present law at $134 per ton f. o. b. New York. Under the proposed law it can be imported at $114 per ton.

	Per ton.
Reduction in tariff	$20.00
It costs us to deliver this grade of paper in New York in car lots	131.46
Profit under present law	2.54
Loss under proposed law	17.46

Paper like Exhibit D can be imported under the present law at $136 per ton f. o. b. New York. Under the proposed law it can be imported at $116.80 per ton.

	Per ton.
Reduction in tariff	$10.20
It costs us to deliver this grade of paper in New York in car lots	124.98
Profit under the present law	11.02
Loss under proposed law	8.18

Paper like Exhibit E can be imported under the present law at $115.60 per ton f. o. b. New York. Under the proposed law it can be imported at $91.20 per ton.

	Per ton.
Reduction in tariff	$24.40
It costs us to deliver this grade of paper in New York in car lots	105.80
Profit under the present law	9.80
Loss under the proposed law	14.60

Paper like Exhibit F can be imported under the present law at $118.07 per ton f. o. b. New York. Under the proposed law it can be imported at $94.60 per ton.

	Per ton.
Reduction in tariff	$23.47
It costs us to deliver this grade of paper in New York in car lots	111.04
Profit under present law	7.03
Loss under proposed law	16.44

You will note the only grades of paper upon which there is any profit left at all are the grades shown as Exhibit A and Exhibit B. On Exhibit A we could, on our production of 15 tons per day, earn $79.35 per day, providing we could secure enough orders of this one grade to take up the entire product of the mill.

On Exhibit B we could earn $63.90 per day, providing that we could secure enough orders of this grade to operate the mill continuously so that the maximum earning possible on either of these grades of paper is $24,000 a year. Our investment is, in round numbers, $600,000; so that if it were possible to secure sufficient orders of this grade of paper we could not earn to exceed 4 per cent on our investment, which, as you well know, is not sufficient for manufacturing concerns to earn.

On Exhibit C we would lose $17.46 per ton, or $261.90 per day.

On Exhibit D we would lose $8.18 per ton, or $122.70 per day.

On Exhibit E we would lose $14.60 per ton, or $219 per day.

On Exhibit F we would lose $16.44 per ton, or $246.60 per day.

So that it is entirely impossible for us to operate on paper like Exhibits C, D, E, or F, and these papers constitute a large percentage of our output. This sweeping reduction not only affects our company, but equally affects the other five domestic companies, and in my opinion will seriously cripple this industry in the United States.

For your further information we call your attention to attached copy of brief which we filed with the Ways and Means Committee of the House.

THE PATERSON PARCHMENT PAPER CO., PASSAIC, N. J., BY WILLIAM T. BRUNNER, VICE PRESIDENT.

APRIL 18, 1913.

The manufacturer here represented manufactures only what is known as genuine vegetable parchment paper.

The tariff on our paper is:

Parchment papers, grease proof, and imitation parchment papers, by whatever name known, 2 cents per pound and 10 per cent ad valorem.

The present tariff should be maintained to insure the continued prosperity of the industry, for the reason that labor is a large proportion of the cost of our paper, because the paper must pass through two distinct and separate processes, viz, manufacturing an unsized, absorbent paper and afterwards converting the paper into parchment paper by means of sulphuric acid or other suitable reagents.

Wages in Germany, Belgium, and France (where the greater part of foreign parchment is produced) are very much lower than in the United States. Besides, the cost of labor at the paper mill is sure to advance when the three-tour system goes into effect. The question of wages also bears on the cost of all the supplies which we purchase.

We respectfully petition that the specific duty be retained, as it greatly reduces the wrong done by undervaluation by the foreign manufacturers.

We respectfully protest that our parchment paper is now included with many other kinds of paper as in paragraph 336 of bill H. R. 10, which is now before the House of Representatives.

We respectfully request concerning our parchment paper that it be particularly specified and the specific duty, as per Schedule M, section 411, of the tariff act of 1909, be maintained.

Since 1909 our industry has prospered and increased 37 per cent in value, which is an absolute argument that the present tariff should be maintained so as to insure further prosperity for our business.

Our total investment is $1,400,000.

Our annual wages are $185,000.

Number of employees is 295.

The consumer is receiving the benefit of brisk competition which has always existed among our competitors. On account of increased production the wholesale selling price has declined 10 per cent in the three years past.

Par. 333.—LITHOGRAPHS.

M'LOUGHLIN BROS., 890 BROADWAY, NEW YORK, N. Y.

NEW YORK, *May 31, 1913.*

The COMMITTEE OF FINANCE,
United States Senate.

GENTLEMEN: We respectfully desire to call your attention to the provisions of the proposed tariff bill, H. R. 3321, in relation to lithographed booklets and toy books for children's use.

The provision is found in Schedule M, paragraph 333, on lines 10 to 16 of page 84.

The domestic output of these booklets and toy books for the past year has been about $200,000. We are informed the importations equal, if they do not exceed, this amount.

In the existing tariff of 1909 these lithographed booklets and toy books are placed at a specific duty, and the competition with the foreign-made goods has been and is very close at this rate. The importations have been largely increased since 1905, owing to reduction in 1909 of the duty. The present specific (1909) duty on lithographed toy books and booklets averages from 25 to 30 per cent ad valorem, which is less than the duty of 35 per cent placed by bill 3321 on all other toys, as will be seen by reference to paragraph 350, H. R. 3321.

The bill H. R. 3321 proposes to still further reduce the tariff on lithographed booklets and toy books to 12 per cent ad valorem, whilst it makes the rate on the unbound lithographs 20 per cent ad valorem.

The report of the House accompanying the bill H. R. 3321 gives the data on importations of booklets and toy books at the bottom of page 257, from which it appears that the importations in 1905 amounted to only $10,021.20. The next year given is 1910, when the importations of these lithographed booklets and toy books of all kinds had increased to $203,690.

The importations of this class of goods are now about equal to the domestic production since the reduction of the tariff rate in 1909.

The quantity of children's toy books imported in 1912 fell off, owing to the fact that the market was overstocked by the excess of importations in 1911, just after the reduction of duty in the 1909 law.

In the manufacture of these lithographed booklets and toy books the initial cost of preparing the design and the transfers onto stones or plates, from which the printing is done, is a great part of the expense. When the designs are made and the lithographic stones or plates are prepared, the expense of subsequent production outside of the paper and ink is the cost of labor.

In the past few years we have not only raised the price of wages employed in the production of these goods, but have also shortened the hours of work.

These lithographed articles for children's use are really toys. The bill H. R. 3321 places a duty of 35 per cent ad valorem on all other toys. See paragraph 350, page 89, H. R. 3321. Toy decalcomanias are excepted, in paragraph 333 on line 18, page 84, so that they would come under a 35 per cent ad valorem duty. The toy books and booklets should come under the same rule.

No logical reason exists for placing the unbound lithographs at 20 per cent and the lithographed booklets and toy books at 12 per cent.

In order to give the domestic manufacturer a chance to compete with the importers, the existing duty should be maintained.

SUPPLEMENTAL BRIEF OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, BY GEORGE R. MEYERCORD, ROBERT M. DONALDSON, AND HORACE REED, TARIFF COMMITTEE.

REASON FOR FILING SUPPLEMENTAL BRIEF.

Our original brief was filed January 17, 1913, and our testimony was taken on the same day before the Ways and Means Committee. (See hearings, Schedule M, Jan. 17, 1913, pp. 2215, 2386, 2387.)

It has been rumored that the Ways and Means Committee has been considering the substitution of ad valorem for specific rates with reference to many of the schedules, and our fear that such a consideration might be given to paragraphs 412 and 416 leads to a feeling that we should address ourselves to this particular subject.

(*a*) Specific rates are essential to the welfare of the manufacturer and the American workman.

Prior to the Wilson Tariff Act the question of the duty on lithography received scarcely any serious consideration, because no one was active in behalf of the domestic manufacturer to explain the particular needs of the trade. The duty was on an ad valorem basis. The Wilson Tariff Act provided for a specific duty. This was the result of an explanation for the first time made demonstrating that the Democratic predilection for an ad valorem duty could not be made effective in the case of lithography because of the infinite possibility of intentional undervaluation. The Democratic framers of the Wilson Tariff Act were absolutely convinced, and the specific rate was substituted for the ad valorem rate. That conviction and its result depended on the following considerations:

(1) *The appraisers had no definite basis for appraisal.*—Lithographs were imported and are imported in endless varieties and in multitudinous forms. No price list or standard of valuation exists or could ever exist. The value would depend upon the standing and reputation of the author of the original design; the skill of the original artists; the character of the original plates from which the printing was done;

the size of the edition printed; the number of colors in which it was printed; the character and quality of the paper used; the value and quality of the ink; the percentage of the product imported and the percentage of the product left for foreign consumption; the question of whether the importation was surplus product of a particular edition; the question as to whether the product represented surplus capacity of a foreign factory; the question as to whether the original stones or plates were subject to further use; the question whether the product was a novelty or a staple article; and dozens of other questions utterly beyond the knowledge of the appraisers and involving a technical familiarity with the trade. The fact that the appraisers could not detect the fraud in an invoice by the inspection of the product was continuously being demonstrated by their calling in to their aid the lithographers of the vicinity of the port of entry, which, of course, was principally New York.

(2) *The part played by the original sketch and engravings.*—The original sketch from which the lithograph is subsequently made frequently represents a greater expenditure than the entire cost of reproducing the same upon stone and of buying the paper and printing it. The opportunity of omitting this original cost entirely from the invoice is ever present and is with absolute fidelity of purpose seized upon and taken advantage of. It requires little ingenuity to use the argument that the original sketch is to be subsequently used on other editions, and that, therefore, its cost ought not to enter into the invoice value, or that only a fraction of its cost should be charged to the particular importation.

(3) *The exporter and the importer.*—The peculiar relations which can readily exist between American importing houses and German factories make easier and practicable what might otherwise be difficult and impracticable. Many American importing houses are distinct from the German factories in form only, the American importing houses and the German factories being controlled by identical financial interests, and it making little difference to them whether the profit shows up on the books of the American importing house or upon the books of the German manufacturer. Under such circumstances invoice values are a mere perfunctory entry and can be made to accommodate themselves to the necessities of the situation. The labor which is done in Germany in making the original sketch and in making, say, 12 sets of stones, representing 12 colors in the printing, is subject to the same differential of cost as is the labor which is done in Germany in running the press and in making the paper and in printing the product. An edition of show cards or calendars might be billed to an importer in this country at 6 cents each for 50,000, which would represent the value of the paper and the printing and the finishing. The cost of the sketch and the placing of it on stone may well have been $1,000, and yet the invoicing of these at 6 cents each would absolutely prohibit the inclusion in the duty of the differential in the labor cost of producing the original design and the placing it on stone.

(4) *The classification of the act of 1909.*—The classification of lithography laid down in the Wilson Tariff Act was an immense stride in the right direction, because it adopted a specific rate. The Payne-Aldrich bill, regardless of its rates of duty, places the duty for the first time upon an absolutely scientific classification and intelligent

and effective basis, not containing any inherent possibility of fraud. To go back to an ad valorem basis would be to invite all manner of imposition and deception and would afford a fertile field in which the trained experts of evasion could again display their resurrected talents rendered useless by the Wilson Act.

(*b*) Specific rates are essential to the welfare of the Government.

The revenues derived by the Government from the importation of lithography may or may not be of overweening importance; but just to the extent that these revenues are important, to that extent will the purpose of the new administration be frustrated by an ad valorem duty. The arguments which we have used in the last subdivision of this brief are arguments which, in the fulfillment of their promise, will reduce the revenues under those paragraphs very materially. If it were intended to place upon lithographic imports ad valorem equivalents of the present specific rates, these imports, remaining constant in amount and in real (not invoice) values, would not yield the Government over 60 per cent of the present yield under specific rates.

One might consider himself reasonably safe in advising an ad valorem equivalent for a specific rate on a jackknife, on a pound of steel, or a pair of boots, or a barrel of sugar, or a yard of woolen; but one can find no such feeling of security in contemplating so complicated and peculiar a proposition as substituting an ad valorem rate for a specific rate on a piece of lithography that depends upon such unascertainable elements, the proof and the evidence of which remains across the water in the confidential archives of those whose principal interest it is to evade the laws of the United States Government.

In this statement we draw very little upon our imagination, but much upon what must be every man's feeling of the manner in which temptation yields a natural result when gratuitously and attractively presented to the individual. Conscience is never so sluggish and lethargic as when the only inciting cause of its activity is the evasion of a tax. As an interesting illustration of our point we quote from an issue of the Boston Herald of February 25:

CUTLERY FIRM SUED FOR $484,830 BACK DUTIES—ADOLPH KASTER & BROS. CHARGED WITH UNDERVALUATIONS.

NEW YORK, *February 24.*

The United States to-day sued the cutlery firm of Adolph Kaster & Bros., to recover $484,830, back duties on cutlery importations from Germany. Irregularities between January 7, 1909, and April 17, 1911, are alleged.

John E. Wilkie, former Chief of the United States Secret Service, in 1911 visited the Solingen district of Rhenish Prussia, and on his return submitted to District Attorney Wise a full report, which indicated that 75 per cent of the alleged frauds in undervaluing cutlery were committed by one New York importing firm, which had forced several of its competitors out of business through the advantages it obtained through undervaluations.

(*c*) Lithography is essentially a luxury.

(*d*) Ceramic decalcomania.

There is only one manufacturer of ceramic decalcomania in this country. An ad valorem rate on that particular species of lithography is equivalent to a temporary injunction against its manufacture of that product, such injunction to continue during the pendency of the act.

CURT TEICH & CO. (INC.), CHICAGO, ILL., AND OTHERS.

CHICAGO, ILL., *April 24, 1913.*

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

SIRS: We, the undersigned officers and employees of the company, beg to respectfully submit our protest for your consideration.

We are lithographers, manufacturers, and workers. Our industry is classified in paragraph 337 of the tariff bill (H. R. 10) now for consideration before your body. It is a positive, provable fact that the present rates proposed in the bill, if same becomes a law, will mean a frightful loss of work and reduced wages and bankruptcy for many firms now engaged in the specialties that are heavily imported.

Absolute, proven statistics on wages were submitted before the Ways and Means Committee at the January hearing, and the wages were proven to be over three times as high as those in Germany, the chief exporters to this country.

Lithography is a fearfully competitive (with Germany) commodity. The American displacement value of European imports is approximately $5,000,000 at the present time. The domestic production of time-contract deliverable lithography is less than $10,000,000. Imports, therefore, are one-third of the total American consumption of color lithography.

No American lithographer makes anywhere near as much profit, net, out of his business as the tariff cut amounts to. The tariff cut figures a reduction of 40 per cent on the average rate under the present law. European prices will drop 15 per cent and over in the market if this bill is enacted into law, and this 15 per cent cut on European lithography is more than any American lithographer earns net. It therefore means the total wiping out of that branch of the lithographic industry. The cost of production will advance rather than reduce, on account of the smaller amount of available business; or the only alternative is a wage reduction of over 20 per cent, which means a frightful hardship on the lithographic workmen.

The bill must be changed. Let us point out a few discriminating rates in the proposed bill. For instance, labels, flaps, and cigar bands have been printed entirely in bronze printing—15 per cent ad valorem. The same bill proposes duty on surface-coated paper of 35 per cent, and bronze powders 25 per cent. How can the American lithographer live under such discrimination? The same conditions exist throughout the whole list of raw materials versus the finished lithography.

Ad valorem duties.—The bill works a still greater hardship by placing lithography on an ad valorem basis. This will only work to the end of giving control of the market to the dishonest importer as against the honest importer and the domestic producer. Why change when accurate ad valorem statistics are available under the present specific rates? We strongly protest.

A copy of this petition and its signatures are being sent to the President of the United States, also to the Ways and Means Com-

mittee of the House of Representatives. These signatures are our voluntary and free-will act.

Very respectfully submitted.

CURT TEICH & Co. (INC.),
CURT TEICH, *President.*
LUDWIG SCHWEISSER, *Secretary.*

(The above was signed by 122 employees of the company; by 19 officers and employees of the Hilton Lithographing Co., of Chicago, Ill.; by 3 officers and employees of the Globe Lithographing Co., of Chicago, Ill.; by 19 officers and employees of C. O. Thiel's Sons, Chicago, Ill.; by 19 officers and employees of the Herman Lithographing Co., of Chicago, Ill.; by 20 officers and employees of Merchants' Lithographing Co., of Chicago, Ill.; by 21 officers and employees of the Weber Lithographing Co., of Chicago, Ill.; by 12 officers and employees of W. Wangersheim, of Chicago, Ill.; by 15 officers and employees of the Walter M. Carqueville Co., of Chicago, Ill.; by 17 officers and employees of Imperial Lithographing Co., of Milwaukee, Wis.; and by 63 officers and employees of J. Knauber Lithographing Co., of Milwaukee, Wis.)

CLARKE & COURTS, GALVESTON, TEX., BY GEORGE M. COURTS, PRESIDENT.

GALVESTON, TEX., *April 30, 1913.*

Hon. C. A. CULBERSON,
United States Senate, Washington, D. C.

DEAR SIR: This relates to the Underwood tariff bill, H. R. 10.

This is to state that in our opinion there is a part of that bill which, if adopted, would bring disaster upon the lithographic trade of the country.

If you will refer to the tariff act of 1909, Schedule M, paragraph 412, and compare the revision with the pending bill, paragraph 337, it would appear that the present tariff will be cut approximately 40 per cent.

It is also evident that the apparent rate, as given by the ad valorem, implies a higher duty than would be actually realized.

With a full and free discussion with some of the most intelligent lithographers of the country, it is the consensus of opinion that if these changes in the schedule, above referred to, go into effect it will be the means of bringing into the country foreign lithographic work that will aggregate $5,000,000 per annum, and this would mean 30 per cent of the entire selling value of the American output.

Under the protection of the Payne tariff there has developed in this country, and there is developing, a large business in color work. But, it is only within the last few years that the supply is nearing the demand.

We call your attention to the fact that color work supplies largely labels, flaps, cigar bands, used in the labeling of goods, and the advertisement of luxuries.

It is hard to conceive of any appreciable percentage of imported lithographic work as bearing upon the living necessities of the people.

In the last 18 or 20 years there has grown up a large lithographic trade in Texas, and, for that matter, throughout the South. The largest investments in lithographic machinery and equipment are in Texas, notiwthstanding the fact that Texas is at the disadvantage of being at the greatest distance from the labor markets. You will understand we are speaking of the trade in the South.

Now, as you know, lithographic labor is all skilled labor, and it is the highest priced labor paid by any of the printing or allied trades. The percentage of profit on this character of work must of a necessity be low.

The lithographic plant is an expensive but necessary adjunct to a printing plant, for it must do both printing and lithographing to attain an earning volume of trade.

Now, it is evident that if by reduction of the tariff there is an increase in the imports of color work from Germany and other low-priced labor countries the lithographers of this country now engaged in the color work in the United States when they feel the falling off of the domestic trade will naturally try to recoup and keep their presses busy by competing with the commercial work throughout the country.

You will understand there is no color work done in the South, or, if any, it is a negligible quantity. So there is real danger to the trade in Texas if the competition of hundreds of idle presses in the North and East are turned against the struggling industry in Texas. And the lithographic industry in the South needs stimulation and not repression. It is maintained now in the face of difficulties that we have set forth in that labor is the hardest to obtain, and the price paid for it is the very highest.

We will ask that you kindly look into this matter carefully and use your best efforts to see that this industry is not killed by the danger that now menaces it.

We call your attention again to the tariff act of 1909 and the same schedule above referred to, and you will see what a low ad valorem is set against "booklets, books of paper for children's use, fashion magazines and other periodicals, booklets decorated in part by hand or by spraying, whether or not lithographed." It seems to us that any tariff revision in favor of articles like these must add to the postal burden of second-class matter.

The lithographic industry throughout the United States needs encouragement, and under proper encouragement it will soon be equal to all the color work in the country. Even if the price be higher than that of the imported tinsel from Germany and Japan, the difference will not bear at any point upon the cost of living.

We hope that you may present our views in this matter to the Finance Committee.

We hope you will see your way clear to help your State in this matter.

INTERNATIONAL PROTECTIVE ASSOCIATION OF LITHOGRAPHIC PRESS FEEDERS, UNITED STATES AND CANADA, 200 EAST TWENTY-THIRD STREET, NEW YORK CITY, BY W. O. COAKLEY, GENERAL PRESIDENT.

The COMMITTEE ON FINANCE,
United States Senate:

In the interest of the 40,000 wageworkers engaged in the American lighographic industry, not only in the allied trades, but in all departments necessary to the completion of the lithographic product, a respectful but most emphatic protest is herewith submitted against the reduction in the Schedule M as proposed in H. R. 3321; as a basis of which protest we submit as follows:

The American lithographic industry is solely a domestic industry, engaged in producing a commodity marketable only in the United States, it having no foreign market, due to the fact of the lower wages and longer hours under which foreign lithographic workmen are employed; all of which makes competition not only impracticable, but impossible.

With this condition in mind, facing the inevitable fact that even under our present tariff law we are already to a very large extent at this moment compelled to meet the competition forced by active and energetic importers securing orders on this side to be produced by foreign workmen, we feel justified in contending that the proposed reduction as contemplated in the House bill will seriously interfere with the steadiness of our present employment, which, we may well add here, is as much an important question to us as the amount of our weekly wage itself.

As a matter of fact, our industry already shows signs of a possible dull season, brought on, we believe, not through any deliberate attempt on the part of the employer, but on the part of large customers through the mere probability or possibility of a change or reduction in the present tariff law.

For your information, let us state that the American lithographic industry is one of the highes paid industries, outside of the diamond cutters, in this country. The skill demanded of its craftsmen is acquired only after years of earnest study and much labor; one enters our industry as a boy and must pass through the various branches before he reaches the ultimate goal of highest perfection. Our workmen represent the highest type of the American workmen. More than 95 per cent are citizens, born or naturalized; one language is spoken in our shops; and a mutual love and interest in our country is shown on all sides.

And these are the men who have invested the best years of their lives in this industry, believing their Government would foster it, aid it to expand, and thereby increase the opportunity to secure employment.

They did not expect that their Government through any legislation proposed or enacted would retard its expansion and most likely start it on a road of decline by allowing the cheap labor abroad to put their commodity in competition with American workmen in the United States market, while the cheapness of their labor prohibits us from putting our American production in competition with theirs in their own market.

Our industry is composed of the following craftsmen: Lithographic artists, pressmen, transferrers, provers, engravers; the wages of whom range from $20 to $100 per week, in accordance with the skill required.

In addition we have the stone grainers, press feeders, paper cutters, and embossers, all of whose wages range from $14 to $20 per week, and in many cases higher; and then we have the press tenders, bronze feeders, and many thousands of men and women engaged in putting the finishing touches on our product before it reaches the ultimate consumer.

From the above, you may readily get a brief idea that it is a highly skilled trade, paying a wage in excess of industries enjoying a higher rate of protection. It is most unjust to compare our industry with some other industries which seek to employ labor willing to live at a standard lower than ours.

We want to be judged alone on our merits. If our ports of entry are thrown open to the labor of the world, we must meet their competition here, and in addition it is unreasonable for us to be compelled to meet a competition of the production of the same workmen when they are engaged and employed abroad. Their low wages and longer hours especially place us at a thorough disadvantage to them. Is it fair, now, to try, as some of the importers and foreign workmen's friends would wish to do, to create a condition between this country and abroad whereby the foreign workmen would have a better chance on printing such lithography as the American consumer might desire, while the low-wage conditions abroad deny us the same right?

The dominant party was not put in power for this purpose: it was to rectify wrongs and not create them. Downward revision, in our humble judgment, was not meant to place the American workmen in open and unfair competition with the markets of the world. To do so in our industry would inevitably tend to lower our standard of living to that of other countries, not through any reduction of our weekly wage, but through lack of work.

It must be borne in mind that in the event of lack of work in our industry our working people can not find equally remunerative work in other industries. Such a thing is impossible; our people have spent years in attaining their skill, and could not work at any industry except at its lowest order. You could not expect a lawyer who had lost his practice to make an equally good living as a dentist. Neither can a lithographer.

If the proposed revision is enacted into law, the general consuming public will not benefit by it at all; the only beneficiaries of such reduction will be the few lithographic importers and the foreign workmen; and the sufferers will be the American workmen. To this end, here are a few illustrations:

Lithographic cigar labels are used in one color and upward to 15 colors; some at times desire more style to their box and use metal leaf. Therefore, some labels are 10 times as expensive as others. Does any consumer of a cigar notice any change in the price when the label is changed to a less expensive one? Therefore, the consuming public will not benefit by the proposed cut; if enacted into law, the beneficiary will be the foreign workmen; the sufferer, the American workman.

The same principle will apply to the cigar band; the proposed reduction will not change the price of cigars; it will only result, as a before stated, in a detriment to our work people.

Will the proposed cut in decalcomania make the retail price of a Singer sewing machine, an Underwood typewriter, or a Steinway piano less because by the cut in decalcomania duties one-quarter of 1 cent is saved in decorating the machine? We all know that the general public will be paying the same price for the above instruments regardless of the cut; and we further know that the American workmen will suffer and foreign labor benefit thereby.

Will the retail price of a booklet with colored cover and insert which represents only about one five-hundredth part of the cost of manufacture per thousand be less if the cut in the tariff is made as provided in the Underwood bill? Will such a cut be a benefit to the consumer? And will it not hit hard the American workmen to have this work done abroad?

Cutting the duty on calendars will not reduce the price of the goods sold by the man buying the calendars, but it will mean that American manufacturers will have less calendars to print and less work for American workmen.

Gentlemen, these few illustrations should be convincing enough to prove that the proposed cuts in our schedule will not benefit the consuming public, but will injure the American workmen. The general public is not appealing for a reduction in the lithographic schedule; the only ones appealing for this reduction are the importers, who want the lithography consumed in this country printed by foreign workmen; and we American workmen protest against this. We are compelled to support our country in times of peace, as well as war; and we can not do it well unless we have work. There might be reason to bring about a reduction if the consuming public was demanding it; but they are not.

Why don't they open up a plant in this country and give work to the American people under the present tariff rate? One firm has moved its entire plant to New York from Germany, and is employing our people.

Prior to the Payne-Aldrich bill you were unable in the city of Washington to buy a view card or picture card that was not made in Germany. Thanks to the present tariff rates, you are now able to buy a picture of the White House and other national buildings that is printed by American workmen.

The importer says that the present tariff rate is prohibitive. As an answer to this we refer you to page 258 of the Government Tariff Hand Book, which will show you that importations have increased under the present tariff law.

We could cite many other cases, but feel that enough has been stated to show that American workmen will be injuriously affected if any change is made in the existing law. We appeal to you to make no change. We want work; the cost of living, increasing as it is, makes that imperative. So we ask you to give preference to American workmen over foreign workmen, when it is clearly shown that the general public is not abused or overtaxed.

In closing, we appeal to you to give this your earnest consideration and careful thought, and that our industry will be judged alone and on its merits, and that our efforts to convince you will be fruitful of results and remove from our minds the frightful thought of dull times before us.

Par. 333.—LITHOGRAPHIC PRINTS, ETC.

E. P. DUTTON CO., BY JOHN MACRAE, VICE PRESIDENT, 681 FIFTH AVENUE, NEW YORK, N. Y.

[Memorandum in favor of the proposed rates in the Underwood bill, paragraph 333.]

NEW YORK, N. Y., *June 6, 1913.*

The COMMITTEE ON FINANCE,
United States Senate.

We believe the Underwood rates to be a perfectly fair and just attempt to make the duty on lithographic prints, as contained in paragraph 333, a competitive tariff. We strongly urge that your committee adopt the Underwood rates, with the one single exception, which will be given at the end of this statement.

The Payne-Aldrich Tariff Act materially increased the rate of duty on many of the items included in the lithographic schedule, and in our judgment made the tariff on many of these lithographic goods too high, and the Payne-Aldrich Act has, in effect, practically tended toward the exclusion of these goods.

By reference to the statistics as supplied by the Department of Commerce and Labor, Bureau of Statistics, it will be shown that in 1908 there were imported from Germany $4,348,704 of paper and manufactures of lithographic labels and prints (except post cards), this being the year before the Payne-Aldrich Act. The last available statistics are of 1912. The imports for these specifically mentioned goods for the year 1912 amounted to only $1,658,587; or, in other words, from the year just previous to the enactment of the Payne-Aldrich bill to the year 1912 (a period covering four years only), the imports of this class of goods had dwindled about 62 per cent. These figures are monumental and conclusive that the increase of rates of the Payne-Aldrich bill over the Dingley bill were so great as to make this present tariff, in a measure, prohibitive.

Most of the articles covered by this lithographic schedule are manufactured in Germany, and the particular reason why these articles are imported arises from the fact that the editions required by the American public are not sufficiently large to interest the American lithographer unless a very high and unnecessary price is charged, and a second reason arises from the fact that the color work is of a finer quality than can usually be obtained from the American lithographers.

The Ways and Means Committee held open hearings on this lithographic schedule, where the members of the Finance Committee are likely to find the reasons for the Underwood rates.

It is evident from the rates finally adopted by the Underwood bill that this lithographic schedule has been given very careful consideration and that, from the evidence submitted, the committee arrived at the conclusion that no protection was needed except in the one instance—namely, "Views of any landscape scene, building, place, or locality in the United States"—where a rate of 45 per cent ad valorem was adopted.

It is clear, in going over the Underwood rates, that the duty imposed was made with a view of revenue rather than protection. It is our understanding that the subcommittee of the Senate Finance Committee accorded a hearing on this lithographic schedule to give the American manufacturers an opportunity to present arguments, facts, and

figures as to why the Underwood rates should be changed. The statements of the American lithographers as made before your committee were practically against the Underwood rates, and the burden of their argument was the necessity for a practical return to the Payne-Aldrich rates.

In our judgment the facts and figures presented by the American lithographers before you were insufficient and inconclusive in the matter and their tendency was to mislead and to befuddle the whole question. Not the most expert and trained mind on lithographic matters could get a proper understanding from the figures presented and their manner of presentment.

If any increase was to be made over the Underwood rates or any changes made, it seems to us that it was incumbent on the American lithographers to produce for you a sound reason for such change or increase. It is a fact that the American labor costs are more than double the labor costs in Germany; but it must be borne in mind that the actual high cost of labor does not necessarily produce a like high cost for the actual article when manufactured. The high labor cost in America has made it necessary for the American lithographer to use more efficient machinery and labor-saving devices, with the result that he is able to and does manufacture his product more cheaply than his foreign competitor. In our judgment it is true, and it has been our attempt, by facts, figures, and examples, to show that no protection is needed for lithographic goods.

One of the chief arguments made by the American lithographers before your committee was the increased amount in the value of the imports of lithographic goods; but their argument has been made possible by the grouping of figures in a manner that is incorrect. The real facts as to the import value of lithographic goods is to be found on page 308, No. 3, Imports of Merchandise, years ending June 30, 1906 and 1912. These figures were obtained by us from the Department of Commerce and Labor, Bureau of Statistics, under an inclosure, No. 4113, and they show that from June, 1908 to 1912, the year previous to the Payne-Aldrich bill, and the last statistics available, that the imports of lithographic goods declined 62 per cent. These figures are monumental and conclusive that the tendency of the Payne-Aldrich bill was to prohibit importation, and it must be clearly borne in mind that specific rates are much less troublesome to the importer and much easier for the Government officials. It can be easily seen that specific rates tend to make the duty on very high-price goods low and on very low-price goods the duty becomes abnormally high.

We respectfully suggest an addition to paragraph 333 of the Underwood bill, to read as follows:

Pictures, calendars, cards, and placards exceeding eight one-thousandths of 1 inch in thickness and not exceeding twenty one-thousandths of 1 inch in thickness and not exceeding 35 square inches cutting size in dimensions, 10 per cent ad valorem.

This change can be accomplished easily by turning to the Underwood bill, page 84, the end of line 18, beginning "Pictures." This paragraph would then read:

Pictures, calendars, cards, and placards exceeding eight one-thousandths of 1 inch in thickness and not exceeding twenty one-thousandths of 1 inch in thickness and not exceeding 35 square inches cutting size in dimensions, 10 per cent ad valorem. Pictures, calendars, cards, and placards, and all other articles than those hereinbefore specifically provided for in this paragraph, 20 per cent ad valorem.

Paragraph 333, beginning on line 10:

Booklets, books of paper, or other material for children's use not exceeding in weight 24 ounces each, fashion magazines or periodicals, printed in whole or in part by lithographic process, or decorated by hand, booklets, decorated in whole or in part by hand or by spraying, whether or not lithographed, 12 per cent ad valorem.

With the above paragraph we are principally concerned with that part covering, "Books of paper or other material for children's use not exceeding in weight 24 ounces each, 12 per cent ad valorem." These particular books are produced by the lithographic process and are used largely for educational purposes. The reason why these books are imported arises from the fact that the color work is of a finer quality and the designs more perfectly executed than can generally be found in similar books produced by American manufacturers. The total value of these children's books as outlined above is very small, and, as the use is principally educational, the duty certainly should not be advanced above 12 per cent ad valorem. We have shown by a number of examples that books of this character made by us have been reproduced and sold by the American manufacturers at a wholesale price which is less than our actual cost.

THE UNITED STATES PRINTING & LITHOGRAPH CO., NEW YORK, N. Y., BY JOHN OMWAKE, PRESIDENT.

NEW YORK, *June 19, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Chairman, United States Senate, Washington, D. C.

DEAR SIR: Senator Pomerene asked for certain statistics in the lithographic industry, and we take the liberty of inclosing you a copy of our letter addressed to him, which we trust may receive your consideration in the final making up of the tariff on our industry.

NEW YORK, *June 19, 1913.*

Hon. ATLEE W. POMERENE,
United States Senate, Washington, D. C.

DEAR SIR: When you were kind enough last month to grant an interview with a number of lithographers there were, I believe, certain statistics desired by you relating to the annual amount of lithography produced here and in Europe, the number of presses in use here and in Europe, the efficiency of the American workmen compared with the foreign workmen, etc.

It is difficult to get these exact statistics. Our association, the National Association of Employing Lithographers, estimate the number of lithographic presses (stone, rotary, and offset) in use in this country at about 2,000. One of the builders of rotary and offset presses here who has kept statistics on the number of lithographic presses in use estimates that there are in use in the United States 1,393 stone presses, 325 rotary aluminum or zinc presses, and 395 rotary offset presses, making a total of 2,113.

Another manufacturer of this same class of machinery says there are about 900 stone presses, 300 rotary, and 400 offset presses in use. We think this estimate too low. We think there are from 2,000 to 2,100 of all kinds of lithographic presses in use here.

A good many of these are used for printing ordinary black on white, such as letterheads, envelopes, etc., and for printing on tin. Our association calculates that the total volume of lithographic business of all kinds in this country amounts to $25,000,000 annually. Probably two-fifths of this covers printing on tin, lithographed letterheads, envelopes, bank checks, and other black and white work, and perhaps $15,000,000 annually is for lithographic work in colors.

The statistics gathered by our association shows that there are about 6,000 lithographic presses in use in Germany. Those in use in other countries will figure up to

about 10,000 (including Germany) at least. R. Hoe & Co., of New York, whose stone presses predominate in this country to a very large extent, have a large factory in London, and we are told their English output is larger than their American output.

The Aluminum Printing Press Co. sold their English patents to an English company about 12 years ago to make rotary aluminum presses, the same as are made in this country. The Hall Printing Press Co., of Plainfield, N. J., sell the same rotary aluminum presses and rotary offset presses in Europe as they sell here; so does the Potter Printing Press Co.

A very competent lithographer, who served an apprenticeship abroad, and who for the last 18 or 20 months has been connected with our company, has just joined the London agency of the Potter Printing Press Co.

George Mann & Co., of London, England, has an agency in New York City for the sale of their rotary offset presses here, the same make that they put up for the European trade.

Germany, of course, is an old country in the manufacture of stone, rotary, and offset presses, and the press manufacturers here say that the European press builder is quick to copy the American improvements that have any advantage in speed or accuracy. The fact that American presses are sold abroad, and that foreign machines are sold here, would go to show that all countries are watchful in keeping close pace with each other in the matter of speed.

Mr. Hugo Knudsen, an expert in lithography, who worked in the trade some 10 years abroad, and who has been for the greater part of the last two years connected with our company, says that while both countries use presses of the same speed, the foreign workman, in his judgment, is more efficient, and has the opportunity to become more efficient than the American workman, for the reason that the lithographic trade abroad is treated and supported by the State as an art in the way of schools, while the States do nothing for the art in this country.

England and Germany, probably more than any other foreign countries, have the South American and other foreign trade, which we can never hope to get because of the duties existing in those countries, and the fact that German wages are only about one-third of ours. England, too, gives her colonies the preference.

Again, the average work week is a fraction over 52 hours, while our work week here is 48 hours.

At the present time a careful survey would show that not more than 60 or 70 per cent of the actual eight-hour work day capacity of all the stone, rotary, and offset presses in this country is required to meet the demand for lithographic work. England and Germany are anxious to see our tariff lowered, so they can increase their exports to this country. To increase our lithographic imports certainly means to use still less of our press capacity here.

Competition among the lithographers here has reduced the prices just as low as our wage scale and cost of material will permit. They can not go any lower. Personally I would welcome an examination that would satisfy the Government on this point.

If the imports increase, we must work fewer hours or run fewer presses, and no industry can thrive and make headway under such conditions.

We sincerely hope, therefore, that the additional specific duties will be retained as they were before they were changed to ad valorem in the House bill and made so much lower.

Yours, very truly,

U. S. PRINTING & LITHOGRAPH CO.,
JOHN OMWAKE, *President.*

ALLIED PRINTING TRADES COUNCIL OF GREATER NEW YORK, BY PETER J. BRADY, SECRETARY.

NEW YORK, *June 5, 1913.*

Hon. F. MCL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: This letter is in reference to that part of the proposed tariff bill which affects the printing industry and known as Schedule M. The paragraphs of that schedule particularly affecting photoengraving, electrotyping, stereotyping, composition (type setting), presswork, and bookbinding are Nos. 337 and 341, also paragraph 427 of the free list.

Paragraph 337 refers to pictures, cards, and post cards printed in whole or in part from metal, which means copper, zinc, and aluminum (metals used in the photoengraving industry for the manufacture of these articles.

Paragraph 341 refers to books of all kinds (bound or unbound), pamphlets, engravings, photographs, etchings, etc. On page 84 of bill H. R. 10 this paragraph also refers to post cards. Under this heading every branch of the printing industry is affected. The present rate is 25 per cent ad valorem, and it is proposed to reduce this to 15 per cent.

Under the present rate of 25 per cent the foreign manufacturers, a large percentage of whom are now using improved American machinery and have the advantage of longer hours and lower wages, are able, through the use of this improved American machinery, to manufacture all of the articles coming under the heading of paragraph 341 so much cheaper that the American publishers send their work to Europe, have the same shipped back here, pay the present duty of 25 per cent, and are then able to place the article upon the market at a lower price than it is possible to produce the same article for in this country. We mention these conditions in order that you may fully realize that under the present tariff abuses are existing which, if allowed to continue, will work serious injury to the printing industry.

The printing industry is the second largest in the State of New York and the sixth largest in the United States. A large percentage of our members are getting fairly good wages and desirable conditions which have been secured only through their power of organization, and we are very sure that there is no desire on your part, or that of any other member of the committee, to do anything which will be detrimental to this important industry.

Paragraph 425, page 105 of H. R. 10 of the free list, permits bibles, and I presume extracts from bibles and other religious tracts, to be admitted free. This we vigorously protest against and see no reason why any exception should be made on this class of printing as it is the American wage earner's money that pays for these articles, and there is no reason why the American wage earner should not have the first opportunity of getting the benefit of the expenditure of this money if it is possible to give it to him. This the Senate can give by putting a competitive tariff on bibles, religious tracts, etc.

When the tariff was being revised in 1909, a committee from this council was sent to Washington and after laying the facts before the committee having the bill under consideration at that time and pointing out the abuses which existed under the old schedules, particularly on post cards, we were able to have the tariff increased on post cards with the result that the post-card publishers who were then sending photographers throughout the country for photographic scenes, etc., and sending the photographs to Europe and having the post cards manufactured entirely over there, paying the duty on their return and still being able to sell the product cheaper than it could be manufactured for in America, were forced to keep the work in the United States; and a number of people who were out of employment in 1909 went to work immediately after the rates were raised.

You will find in the hearings on Schedule M held by the Ways and Means Committee in Washington on January 17, on pages 4878 to

4952, that sufficient statistics are given to show that the abuses already exist. The following is a table taken from page 4941 regarding bookbinding, which was filed by one of the bookbinders in this city, a firm that had to compete more than other firms with the foreign manufacturers:

The American extra binder is unable to compete with the foreigner, first, because his wages vary as follows:

	England.	United States.	Increase.
			Per cent.
Girls	10s. to 16s. ($2 to $4)	$8-$10	250-400
Forwarders	30s. ($7.50)	21	200
Assistant finishers	32s. to 36s. ($8 to $9)	20- 22	150
Finishers	36s. to 44s. ($9 to $11)	24- 30	150

The table following, taken from page 4944, is filed by the same manufacturer, and is also very useful:

Schedule showing the percentage of labor cost as compared with the total amount received for binding 1,000 books, and single copies in extra binding.

	Labor cost.	Expense cost.	Material cost.	Price charged for binding per 1,000.	Discount.	Net amount received.	Per cent of labor.
Paper-covered books	$12.50	$6.25	$1.00	$22.00	$0.66	$21.34	58
Cloth-covered books	60.50	30.25	15.25	120.00	3.60	116.40	52
Do	20.75	10.40	12.75	51.00	1.53	49.47	42
Do	31.00	15.50	27.00	85.00	2.55	82.45	37
Cheap leather books	92.00	46.10	148.00	330.00	9.90	320.00	30
Cloth-covered books	61.00	30.50	100.00	220.00	6.60	213.40	28
Commercial extra binding per copy	.93	.24	.32	1.75	.05½	1.69½	54
Extra binding, rare book, per copy	24.60	6.15	4.25	40.00	.....	40.00	60

Investigation made by the United States Department of Commerce and Labor and it is authentic:

Table of comparative wages of compositors and pressmen of the United States and continental Europe.

Country and workmen.	Weekly wages.	Weekly hours.
United States (New York):		
Compositors, hand	$25.00-$30.00	48
Compositors, machine	26.00- 30.00	.....
Pressmen, flat-bed	26.00- 30.00	.....
Pressmen, rotary	32.00	48
England (London):		
Compositors, hand	10.00	.....
Compositors, machine	12.00	50
Pressmen	12.00- 15.00	50
Scotland (Edinburgh):		
Compositors, hand	8.50	.....
Compositors, machine	10.00	50
Pressmen	9.00- 12.00	50
Germany (Berlin):		
Compositors	9.00- 10.00	54
Pressmen	7.00- 9.00	54
France (Paris):		
Compositors, hand	8.00	60
Compositors, machine	12.00	48
Pressmen	10.00	60

The above table deals only with pressmen and compositors. No information is given as to the other branches of the printing industry, such as photo-engraving, electrotyping, and bindery work, but it is safe to assume the difference in the wages paid in electrotyping and photo-engraving is about the same as that paid for composition and presswork. As to the prices paid for bindery work, I believe it is in the tables given on pages 4941 and 4944.

When reading the testimony given at these hearings, it is advisable to note that all of the people who appeared in favor of a reduction of the tariff on printed matter are publishers and not manufacturers, and only a small percentage of the manufacturers have appeared before your committee. Those few who have appeared have very ably presented to you the reasons why the tariff on printed matter should remain as it is, and particularly the Bible manufacturers have given good reasons why Bibles should not be placed upon the free list.

We hope that you will take all of these things into consideration and give them your closest attention. We beg to submit the following amendments to the proposed tariff bill, which amendments were submitted to the Democratic caucus, but went the way of all other amendments—received no serious consideration from that body:

Amend section 337, page 82, line 12, by striking out the figures "15" and inserting in lieu thereof the figures "25"; also by striking out, in line 21, same section and page, the figures "12" and inserting in lieu thereof the figures "25"; also by striking out in line 1, page 83, same section, the figures "20" and inserting in lieu thereof the figures "25."

Amend section 341, page 83, by adding after the word "including," in line 20, a new line to read as follows: "Bibles, comprising the books of the Old or New Testament, or both"; and by striking out of the proposed bill all of section 427, page 105, lines 6 and 7; also by striking out of section 341, page 83, line 24, the figures "15" and inserting in lieu thereof the figures "25"; also by striking out in section 341, page 84, line 7, the figures "45" and inserting in lieu thereof the figures "70."

In our efforts to find out how the Ways and Means Committee arrived at their conclusions for a reduction in the tariff rates on printed matter, we found that they had estimated according to the amount of money invested in the printing industry in this country and then took the figures of the customhouse as to the amount of printing imported, and comparing the large amount of money invested in printing in the United States and the small amount imported; and they were of the opinion that a little more competition should be introduced.

On analyzing these conclusions, we find that there is no reasonable excuse for including the money invested in newspapers, the money invested in magazines, and that money which is invested in what may be termed purely commercial printing; that is, printing which would have to be done in this country regardless of how low the tariff may be. In other words, they based their conclusions on the amount of money invested in the printing industry as a whole, when they should have only arrived at their conclusions according to that part of the industry in which there is competition with foreign countries. If they had done this, we feel very well satisfied that there would not be any serious complaint on our part, for the very good reason that they would not have recommended the present reduction.

Now, there are no monopolies or trusts in the printing trades. It has been impossible to organize one up to the present time, and owing to the small margin of profit upon which printers do their business the industry is not very attractive to people who would like to organize a trust or monopoly. We are of the opinion, from our experiences with the printing trades and our knowledge of other industries, that printers do a larger business on a narrower margin of profit than any other industry in the country. They are now reduced to the minimum, and if the tariff bars are going to be let down and they are thrown into competition with the cheap labor of foreign countries, it is going to result in a very serious injury to our business. It will mean that a large number of our people will be thrown out of employment, that we will not be able to keep up either the high wages or decent working conditions which have been secured through our power of organization.

We sincerely trust that your committee will give this matter their deepest consideration and investigation, and we are sure that after you have done that there will be no reduction in the tariff rates on printed matter.

THE INTERNATIONAL SIGN CO., CLEVELAND, OHIO, BY A. T. FISCHER, PRESIDENT.

CLEVELAND, OHIO, *May 27, 1913.*

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

HONORABLE SIR: On request of Mr. Atleo Pomereno, we are addressing you in a matter that is of vital importance, and in connection with the lithographic schedule in the proposed new tariff act, H. R. 3321.

It is the evident purpose of this act to reduce the tariff duties, and in spite of the fact that the purpose of the act is to reduce tariff, we, according to the proposed new tariff, would be compelled to pay just about double the duty that we are paying at the present time on the goods we are importing from Europe.

I call your attention to the revised edition of the act referred to above, page 83, paragraph 333, line 22.

Let me explain that the old tariff covering the same class of goods consisted of a number of paragraphs that covered the various individual items that were imported into this country.

In the present clause all items that were not listed as separate items were put into what might be called a "basket clause," and therefore we are of the impression that through an oversight, and not with any definite intent, an error has been committed.

Goods that we import are known as lithographic prints, or lithographs, under eight one-thousandths of an inch thick, and you will notice that this item has been omitted entirely from the new tariff schedule. These goods that we import are lithographed in colors, and the rate of duty that we are now paying, and have been paying for some years, is 20 cents per pound. The new rate would be, according to the proposed schedule, 20 per cent ad valorem, because we come, with our goods, not being specifically provided for in this

act, in the basket clause, which reads, "and all other articles than those hereinbefore specifically provided for in this paragraph, 20 per cent ad valorem."

You will find this statement on page 84, lines 18, 19, 20, and 21.

Under the old schedule lithographic prints came under clause 412, and, as already stated, this schedule was divided into various divisions, each division covering a certain class of merchandise.

We import a great many of these prints, and if this rate of duty were to go into effect it would be a material hardship on us and would be an increase of duty without justification. These goods are not made in this country, and could not be made in this country satisfactorily because of climatic and labor conditions.

We are to some extent in competition with what are known as decalcomania, or transfers, that are used on windows of dealers' stores, the same as our signs are used on windows of dealers' stores.

The old rate on transfers would average between 50 and 60 per cent ad valorem. The new rate on transfers, you will notice, is 20 per cent ad valorem. In other words, the duty on decalcomania has been cut more than 50 per cent, whereas on our goods, owing to the change of classification, the duty is raised from 75 to 125 per cent.

The remedy that I wish to suggest to you, if you will kindly consider same, is the division of classification referring to lithographic prints, whereby the tariff should be reduced on these prints in the same proportion that it has been reduced on other lithographic products, as also on decalcomania.

As already stated, the old clause, covering lithographic prints under eight one-thousandths, assessed the duty at 20 cents per pound. Surely this duty should be reduced to at least 10 or 15 cents per pound and surely there is no object in raising the duty and working this unnecessary hardship on us.

I understand the spirit of the proposed tariff revision is toward a lower tariff. In this case, in spite of the general intention and purpose of the new tariff, a prohibitive and unreasonable as well as uncalled-for increase is suggested, and I know that you will use your influence to explain and thwart any misapplication of the tariff law.

Thanking you for giving this matter your early attention, I remain.

Par. 333.—PHOTOGELATIN PRINTED MATTER.

THE FAIRMAN CO., 311–319 WEST FORTY-THIRD STREET, NEW YORK, N. Y., BY W. L. VENNING.

NEW YORK, *April 28, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We have tried every effort to get a hearing before the House Committee on Ways and Means, in order to ascertain what provision and protection is about to be adopted in Schedule M for the photogelatin manufacturers in the United States. All of our attempts have been frustrated and have been made seemingly in vain, and we are appealing to you to bring up the following facts before the final approval and adoption of this schedule:

The tariff act of 1909, Schedule M, paragraph 412, makes exception of photogelatin printed matter and provides for it in paragraph

415. In the Underwood bill this same exception is made in 412, but still further provision has been omitted. This being the case and same not being explicitly provided for further on, photogelatin prints would come in as printed matter 15 per cent ad valorem, whereas the bristol board and paper used for our process, all of which is imported, comes in at 25 per cent ad valorem. Furthermore, the gelatin used is imported and has 25 per cent ad valorem duty on same, and also there is a duty on the printing presses used, which have to be imported. This proves that unless some further provision is made for us that Germany can place the finished article in this country cheaper than we can buy the raw material. Does it mean any less than wiping out our industry?

The two main factors in manufacturing are labor and raw material. A gelatin press does not produce more than 500 finished sheets daily, and European labor being from one-third to one-half cheaper than our labor would mean that if the finished article is tariff taxed only 15 per cent and the bulk of the raw material imported and used by us is taxed 25 per cent we had better sell our machines for scrap iron.

The industry in Germany is a very old one, Germany alone having about 250 plants. This country had its first plant in 1871, and up to 1908, although we had a duty of 25 per cent, no more than 5 plants were established. Even the work of the United States Government had to be sent to Germany or England to be printed. Since the present tariff provided in addition to 25 per cent 3 cents per pound, 9 more plants were established. This additional 3 cents per pound is a matter of life or death to these plants and the industry. Even with the present tariff less than 25 per cent of that consumed is manufactured in the United States, the photogelatin process mainly being used for high-class pictures and book illustrations.

We do not ask for anything unfair, but only request that this matter be looked at in a logical and practical way. We want to be placed on a competitive basis, but not handicapped by having raw material entered at a higher tariff than the finished product.

Due to the facts embodied in the above, anything less than the old rate—tariff act 1909, Schedule M, paragraph 415, 3 cents per pound and 25 per cent ad valorem—is absolutely ruinous.

Thank you for giving this matter your careful attention in revising the proposed schedule and thereby placing us on a fair competitive basis.

THE ALBERTYPE CO., 250 ADAMS STREET, BROOKLYN, N. Y., BY CHARLES H. RUE.

BROOKLYN, N. Y., *April 26, 1913.*

Hon. FURNIFOLD M. SIMMONS, *Washington, D. C.*

DEAR SIR: The Underwood tariff bill, paragraph 333, excepts pictures, calendars, cards, labels, etc., printed on gelatin, but fails to make separate provision for same, so that these articles would come under the 15 per cent ad valorem.

The photogelatin process of printing lends itself particularly to small runs of art pictures, book and catalogue illustrations, the finer grades of post cards, and the like. About 500 sheets per day

is all a power press yields. Labor, in its branches of photography, retouching, designing, and gelatin printing, constitutes an average of 70 per cent, material 20 per cent of the cost of the finished article.

When these 70 per cent are trebled, in the ratio of American against European wages in this branch, it will be apparent that a 15 per cent duty falls far below leveling American with European costs.

The European manufacturer has lower-priced materials, paper, plate glass, chemicals, gelatin, etc., and he has much lower general expenses. We must import those same materials and pay on all of them, even under the proposed tariff, a higher duty than is laid on the finished product.

The tariff of 1909 was followed by a moderate increase of the number of photogelatin establishments in this county, because its paragraph 415 allowed them 3 cents per pound and 25 per cent. To reduce this rate to 15 per cent ad valorem will prove ruinous to us and result in a majority of the work again drifting to Germany, Austria, Belgium, etc. Our presses are built for the gelatin printing exclusively, and can not be used for any other purpose.

The gelatin process belongs to the fine arts and its product is a luxury for the few, more so than silks or jewelry.

In asking that a rate of duty be accorded to us to fairly equalize costs here and abroad we commend ourselves and our employees to your kind consideration.

Par. 333.—DECALCOMANIAS.

RUDOLPH GAERTNER, 200 FIFTH AVENUE, NEW YORK, N. Y., AND EAST LIVERPOOL, OHIO, AND OTHERS.

MAY 5, 1913.

HON. HOKE SMITH,
United States Senator, Washington, D. C.

DEAR SIR: The undersigned beg to ask a further reduction in the duty on decalcomania, which the amended House bill assessed at 20 per cent ad valorem.

While we admit that this rate on the average is a slight reduction from the present rate, it is an increase on all the better-class goods, which form the majority of our importations.

The present rate being mainly a specific rate taxes the higher-grade sheets about the same as the lower grades, as the weight of the sheets is about the same.

The new proposed ad valorem rate would let in the cheaper grades at a lower duty, but in these the American manufacturers are underselling us at present to such an extent that even the proposed reduction would not afford us an opportunity to compete with them. On the other hand, on the higher-grade sheets the new proposed duty would mean an increase, because it is an ad valorem duty instead of a specific duty.

We furthermore beg of you to consider the following points:

First. The domestic manufacturers have for years copied our designs and are underselling us constantly, and in almost every instance where large quantities of one design are bought, and we have no protection under the United States copyright law.

Second. The House bill contains a reduction in duty on colors of 50 per cent and on paper 20 per cent, so that the domestic manufacturers will be able to market their product at considerably lower prices than they are doing at present.

Third. The duty on pottery, earthenware, machinery, typewriters, etc., has been considerably reduced, so that our customers, namely, the manufacturers of these articles, will naturally demand lower prices from us.

Fourth. The Dingley rate of 20 cents per pound net weight of sheets amounted to 8 per cent ad valorem, as we were compelled to import our sheets on the thin tissue paper only in order to compete with the American manufacturers.

Fifth. We therefore request that an ad valorem rate equal to the Dingley rate be restored and a competitive market be opened to our goods; and as the Government statistics show that importations under the Dingley bill were many times greater than what they are at present, there is no doubt that under a rate equal to the Dingley rate importations will greatly increase, the Government will receive an additional amount of revenue, and the American potteries and other manufacturers will receive the benefit of the competitive market.

[Inclosure.]

[Brief in relation to decalcomanias, Schedule M, par. 412, of the tariff act, approved Aug. 5, 1909.]

The COMMITTEE ON WAYS AND MEANS.
House of Representatives, Washington, D. C.:

The undersigned respectfully request a reduction of the duty on decalcomanias and in support thereof beg to submit the following statement:

There are two distinct kinds of decalcomanias.

First. Those used for lettering, trade-marks on furniture, machinery, etc., and window signs, commonly called "cold decalcomanias." Of this there is a total annual consumption of at least $750,000, of which the value of importations, annually, is about $60,000.

Second: "Ceramic decalcomanias." These are used exclusively by the domestic potters for decorating their ware, and the consumption of this kind does not exceed annually $400,000, of which the yearly imports amount to about $140,000.

There has been a disposition, on the part of certain domestic lithographic interests, to confuse the mind of the committee as regards the character and use of decalcomanias and put them on the same plane as other lithographic goods.

The committee should not be misled by such arguments. Decalcomanias stand absolutely alone and apart from any other lithographic productions, and, any information submitted to the committee as to cost, production, consumption, or importation of lithographic products in general, should not be applied in any sense to decalcomanias.

We shall now discuss ceramic decalcomanias for pottery use.

These are printed from lithographic stones, in ceramic colors, on a special, called "duplex" paper, and used exclusively for decorating pottery by the pottery manufacturers of Ohio, New Jersey, Pennsylvania, and Indiana.

The first ceramic decalcomanias were manufactured in France, Germany, and England about 25 years ago, and the importation into this country began in small quantities about 15 years ago.

At that time the domestic pottery manufacturers sold two-thirds of their output in white ware. Comparatively little decorating was done, and that by more or less crude printing from copper plates or hand painting. Meanwhile the European potters were turning out decalcomania-decorated ware, which instantly grew in demand in this country. The domestic potter immediately recognized the great advantages of decalcomania decoration, namely, lower cost of decoration and a greater variety of artistic designs—the creation of the best talents of Europe—to select from.

The use of decalcomania decoration gave the domestic pottery product the appearance of imported china or earthen ware and put the American manufacturer in position to compete, on an artistic basis, with imported crockery.

The demand, created by the imported decorations, induced domestic manufacturers of lithographs to produce decalcomanias, but they confined themselves to copies and imitations of the European designs, and consequently were compelled to market their product at a much lower price.

Prior to the present tariff act there was no eo nomine provision for decalcomanias as such. For a long period of years they had been uniformly assessed as lithographic prints. Such was their official classification under paragraph 400 of the Dingley Act, paying 20 cents per pound as lithographed prints not exceeding eight one-thousandths of 1 inch in thickness. Domestic interests importuned the Treasury Department to shift this classification to some paragraph carrying a higher rate of duty, and when this program failed they resorted to the Board of General Appraisers and the courts. The enlightening history of this persistent effort (during the continuance of which importers were compelled to pay illegal rates of duty under protest) is exposed and laid bare in the case of United States v. Borgfeldt, decided in October, 1911, by the United States Court of Customs Appeals (2 Ct. Cust. Appls., 107).

An extract from this decision is attached to this brief without further comment. (Exhibit A.)

When the present tariff act was framed the domestic interests asked for a duty of $2.50 per pound, which would have been equal to about 90 per cent ad valorem upon the majority of the sheets imported. The House bill contained the rate of 80 cents per pound. We thereupon offered to prove to the Finance Committee of the Senate that such a duty was neither necessary nor justified. In this we were ably seconded by the domestic potters who appeared with us before the Senate Finance Committee and candidly stated that they needed the great variety of artistic designs to be found only among imported decalcomanias in order to compete with imported chinaware. Notwithstanding this showing, the tariff act of August 5, 1909, imposed the rate of 70 cents per pound and 15 per cent ad valorem on decalcomanias in ceramic colors, weighing not over 100 pounds per 1,000 sheets, and the rate of 22 cents per pound and 15 per cent ad valorem upon such decalcomanias weighing over 100 pounds per 1,000 sheets. The duty as finally arranged was equivalent to an average of 42 per cent and 47 per cent on the majority of the sheets imported. It meant, moreover, as above stated, an increase of 100 per cent over the rate provided for them in the Dingley bill.

THE NEW AND HIGHER RATE HAS OPERATED MOST OPPRESSIVELY AND HARSHLY.

In the hearings before the Ways and Means Committee four years ago (T. H., 60th Cong., Schedule M, p. 6155) Mr. Otto Palm, who is both an importer and manufacturer, stated that the imports of decalcomanias of all kinds—i. e., decalcomanias for pottery and for other uses as window signs, letters, etc.—amounted to $400,000, and the consumption about $800,000, and the figures given by the domestic interests (Mr. Meyercord) were even larger. and Mr. Meyercord even then admitted (T. H., Schedule M, p. 6148) that he had almost a monopoly of the market and was not at a disadvantage.

In decalcomanias other than ceramic, as mentioned above, the domestic manufacturers do 95 per cent of the business, as the official figures show that only $60,000 worth were imported from June 30, 1911, to June 30, 1912, and they are now doing one-half of the business in ceramic decalcomanias.

The official statistics prior to August 5, 1909, do not show separately the imports of ceramic decalcomanias, only the whole imports of lithographs, but we, the undersigned, the largest importers of this line, know from our own books that the imports were never less than $250,000, and they fell off (according to the official figures compiled since 1909) to $140,000. In other words, the imports have fallen off at least 40 per cent, relatively an enormous shrinkage.

The domestic decalcomania factories did not gain anything by this procedure. Their output has hardly increased, and the potters have been compelled to use gold stencils or other means of decorating with a consequent loss, as they are deprived of cheap decalcomania sheets to decorate the cheaper lines which their trade demands.

We operate a small factory in Trenton, N. J., where we print some varieties of decalcomanias, and we have therefore knowledge of the cost of production here as well as abroad. With all this in mind, we respectfully insist that with the

ceramic decalcomanias it is not the difference in the price but the artistic value of the designs which the domestic pottery industry must have and which must be given due consideration.

We claim—and we court the fullest investigation upon this point—that we are in fact an indispensable part of the domestic pottery industry since we create their decorations, and we are considered as such by the leading manufacturers. We spend every year thousands of dollars for the production of artistic designs, and we are in a position to avail ourselves of the best ideas flowing from the combined efforts of the best talent of Europe, all of which by opening the market to the imported product is of benefit to domestic potters.

Furthermore, we have no protection whatever under the United States copyright laws, and in the years past the domestic manufacturers have consistently and persistently copied and offered for sale to the potters designs brought over by importers at a reduction in price from 10 per cent to 40 per cent below that which the importers must receive after paying the present duty.

During the past year the importers submitted to the potters probably 250 new designs, and it is very doubtful whether in the same period the domestic decalcomania manufacturers brought out more than 10 designs, owing to their inability to create them.

It has been stated to the committee that the product of the lithographic industry is a luxury. It can easily be seen that ceramic decalcomanias are not a luxury but a most important necessity.

In a brief submitted to the Committee on Ways and Means by Mr. W. E. Wells on behalf of the American potters there appears the following statement by Mr. William Burgess:

"The difference in cost of decorating is becoming more and more important because of the fact that from 75 per cent to 80 per cent of the output of the American factory is now decorated." (P. 373, hearings on earths, earthenware, and glassware, Jan. 8, 1913.)

When it is considered that 80 per cent of American and 90 per cent of imported chinaware is decorated and that the American potter can not compete with the imported decorated chinaware without having available for his use at reasonable prices the same decoration as the manufacturers abroad, it is evident that decalcomania decoration for chinaware is not a luxury but a necessity.

We submit that the change in duty from 20 cents per pound in the Dingley bill to the high rates of the tariff act of August 5, 1909, has resulted:

First. In a reduced consumption of decalcomanias from imports of $250,000 to $140,000, while the domestic production has not increased at all.

Second. In a disadvantage to the domestic potters and ultimately the consumer because the increase in price on a diminished supply has made it impracticable for the domestic potter to use this particular class of artistic decoration to the same extent as under the 20-cent rate, and therefore he has been less able to compete with imported china and crockery ware.

Third. The present law has not given employment to more people.

Fourth. The new and higher rates on decalcomanias has produced no greater revenue than under the lower rate of 20 cents per pound.

We respectfully urge that the old rate of 20 cents per pound for decalcomanias in ceramic colors be restored, and by doing so produce the following results:

First. Decalcomania, an article of necessity, would be placed on a competitive basis.

Second. By such competition there would be a benefit to the manufacturer of pottery and ultimately the consumer.

Third. By increasing the importations there would be an increase in the revenue to the Government.

We will now discuss decalcomanias other than ceramic.

As already indicated in the opening paragraph of this brief, in addition to ceramic decalcomanias, there is to be considered still another product known to the trade as cold decalcomanias. Cold decalcomanias are printed in vegetable colors and are used as trade-marks on typewriters, sewing machines, agricultural implements, and pianos, and for window signs, and generally for decorative purposes. In some instances such decorations must have a metal backing to bring out the figures which otherwise would be indistinct upon the dark background.

The existing tariff law thus distinguishes between these two varieties:

"Decalcomanias in ceramic colors, weighing not over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions, 70 cents per pound and 15 per cent ad valorem; weighing over 100 pounds per thousand sheets on the basis

of 20 by 30 inches in dimensions, 22 cents per pound and 15 per cent ad valorem; if backed with metal leaf, 65 cents per pound; all other decalcomanias except toy decalcomanias, 40 cents per pound."

Under the official construction adopted by the customs authorities cold decalcomanias have been assessed at 65 cents per pound and at 40 cents per pound, according as they were or were not backed with metal leaf.

We submit that an investigation of the cold decalcomania market conditions prevailing under the act of 1897 demonstrates conclusively the existence of healthy competitive conditions at that time and the entire absence of all reason to increase the duty on the plea of needed protection to the American industry. During the lifetime of the Dingley law the lithographic rate imposed upon our goods was 20 cents per pound, the rate provided under paragraph 400 of the act of 1897 for lithographic prints and exceeding eight one-thousandths of 1 inch in thickness, and this was the classification upheld by the Federal courts. With this rate of duty—20 cents per pound—American manufacturers had every incentive to build factories, and they found no difficulty whatever in appropriating even then the lion's share of the cold decalcomania trade. They underbid the importers at all times, and the limited sale of the imported goods was based chiefly on superior quality and design. In a word, American manufacturers gave every evidence of prosperity. It should be said that the bulk of this domestic trade is in large lots, and in this respect American manufacturers have had an advantage which amounts to monopoly. The trade in the imported decalcomanias, especially under present conditions, is chiefly limited to orders for small lots.

Official statistics showing the volume of importation of cold decalcomanias under the Dingley law are not available, because such goods were classified under the head of lithographic prints generally. In statements by manufacturers of this line, made to the Committee on Ways and Means in 1908, it was shown that the annual consumption of decalcomanias in this country was then about $800,000 in value, and that the annual importation amounted to approximately $300,000. Official statistics do show, however, that since August 5, 1909, under the existing law, the importation of cold decalcomanias has scarcely averaged in value $62,000 per year for the past three years. In other words, under the prevailing high and almost prohibitive rate importations have so dwindled as to be relatively petty and insignificant. It is obvious, then, that only by materially reducing the present rate can competition in this line be restored and the American consumer exercise his choice of purchase upon a scale of prices based upon live competitive conditions. Briefly stated, we ask this honorable committee at least not to impose rates in excess of the Dingley law rate, under which our domestic competitors were not injured, as the factories erected and maintained under that law conclusively show. There is every probability that a return to this rate would, moreover, produce additional revenue to the Government by reason of the increased volume of importations. The distinction existing in the present law between decalcomanias with metal-leaf backing and those without should be eliminated. It is, of course, apparent that the metal-leaf backing substantially increases the weight, thereby enhancing considerably the amount of duty.

By way of summary, then, in view of the fact that importations have dwindled, as shown above; that the American manufacturers did thrive under the old rate; that a greater revenue must result from a return to that rate; and, finally, that the consumer in the end will be the beneficiary, we feel that we have made out a case which amply justifies us in requesting your committee to wipe out the present decalcomania duty, which is almost prohibitive, and to restore the 20 cents per pound rate with no discrimination as to metal backing. Finally, we wish to emphasize that we are not asking to have the duty removed. We are quite content to contribute to the revenue of the Government. We are asking, however, for what we have not had under the present law, a fair chance to exist under normal competitive conditions.

RUDOLF GAERTNER,
200 Fifth Avenue, New York, and East Liverpool, Ohio.
CERAMIC TRANSFER CO.,
By ALFRED MUNICH,
47 West Thirty-fourth Street, New York, and East Liverpool, Ohio.
TRANSLUCENT WINDOW SIGN CO.,
By PETER MAY, *Vice President,*
118 West Twenty-third Street, New York.

EXHIBIT A.

[Extract from decision in case of United States r. Borgfeldt, decided in October, 1911, by the United States Court of Customs Appeals (2 Ct. Cust. Appls., 107).]

If we had any doubt as to whether the decalcomanias under discussion are properly dutiable as lithographic prints, that doubt would be dispelled by what seems to have been a very long-continued departmental practice. The tariff provision for lithographic prints appeared for the first time in the tariff act of 1890. From the date of the passage of that act until the year 1907, a period of 17 years, decalcomanias were assessed for duty as lithographic prints. Their classification as such prints seems to have been questioned for the first time about the year 1903 by the firm of Wakem & McLaughlin, of Chicago. This firm, representing Meyercord & Co., imported certain decalcomanias, which were classified by the collector as lithographic prints and accordingly assessed for duty of 20 cents per pound under paragraph 400 of the tariff act of 1897. The importers, frankly admitting that they represented domestic manufacturers of decalcomanias and desired a higher rate of duty, protested that the goods were labels printed in whole or in part of metal leaf, and therefore dutiable at 50 cents a pound. The Board of General Appraisers overruled the protest, but its decision was subsequently reversed by the Circuit Court for the Northern District of Illinois, Kohlsaat, judge, no opposition being presented by the Government. The decision of the circuit court, however, was not followed by the Treasury Department, which, after taking the opinion of the Attorney General, announced that it was not incumbent upon the department to accept the ruling of the court and instructed customs officers to continue to impose the rate of 20 cents per pound on such merchandise as lithographic prints. (T. D., 25848.)

The practice of classifying decalcomanias as lithographic prints was not again disputed until the year 1907. In that year Hempstead & Sons, representing, it seems, the same Meyercord Co., imported decalcomanias at Philadelphia, which were returned by the local appraiser as "surface-coated paper, printed," and assessed for duty at the rate of 3 cents per pound and 20 per cent ad valorem under the provisions of paragraph 398. The importers claimed that the merchandise was properly dutiable at 20 cents per pound as lithographic prints under the provisions of paragraph 400. On the hearing before the board the importers offered no evidence or testimony to sustain their contention or to support their protest. Special counsel representing the Meyercord Co. appeared, however, at the hearing, and contended that neither the rate of duty assessed by the collector nor the rate claimed by the importers was correct. It was argued that mineral colors were used in printing the articles and that they should be assessed at the rate of 45 per cent ad valorem as articles in chief value of metal under the provisions of paragraph 193. The board declared the claim of special counsel to be without merit, and, deciding that the decalcomanias were lithographic prints, sustained the protest. From this decision an appeal was taken to the United States Circuit Court, Eastern District of Pennsylvania, and in February, 1908, the court, after taking evidence in what was really an ex parte proceeding, found that the decalcomanias were surface-coated paper wholly or partly covered with metal, dutiable under paragraph 398, and a distinct article of commerce different for lithographic prints and printed matter both in manufacture and use.

A reading of the decision in that case in the light of the very complete record in this case leads us to the conclusion that the learned district judge was deprived of the advantage of a bona fide contest, and that his findings of fact were based on a one-sided presentation of issues involved. We can not, therefore, give to his decision the weight which it certainly would have been entitled to receive had there been a genuine litigation of the matter. For the same reason that decision can not be considered as neutralizing the legal effect of the long-continued, uninterrupted, and well-established departmental practice which had theretofore existed.

Par. 333.—DECALCOMANIAS.

RUDOLF GAERTNER, NEW YORK, AND EAST LIVERPOOL, OHIO; CERAMIC TRANSFER CO., NEW YORK, AND EAST LIVERPOOL, OHIO; TRANSLUCENT WINDOW SIGN CO., PETER MAY, VICE PRESIDENT, NEW YORK CITY.

MAY 27, 1913.

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

SIR: Not having had an opportunity to fully present our case to your subcommittee, the undersigned importers of decalcomanias beg to put before you the following facts for your kind consideration:

First. Decalcomanias are a raw material used largely in the manufacture of pottery, machinery, woodenware, etc., and inasmuch as the duty rates on these products have been substantially reduced in the new tariff bill the manufacturers of these goods, our customers, will demand lower-priced decalcomanias from us and are entitled to same.

Second. The domestic manufacturers of decalcomanias, three in number, established their factories under the Dingley rate. They greatly enlarged them and carried on a profitable and growing business under this rate, which was 20 cents per pound, and which is on the average equivalent to 10 per cent ad valorem.

To prove this we mention that the lower-grade sheets on stripped duplex paper have a weight of about 40 pounds, and at 20 cents per pound paid $8 per 1,000 sheets.

The higher-grade sheets, which are imported on complete paper, have a weight of 110 pounds per 1,000 sheets, so that the average duty under the Dingley bill was $13 per 1,000 sheets, or equivalent to 10 per cent of the average value of all sheets imported.

Third. Under the Dingley bill the imports ranged from $400,000 to $500,000, and under the present tariff they have fallen down to less than $200,000. Consequently, more revenue was produced under the Dingley bill than is produced under the present tariff.

Fourth. The domestic manufacturers supply at present in both cold and ceramic decalcomanias at least 75 per cent of the whole consumption, and this whole business is in the hands of three firms, the Meyercord Co. in Chicago, Palm Bros. in Cincinnati, and Palm Fechteler & Co. in New York, but the business is practically controlled by the Chicago firm.

Fifth. In spite of the fact that labor wages are lower in Europe than here, the domestic manufacturers are constantly underselling us and have indiscriminately and persistently copied our patterns and sold them way below the prices at which we could land them, and as the copyright law does not give us any protection, we carried the burden of the creation of the new and artistic designs, and as soon as a pattern proved successful in the market the domestic manufacturers copied it.

Sixth. The pottery industry in this country is dependent on the European decalcomanias for decorating their product, which fact was admitted in the hearing before the Ways and Means Committee, and the pottery manufacturers are eagerly waiting for a substantial reduction in the present prohibitive duty on decalco-

manias, and any reduction which you will grant us will be to their benefit.

The new bill contains substantial reductions in the duties on raw materials which the domestic manufacturers use. The duty on colors has been reduced from 30 to 15 per cent, and the duty on paper has been reduced one-fifth, so that even if the duty on the finished product is reduced, they will still be able to control the market.

TROEGER & BUCKING, BY EMMET O'BRIEN, 171 SIXTH AVENUE, NEW YORK, N. Y.

Hon. WILLIAM HUGHES,
Senate Office Building, Washington, D. C.:

We respectfully suggest a change in the reading of the paragraph of decalcomanias, No. 333, Schedule M, of report No. 5.

In support of our contention that the changes are necessary, we offer the following three reasons:

First. In its present form the paragraph reads:

Decalcomanias in ceramic colors, whether or not backed with metal leaf, and all other decalcomanias, except toy decalcomanias, 20 per centum ad valorem.

As decalcomanias in ceramic colors are never backed with metal leaf, the phrasing is misleading.

The paragraph on decalcomanias in the Payne tariff bill is worded in a similar manner. It caused no end of trouble until the United States Court of Customs Appeals, in a decision handed down February 12, 1913, decided that an improper duty had been levied because the phrase "decalcomanias in ceramic colors, if backed with metal leaf," had been misinterpreted.

Second. The intention was to lower the tariff on all decalcomanias, but the object has not been accomplished. On the higher-grade metal-backed decalcomanias such as we import the proposed duty is greatly in excess of the present rate.

The rate has always been a specific one and a general reduction can not be obtained by applying an ad valorem duty.

Third. The value of a decalcomania is estimated by the amount of lithography and the number of printings in it. On our goods these things are hidden by the metal-leaf backing (see attached sample). It is therefore impossible to determine the value by the usual examination. A specific rate substituted for the proposed ad valorem rate would therefore greatly simplify matters for both the appraiser and the importer.

Our suggestion is that the paragraph read plainly:

All decalcomanias, except toy decalcomanias, 20 cents per pound.

This would avoid litigation in relation to the phraseology; secure the intended reduction on all grades; assist appraiser in levying the proper duty.

Par. 334.—WRITING PAPER.

H. A. MOSES, CHAS. M'KERVAN, AND A. W. ESLEECK.

THE WRITING PAPER INDUSTRY.

[Investment, $54,000,000; employees, 16,000; wages, $10,000,000 annually.]

There are 88 mills, located in the following States: Maine, Massachusetts, Connecticut, Pennsylvania, New York, Ohio, Michigan, Wisconsin, District of Columbia.

LABOR CONDITIONS.

The departments in our mills which work 24 hours per day are run on three shifts of 8 hours each, and in those departments which work days only the 9-hour day prevails. No children are employed, and women work 50 to 54 hours per week. No women or minors are employed at night. The work done by women is light and not injurious to health. The mills are well lighted and ventilated, and no injurious fumes or gases are employed in the process.

WAGES.

The following comparisons indicate the conditions in America as contrasted with those in Germany, which country will be the chief gainer by lowering the tariff on these grades of paper. The statistics as to German wages are obtained from a report of the German Imperial Government incorporated in a report by the United States consul general, Robert P. Skinner.

Germany.—Skilled labor, 8 to 16 cents per hour; unskilled labor, 6 to 11 cents per hour.

America.—Skilled labor, 25 to 50 cents per hour; unskilled labor, 13 to 25 cents per hour.

In addition to this both skilled and unskilled labor in America works shorter hours than similar labor in Germany.

RAW MATERIALS.

The raw materials from which writing papers are made, viz. rags and sulphite pulp, must be imported in a very large per cent from the foreign countries which are our strongest competitors on these grades of papers. On these importations, amounting in 1912 to over 100,000 tons of rags alone, must be paid at least one profit to the importer that the foreigner does not pay, as well as freight to this market. It is obvious, therefore, that in importing these raw materials and paying much higher wages the American manufacturer is at a decided disadvantage. The domestic manufacturer must also pay freight on all waste material, wrappings, etc., which is a considerable item, as may be seen when we remember that it takes from 120 to 160 pounds of raw material to make 100 pounds of finished paper.

Comparison of Payne-Aldrich rates with Underwood bill.

PARAGRAPH 335.

	Price per pound.					
	7 cents.	8 cents.	9 cents.	10 cents.	11 cents.	12 cents.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Old duty	86	77	71	65	60	57
Proposed duty	30	30	30	30	30	30
Reduction	56	47	41	35	30	27

We propose a uniform duty of 40 per cent.

PARAGRAPH 336.

Note that photographic paper sensitized and ready for use in making photographs pays the same duty as the plain basic paper. There should be a compensatory duty of at least 10 per cent.

Comparison of Payne-Aldrich rates with the Underwood bill.

PARAGRAPH 338.

	Price per pound.					
	5 cents.	6 cents.	7 cents.	8 cents.	9 cents.	10 cents.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Old duty	75	65	58	52	48	45
Proposed duty	25	25	25	25	25	25
Reduction	50	40	35	27	23	20

We suggest a uniform duty of 40 per cent.

Par. 337.—VIEW POST CARDS.

DETROIT PUBLISHING CO., DETROIT, MICH., BY W. A. LIVINGSTON, MANAGER.

DETROIT, MICH., *May 2, 1913.*

ENGRAVINGS, PHOTOGRAPHS, ETCHINGS.

1. *Importation.*—A very superficial examination of trade conditions surrounding fine art publishing in this country will show that much the largest percentage of the goods used is imported. A very large percentage in addition is imported free. For example, all such publications intended for libraries, schools, scientific associations, and other similar agencies are exempt from duty. To show how far that exemption is taken advantage of for the quarter ending December 31, 1912, the total of books and other printed matter entering free was valued at $1,318,586, while the proportion imported which paid duty was $1,387,468, or slightly more than half.

2. *Costs.*—The labor abroad is paid one-third similar labor in this country. Whenever the subject can be made abroad, therefore, it

follows that the handicap against us, even with the present duty of 25 per cent, is difficult to meet and wholly impossible to meet on a 15 per cent ad valorem. The importation greatly exceeds the total of the domestic manufacture which, of course, would not be the case if we were able to compete on anything like an equal basis. Even when we send our artists or photographers abroad to copy paintings or architectural scenes, the plates they bring back for manufacturing in this country are taxed. The proposed reduction of 40 per cent in this rate will wipe out all remaining chance of domestic manufacture.

3. *Inconsistency.*—We point out that the raw materials used for this manufacture are protected much higher than the finished article. To illustrate: Photographic papers and tissues, whether plain basic or sensitized, are assessed 25 per cent ad valorem (see par. 336). Other classes of printing papers are assessed 35 per cent ad valorem. We respectfully submit that the manufactured article ought to be protected at least as much as the raw materials employed to make it and that the minimum assessed on "engravings, photographs, etchings," etc., should be 25 per cent ad valorem.

4. *Certain of the raw materials must be imported.*—There are special kinds of papers used in photographic work and also in etching and engraving, which can only be secured abroad. For example: Certain kinds of paper used for copper-plate engraving. Or, again, in the case of carbon tissue from which the finest monotone prints of paintings are made. The latter is not manufactured in this country and consequently all of it must be imported from England or the Continent. There is no way whereby we can escape the heavier tax on our raw material.

5. *These articles are luxuries.*—As all of these articles that are imported for educational purposes, libraries, etc., are expressly exempt from duty, it follows that the proportion which does pay duty is only bought as a luxury. It is not a necessity of life. We believe, therefore, that a proper consideration of the duty on these articles will inevitably lead to the conclusion that there is every propriety in taxing them so as to produce a higher revenue and at the same time equalizing the conditions between foreign and American manufacture. There has been no demand from the consuming part of the public for any reduction on these articles. A reduction in duty probably will not lead to any reduction in the retail price as the foreign houses commonly maintain local agencies in this country which absolutely set retail prices regardless of trade conditions.

CURT TEICH & CO. (INC.), CHICAGO, ILL.

CHICAGO, *May 8, 1913.*

FURNIFOLD MCL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

HONORABLE SIR: Regarding duty on view post cards, we respectfully ask that the duty of 45 per cent ad valorem provided for view post cards in paragraph 341, bill H. R. 10, be amended to a compound duty of 15 cents per pound and 25 per cent ad valorem.

An ad valorem duty alone would be unfair to the American manufacturers, as the largest part of the manufacturing cost is for labor.

Transport costs to this country are only 5 to 10 per cent of the foreign price. (Labor here is over three times that in Germany.)

A compound duty is necessary to cover all grades of work and give the American manufacturer an equal chance with the importers.

For your kind consideration we are inclosing you some facts and information.

MEMORIAL.

The tariff on view post cards at present is such as to practically assure the American manufacturers of a fair supply of business, but if a cut from the present 15 cents per pound and 25 per cent ad valorem is changed to a 45 per cent ad valorem duty it will mean a loss of hundreds of thousands of dollars' worth of business to the post-card industry, and no doubt will in a short time strangle one of the youngest industries of this country.

We beg to state the following, referring to item covered by paragraph 337, page 83, Underwood bill, which reads as follows:

Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper not thinner than eight one-thousandths of 1 inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying 35 square inches or less of surface per view, bound or unbound, or in any other form * * *, 45 per cent ad valorem.

The tariff act of 1909, Schedule M, paragraph 412, reads as follows:

Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process: Not thinner than eight one-thousandths inch, 15 cents per pound plus 25 per cent ad valorem.

For comparison we are submitting prices quoted by Curt Teich & Co. (Inc.) and prices quoted by Stengel & Co., Dresden-A., Germany, for the same quantities and class of work. A good many German manufacturers are quoting lower prices than these herewith stated:

Curt Teich & Co. (Inc.), Chicago, Ill., quotes colored view post cards at the following prices:

Curt Teich colorchrom.

	Per 1,000.
1,000 per subject	$6.50
2,000 per subject	5.50

Curt Teich photochrom.

	Per 1,000
3,000 per subject	$4.50
5,000 per subject	3.50
10,000 per subject	2.75

Stengel & Co., Dresden A, quotes style No. 22, colored view post cards:

By 1,000, at 15.50 marks	$3.72
Proposed 45 per cent ad valorem would be	1.67
Freight, etc	.30
	5.69
Curt Teich & Co	6.50
Stengel & Co	5.69
	.81

By 1,000 cards per subject the importer can buy cards for 81 cents less per 1,000 view cards in Germany.

Stengel & Co., Dresden A, quotes style No. 22, colored view post cards:

By 2,000, at 11.50 marks	$2.70
Proposed 45 per cent ad valorem would be	1.24
Freight, etc	.30
	4.30
Curt Teich & Co	5.50
Stengel & Co	4.30
	1.20

By 2,000 cards per subject the importer can buy cards for $1.20 less per 1,000 view cards in Germany.

Stengel & Co., Dresden A, quotes style No. 22, colored view post cards:

By 3,000, at 10.75 marks	$2.40
Proposed 45 per cent ad valorem would be	1.08
Freight, etc	.30
	3.78
Curt Teich & Co	4.50
Stengel & Co	3.78
	.72

By 3,000 cards per subject the importer can buy cards for 72 cents less per 1,000 view cards in Germany.

Stengel & Co., Dresden A, quotes:

By 5,000, at 8.75 marks	$2.10
Proposed 45 per cent ad valorem would be	.94
Freight, etc	.30
	3.34
Curt Teich & Co	3.50
Stengel & Co	3.34
	.16

By 5,000 cards per subject the importer can buy cards for 16 cents less per 1,000 view cards in Germany.

The above figures show very plainly that the proposed 45 per cent ad valorem duty is not sufficient to place the American manufacturers of view post cards on an even basis with the foreign manufacturers.

Paragraph 337, page 83, should be revised to read as follows:

Views of any landscape, scene, building, place, or locality in the United States on cardboard or paper, not thinner than eight one-thousands of one inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process, any size (except shown cards), bound or unbound, or in any other form * * * 15 cents per pound plus 25 per cent ad valorem.

Every 1,000 view post cards weigh approximately 10 pounds. "Occupying 35 square inches or less of surface per view," should be left out, as double cards, size 3½ by 11, occupy 38.5 square inches, triple cards and panorama cards occupying more square inches in proportion.

At the present time there are about 3,000 artists and skilled mechanics employed in the manufacturing of local view and fancy post cards in the United States. The wages they receive are three times as high as paid to the same employees in Germany.

The largest portion, or about 60 per cent, of view post cards are printed in 3,000 and 5,000 editions, bought and sold to the American public by the stationery and news companies and 5 and 10 cent store syndicates, who will naturally import their view cards should the proposed tariff of 45 per cent ad valorem be adopted. The syndicate stores buy mostly in 3,000 and 5,000 editions, for which they pay to the American manufacturer on an average of about $4 per thousand. The stationery and news companies, which buy their cards in 1,000 and 2,000 editions, pay to the American manufacturer on an average of about $6 per 1,000.

Under the proposed tariff of 45 per cent ad valorem any American dealer in post cards can import the same quality of view cards at a saving of about 75 cents per 1,000, which reductions the American manufacturers can not meet for the fact that it costs them more for labor and material to manufacture these goods.

The United States Post Office Department statistics prove that during the year 1912 about one billion view and fancy post cards went through the mails of the United States, and it can safely be stated that the same amount of cards were kept as souvenirs for collections and used for other purposes, which shows that about two billion post cards are consumed every year in the United States, of which 80 per cent are at the present time manufactured in the United States by American labor, representing about a total sale of $5,000,000 per year. The largest part of this business will go to foreign manufacturers should the proposed tariff of 45 per cent ad valorem be adopted.

We also beg to state that if the ad valorem duty alone, instead of the pound and ad valorem rate, is substituted on this article, orders for view post cards will be taken in this country by importers and placed with foreign manufacturers, giving part of the work, such as plate making, to one firm, the printing to another, and the lithographing to a third firm. This has been done previously and will be done again, in order to get the very lowest prices, and if the work, in the opinion of the importer, is not satisfactory, the importers will ask for large deductions. The cards will then be shipped to the United States and billed at a ridiculously low price, and will cost the importer, with only the ad valorem duty added, less than what the American manufacturer has to pay for his labor and paper stock, thereby forcing the American manufacturer to discontinue the manufacturing of view post cards. Also, large amounts of local view post cards will be ordered, and when they reach this country will be left at the customhouses to be disposed of by the Government. The records of the customhouse in New York and other cities will prove that millions upon millions of view post cards were sold in this country for less than duty charges.

BLOOM BROS. CO., MINNEAPOLIS, MINN., BY BENJAMIN BLOOM.

[Brief of independent Northwestern post-card jobbers of the United States.]

ARGUMENT AGAINST PARAGRAPH 337.

MINNEAPOLIS, MINN., *May 16, 1913.*

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

GENTLEMEN: Schedule 337 in H. R. 3321, page 83, lines 23, 24, and 25; page 84, lines 1, 2, 3, 4, 5, 6, and 7, reading as follows:

Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of 1 inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying 35 square inches or less of surface per view, bound or unbound, or in any other form, 45 per cent ad valorem; thinner than eight one-thousandths of 1 inch, $2 per thousand.

The above paragraph is special legislation for certain view-card manufacturers in the United States and the apparent change to 45 per cent ad valorem is practically no reduction at all in the tariff; and on cards costing above $8.25 per 1,000 it is a raise in ad valorem value even above the burdensome rate in the Payne-Aldrich tariff.

HISTORY OF THIS PARAGRAPH.

Previous to the Payne-Aldrich tariff, views of United States scenery came in under various classifications. Photogelatin and similar work came in as printed matter and paid 25 per cent duty; lithographic cards came in under a rate of 5 cents per pound, 6 cents per pound, 8 cents per pound, 20 cents per pound, based on sizes of cutting dimensions and thicknesses of the paper stock; photograph bromide views came in as photographs, etc., but in 1909 under the Payne-Aldrich tariff the above phraseology was prepared and meant to cover, as it does cover, all view post cards and was placed in paragraph 416 of the Payne-Aldrich tariff. The same phraseology is still used in paragraph 337, H. R. 3321, with the following change—that the duty is changed from a compound to an ad valorem rate. First, we note it says cardboard or paper thicker than eight one-thousandths of an inch in thickness and less than 35 square inches in size. A post card according to Government postal regulations must not exceed 19¼ square inches in size and must be approximately the same width and thickness as a Government postal card; the thickness of post cards vary from eight one-thousandths to twenty one-thousandths of an inch in thickness and average from 8 to 10 pounds in weight to a thousand cards. In the face of this 19¼ inches, why specify 35 square inches or less per view cutting size? Why specify over eight one-thousandths of an inch in thickness? In paragraph 333, same bill, when it comes to cards, distinctions are not made to thickness of stock.

The way the paragraph reads now it will mean that we will have to pay 45 per cent duty on bookmarks measuring 9 inches square in size that happen to have an American view on same, where if a picture measuring 50 square inches will pay 20 per cent ad valorem and bookmarks on paper stock thinner than eight one-thousandths of an

inch pay a duty of $2 per thousand pieces, this means that a bookmark costing $1 on stock thicker than eight one-thousandths of an inch will pay a duty of 45 cents per thousand pieces; if on thinner stock, $2 per thousand pieces. A picture 50 square inches in size costing $50 will pay 20 per cent duty, or $10, irrespective of thickness of stock. A picture under 35 square inches on cardboard thicker than eight one-thousandths of an inch pays 45 per cent ad valorem duty, but if thinner $2 will do. As the paragraph reads, it applies only upon views of the United States, for if it be a view of some foreign country, irrespective of size or thickness of cardboard, other duties will apply appertaining to the grade of work it will come under. The words "by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process" covers every conceivable kind of printing applicable to view post cards; this means every art of printing now in use or forgotten and still to be invented. View post cards are printed in various executions, and these distinctions have not been made on the other articles covered by Schedule M, but the privilege of allowing views of the United States to advertise its merits has been limited. A photogelatine post card has a different working base than a lithographic card of a halftone card or a hand-painted card or a photographic card, and some of these executions are much cheaper than the others to make.

On page 4976, tariff-schedule hearings, Volume V, before Ways and Means Committee, House of Representatives, from brief of Arthur F. Rice, president Campbell Art Co., Elizabeth, N. J., we quote:

> In consideration of this matter photogravures and photogelatin products should be considered in the same light and in a class by themselves, and they should never be confused with half tones, zinc etchings, lithographs, three-color work, or other cheap and rapid processes.

This remark is made in regard to this company's art pictures, but when it comes to view post cards he is willing to have them all classed as one, as they are not interested in the view post-card business, and he hit the nail on the head when he makes the remark:

> We do not even ask for any privilege, any advantage, over our alien competitors in our own country.

Knowing that whatever protection you would give the post-card gelatin manufacturer of view cards he is bound to lose in competition with the manufacturers of view cards in the other cheap processes.

"Bound or unbound or in any other form" covers another multitude of inequalities. It covers envelopes having a view of American scenery, etc.; covers letterheads that would have a picture of your place of business or home or farm, or anything except your name and address; covers blotters, books, albums, folders, strips, pamphlets, advertising matter, sheets of paper, and several other items some genius may create in the meantime. The above-mentioned articles are on paper or cardboard thicker or thinner than eight one-thousandths of an inch, and a view of 35 square inches or less will place them under this paragraph for duty values. The injustice is that if 45 per cent is ample protection on a view colored card on stock thicker than eight one-thousandths of an inch that at $2 per thou-

sand it becomes an ad valorem duty of over 100 per cent on the same photogelatin picture on same quality of paper thinner than eight one-thousandths of an inch and but only 12½ per cent ad valorem on a hand-colored photographic print of American scenery, and if not American scenery it would carry a duty of 15 per cent as a photograph. If you will follow the brief prepared by the N. A. of E. L. for the Ways and Means Committee hearing on January 17, 1913, they said they were satisfied with the rates on view post cards, but plead chiefly for the general post-card manufacturer on lithographic goods, flat, die cut or embossed, die cut and embossed, and wanted those rates changed, and you listened not to them and made those specific duties an ad valorem one. Why not let the view post-card dealer and publisher enjoy a more reasonable ad valorem rate and simplify the cumbersome phraseology.

POSTAL-CARD INFORMATION.

In the annual report of the Postmaster General for fiscal year ending June 30, 1911, and the report of the Commission on Second-Class Mail Matter, issued February 22, 1912, page 71, Table 3, we find the report of the Second Assistant Postmaster General, 1908, page 26, that 1,457,151,721 postal cards were handled that year, of which the Government printed 809,426,750 cards; balance were view and miscellaneous post cards. Working on this table, the Third Assistant Postmaster General's department finds for the fiscal year ending June 30, 1912, that 1,879,142,859 cards were carried, of which the Government issued 909,411,054, leaving balance, 969,731,814 cards, carried in all other forms of post cards. On page 46, expenditures in detail, we find that it cost the Government $363,810.51 to manufacture approximately 975,000,000 cards, so for the year 1912 the Government was saved this amount of money on the cards that were carried by the Government but not issued by them. For the fiscal year 1912, through the Department of Commerce and Labor, we find but 190,728.78 pounds of view cards imported. Based on the rate of 10 pounds per thousand, the cards approximately amount to 19,000,000, valued at $63,305.56, and paid a duty of $14,435.75. Nineteen million cards created a revenue to the Government of $190,000 in the form of canceled stamps. Under the schedule, post-card souvenirs, the value imported was $544,693.45, duties payable $176,109.90, so you see that the view post cards were but approximately 11 per cent of the gross value and paid a duty of approximately 25 per cent, which is unjust discrimination in favor of a certain class of merchandise, and undoubtedly the view card of the United States has done more to foster the spirit of "See America First."

Out of these 969,731,814 post cards, the $544,693.45 total imports represent 110,000,000 cards, if all were post cards, and paid the Government a duty for the privilege of being able to compete with the other 860,000,000 made at home. Of these 860,000,000 I classify 400,000,000 American-made local views and 400,000,000 American-made general post cards as season cards, comics, and miscellaneous greetings, and 60,000,000 I would classify as business cards mailed by private firms. Only 19,000,000 view cards out of this vast total seems to bother the N. A. of E. L. to beseech you that a compound and not a specific duty should be applied to them. Under a compound rate

only the reasonable card in cost and of the very highest grades does it pay to import. Every dealer in the United States is more than willing to have a reasonable ad valorem rate placed on them so each and every card will pay a legitimate share toward the maintenance of our Government. We firmly believe that 15 per cent ad valorem would protect every American view card against foreign competition, as in my main argument I have proven that the American manufacturer controls the markets of the 2,000 larger towns. If some American manufacturers are forced out of the business, it will be a few of the smaller firms who eventually will be sooner or later by the four leading firms in the United States. A 15 per cent ad valorem duty on view cards will increase the importations at least 300,000,000 and create a revenue of $200,000, as the bulk of these cards must be of a value exceeding $4 per thousand in Germany, as a lower priced product for the larger towns of the United States is bought right at home. On Sunday-school text and merit cards, Christmas cards, New Year cards, Easter cards, and cards of a general educational and religious character that fosters the spirit of religion, patriotism, and education, 10 per cent ad valorem duty will harm no American manufacturer and allow a more liberal distribution to the common people to whom it is a reasonable necessity. The old existing rate of a specific duty was so excessive that it kept out all medium-priced cards, as cards selling in New York at $1.50 to $2.50 per thousand surely were protected by a rate of 8½ to 9½ cents per pound. The cancellation of all post cards in 1912 not Government printed exceeded in revenue the entire postage paid to the Government in carrying the second-class mail; post cards averaged $1 per pound cancellation against second-class matter at 1 cent a pound. It exceeded the revenue of the third and fourth class postage paid in money and receipts from box rents combined; also exceeded the revenue from domestic and international money orders by $1,000,000.

Post-office statistics prove that post cards are increasing in consumption every year. This can be verified in the Third Assistant Postmaster General's office: That in the year 1910, 200,000,000 less Government postal cards were printed than the preceding year of 1909; still the gross revenue of the department for 1910 was $20,566,274 greater than it was in 1909. Perhaps this will account for some of the $2,000,000 worth of postal cards that were imported in 1909 and paid a duty in excess of $500,000.

Post-card cancellations in 1912 was $18,791,429 out of a total of $248,525,450.

Comparative tables of United States and German view cards—Average price per thousand in colored grades of one, two, and three thousand editions.

	New.	Reprint.
Com. Colortype Co., lithochrome varnished	$4.67	$3.71
Roeder (German) varnished:		
Bromo chrome	3.41	3.20
Photo baryt	2.62	2.90
Bromo iris	4.98	3.62
Photo substitute	4.36	3.34
New art	5.04	4.50

United States cards sold at above price boxed f. o. b. railroad station.

Germany charges for packing and cartage, then consul fees, freight, and duties at seaport, before comparative figures are arrived at.

Comparative tables of United States and German view cards—Average selling prices to the trade per thousand in three, five, and ten thousand editions of autochrome grades.

Name of firm.	New.	Reprint.
Curt Teich & Co. (3, 5, 10 M editions), C. T. photochrome varnished (this includes cost of photos furnished to trade)	$3.25	$3.00
Com. Colortype Co. (3, 5, 10 M editions), sexichrome varnished	3.00	2.30
Edwards & Deutch (3, 6, 12 M editions), autochrome varnished	2.62	2.14
Metropolitan Litho Co. (3, 6, 12 M editions)	2.71	2.21
German autochrome varnished (3, 5, 10 M)	3.27	2.46

Packing cases and lining cases extra. Then consular fees, duties, and freight to seaports must be added before foreign view cards can compete with United States made cards.

THE GENERAL ARGUMENT.

View post cards have become a national necessity to the traveler for his message of respect, regards, and pleasure to his friends at home and abroad; to the community it is a herald of its opportunities industrially and scenically to the outside world. To the public it is the cheapest illustrated communication possible, a source of education and happiness to the many who have not the opportunity to travel or the time to study and the funds to buy such educational books; to the Government a most valuable asset in making the Postal Department show each year an increase in surplus instead of previous deficits.

To have such duties not materially lowered will do an injustice to the Government through loss of cancellation of stamps and duties at ports; the jobber, dealer, advertiser, and the public loser on a clean, healthy, and cheap educational necessity. Without a reasonable doubt the importation of view post cards is prohibitive at the present and proposed rate, and through a closed market the American manufacturer will aim more than ever to cheapen his product at the expense of art and education, except perhaps one firm. The N. A. of E. L. committee terms the foreign product a luxury, but the product of their own members a necessity.

Three chief factors enter into the view post-card business. First, size of cities and towns. Second, the editions for such cities and towns. Third, the dealer who retails these cards to the public. In manufacturing large quantities of any one article, that product is made cheaper in a large quantity than in a limited quantity; especially does this apply to the view post-card business where editions are printed to meet the demand of the town or place from which they are to be mailed and sold. Centers of population and points of interest limit the edition. Where 3,000 view post cards of certain subjects will amply suffice a town of 10,000 population for a year the same amount of cards will be too small a run for a town of 25,000 and an excessive edition for a town of 5,000 for a like period of time. This applies especially so to fixed points of interest

in the various towns. Local citizens and transients take special interest and pride in the courthouse, high school, depot, leading hotel, civic parks, business centers, State and private institutions. The town of 10,000 and 25,000, as well as the town of 3,000, will each have one of the above-mentioned places or points of interest, but the town of 100,000 and larger will not have the relative ratio of increase on such like places. Hence, the larger the town, safer are the subjects and more stable the edition. Changes are less apt to be made in the buildings and parks in the larger towns, and editions can always be disposed of more readily through the transient where changes have been made in the larger town than in the smaller town.

The third factor, the dealer and the price of the card to the public: In the majority of the towns of the United States over 7,000 population are now located one or more of the so-called or known syndicate 5 and 10 cent stores. F. W. Woolworth & Co. in December, 1911, consolidated the following companies: The Woolworth stores, the Knox stores, the Kirby stores, the Charlton stores, McCrory stores, and a few others into one combination known as the F. W. Woolworth Co. This organization operates over 500 stores in the United States alone; also operates like stores in Canada and England. The S. H. Kress Co. operates over 100 stores, and the Kresge Co. 100 stores; the Independent 5 and 10 Cent Stores, about 20 stores; besides many other small companies operating several stores.

Approximately we can state there are over 1,000 of these syndicate stores in the United States. These stores are rarely ever located in towns of less than 7,000 population. There are 5 and 10 cent stores in many smaller towns, but they are individual dealers who buy openly on the market as individuals, rarely through a combination. Syndicate stores have as one of their leading departments a section devoted to post cards, and this department I maintain undoubtedly sells as many post cards in each town in which they operate as do all the other post-card dealers outside of these stores combined. The buying capacity of these stores is entire editions. When these stores quote you view post cards at 5 for 5 cents and 10 for 5 cents, and many times black and white view cards 20 for 5 cents, it will readily prove that these post cards made in the United States under the protection of highly prohibitive duties must be bought wholesale at prices ranging from $1.50 to $4.50 per 1,000. Such a store as this in a town compels the other dealers to meet the 5 and 10 cent store price if possible, and in most places where the price is met the dealers have been able to do so only through co-operative buying direct from the manufacturer or from a local jobber who carries an immense stock, as only by this arrangement can the dealer make a profit in catering to the public at 1 cent straight.

These syndicate stores have a still better leverage on season and other miscellaneous post cards, as they buy direct from manufacturer 1 to 10,000,000 cards at a lower price than can any single individual dealer or jobber. These cards are then apportioned to each of the several stores within the company, and in many instances they sell the cards to the public at a price which is relatively not much higher than the small dealer or jobber pays for them.

Size of towns in the United States, census 1910.

9.6 per cent population live in 3 towns of 1,000,000 or more.
7.7 per cent population live in 17 towns of 200,000 to 1,000,000.
4.5 per cent population live in 16 towns of 100,000 to 200,000.
3.6 per cent population live in 88 towns of 50,000 to 100,000.
4.8 per cent population live in 289 towns of 25,000 to 50,000.
6.8 per cent population live in 557 towns of 8,000 to 25,000.
4.2 per cent population live in 1,050 towns of 4,000 to 8,000.

This gives 41.2 per cent population living in 2,020 towns above 4,000 population, with a total of more than 36,000,000 people. In these 2,000 towns the American manufacturer of local view post cards has an absolute monopoly: First, because his basic selling unit price per pound or 1,000 is lower than the German basic units. Over 1,000 of these 5 and 10 cent stores are in these towns, and most of them are syndicate stores; 90 per cent of the view cards they handle are American made and are made to sell at 5 for 5 cents or less per card.

Eleven per cent (9,710,200) is a semiurban population, living in towns of less than 4,000. These people are not in a position to buy economically the American-made view card and are deprived of the opportunity to buy the German-made view card only at an excessive price; 47.8 per cent (42,325,800) of our population are rural, thus a total of 58.8 per cent of our population are deprived of buying view post cards at 1 cent each, due to the fact that their dealers are not in a position to buy the large edition necessary to meet such a price. Still no small edition can be brought in from other countries at a price reasonable enough to be retailed by the dealer at 1 cent each and give him a living profit. The present and proposed excessive tariffs will prohibit the importation of any colored lithographic or bromide view cards, costing approximately less than $6 per 1,000 for the cheapest grade of work in 1,000 runs; and under a 45 per cent duty 5,000 runs will figure $4 per 1,000 on the cheapest work. And none of this work would be on a competing basis with American-made goods as to quality or value.

Ample evidence can be given that colored view cards made in America are being sold at prices ranging from $1.80 to $4 per thousand in face of an existing tariff that places 15 cents per pound duty or $1.50 per thousand cards on the weight alone besides an ad valorem duty of 25 per cent. Since November, 1912, the largest view post-card manufacturer in the United States has entered and endeavored to meet the demand for a 1,000 run of colored views and his price to the jobber is $6.50 per thousand with the implied understanding that said jobber is to demand $10 per thousand from the retail trade compelling the small dealer to charge the public two for 5 cents in the smaller towns of the country when a better card, made by the same manufacturer, is retailed in the larger towns at 1 cent or less each. This $6.50 price is still lower to the jobber than a like product can be imported under existing tariff or the proposed one at 45 per cent ad valorem.

Ninety-two million American citizens are willing to pay this Government a splendid revenue in the form of a reasonable tariff and be able to enjoy life, but 15 view post-card manufacturers banded together and hiding under the cloak of the N. A. of E. L. want to enjoy life and a monopoly and splendid profits at the expense of the 92,000,000 citizens who buy their product.

View cards in the United States are made in the following grades: Photogelatins by the Albertype Co. and the American Photo Gravure Co., the latter having sold us cards at $3.75 per thousand, still the Albertype Co., in a letter to the Campbell Art Co., stated that view cards in gelatin were being made in Germany at $1.44 per thousand and that the Albertype Co. could not meet this price at twice the amount, and to bring over to-day the cheapest possible gelatin view card will cost you an ad valorem duty of over 100 per cent, photogelatin cards costing in Europe $1.92; the cheapest we have ever been able to get in photogelatin will pay a duty to-day of $1.98, so why the cry that they can not meet German competition when one of their own competitors in the United States is making a better price than $1? The photogelatin manufacturer has to meet competition with his American competitor on a black and white halftone post card that is varnished and title printed in red ink at $3.25 per thousand, single thousand runs. Such a card can be made by any printer in the United States who has $1.50 to buy a zinc half tone to print from. Some firms attempt to color these black and white cards with stencils and air brush, with the intention that it will pass inspection for hand-colored photogelatin.

The cheapest and most extensively used view card in the United States is without a doubt the colored varnished card parading under various names, as C. T. photocrome, lithocrome, autocrome, or any "bum crome." This process uses either a zinc or copper half tone as a key plate and three to four zinc or aluminum plates as the litho blocks. The key plate is printed in black on flat presses, but the color plates are printed on rotary offset presses having a daily capacity from 20,000 to 30,000 sheets of card stock cutting up into 72 to 100 cards per sheet, technically turning out a product of three hundred to five hundred thousand finished four and five color view cards. Perhaps more to cover the defects of poor plates and poor stock and offregister, this card is coated with a varnish at a cost not exceeding 5 cents per thousand. This in imitation of German gelatin coating that costs you $1.40 per thousand extra in Europe. The above-mentioned cards are specialized in by six companies in the United States, one of the six printing as many as the other five combined. This process through its cheapness has practically displaced the three and four color halftone view cards. A few firms are still using a modified lithographic process with poor financial success against the former-mentioned photocrome process. Photographic post cards can be made by any American photographer who has the inclination and aptitude to do the work. Still under the proposed schedule a view card on bromide stock will pay 45 per cent ad valorem where a photograph or foreign scene will be amply protected on a 15 per cent ad valorem. The same inconsistences apply to photogelatins, lithographic and other processes that the view post-card schedule covers.

Many of the American manufacturers are using these various processes in the making of subjects for calendar purposes, and these same manufacturers are now selling their product in foreign countries as well as Europe in open competition with the German manufacturer and many of our American manufacturers handle a good share of the trade: this is proven by the office forces they maintain in England. In this foreign market they compete for business in face of compe-

tition against the same foreigner that they insist they need special protection against when it comes to our own home market, and when it comes to the processes being used for a view post card an extra additional protection is demanded under the phraseology of paragraph 337 of Schedule M.

Further, the business in the United States is so specialized that the view post-card manufacturer does not enter into the manufacturing of the holiday season card or general miscellaneous post cards, and neither of the above manufacturers has as yet entered into the calendar picture field. The N. A. of E. L. under its banner covers the specialist in cigar labels and decalcomania work as well as every other art of printing, and these manufacturers are using the N. A. of E. L. as a club against the independent dealer or publisher who endeavors to import a few series of post cards. The American manufacturer of both view cards and general cards is amply able to copy and compete with any line of work against the foreigner when that manufacturer finds that he can make an excessive profit through protection by so doing, but where no monopoly exists or the profit is limited he argues that labor cost, etc., in America are to the advantage of the German, whereby the tables attached prove that his selling unit price of the product is lower than the German product. The best evidence is that where competition exists, as in Canada, my firm has found it most profitable to favor the American manufacturer against the German. We found that we could buy a better card and get better delivery than we could from the German on large editions and with 7½ per cent differential if we would buy the cards from England.

George R. Meyercord, chairman tariff committee, National Association of Employing Lithographers, in his brief before the Ways and Means Committee, states:

> That the present rate of duty can not be lowered is proven by one incontrovertible fact, the importations are now increasing, the foreign maker is gaining ground on the market.

This statement is misleading, and in the oral hearing (p. 4872, Vol. V, Tariff Schedule Hearing before the Ways and Means Committee, House of Representatives) states:

> Take the post-card importations, and they are bringing in to-day more revenue at 70 per cent than they brought in under fivefold the importations under the Dingley law.

These statements we disprove by Treasury figures. (Exhibit B.)

Souvenir post cards, including view cards, imported for years 1909–1912.

Year.	Value of all souvenir post cards.	Duties paid.	Value of local view cards.	Duties paid.
1910[1]	$955,245.48	$157,536.95	$117,100.61	$90,110.19
1911	601,564.64	195,673.38	92,882.23	65,986.55
1912	544,633.45	176,109.90	59,293.56	41,536.44

[1] 1910. Figures are from Aug. 6, 1909, to June 30, 1910. As many cards in 1910 ordered before July, 1909, and arriving before Oct. 1, 1909, paid Dingley tariff rates, this should be added to 1910 imports also.

1909. All post cards, views and otherwise, were lumped together and amounted in value exceeding $2,000,000, and duties paid over $500,000.

Therefore if this contention, which they claim is incontrovertible, is so clearly rebutted, what can be said of their arguments for which they do not lay such a claim?

An interesting fact about the American view manufacturer is in face of the elimination of European competition these American manufacturers go out and photograph the towns for new views each season for the 5 and 10 cent store or other buyers toward the making of a new series of cards each year. This item of photographs will average 75 cents per view; this is an item that can not be charged up in the unit of cost on the German manufacturer, as he never has adopted such tactics to create business. Cards in America are generally sold packed, boxed, and crated f. o. b. railroad station; in Germany packing, boxing, and casing are charged extra, and every shipment over $100 pays consular fees exceeding $2. This is an item that adds at least 3 per cent to the cost of goods; then on top of this duties and freights must be paid, besides waiting three to five months for the delivery of cards. These items are all in favor of the American manufacturer.

[Arguments against George R. Meyercord's testimony and the Ways and Means hearing on behalf of the National Association of Employing Lithographers.]

Mr. Meyercord, chairman of the tariff committee, states that this organization he represents comprises over 80 per cent of the capacity of the manufacturing lithographic plants in the United States, some four or five hundred in number. Only 15 firms at the very most of these four or five hundred have been making view post cards as a whole or part product during the past year and but six or seven have ever endeavored to devote their entire time and capacity exclusively to this item and like products.

Curt Teich & Co. devote their entire plant to view post cards, view holders, and have now entered the view blotter and envelope field.

Acmegraph Co. manufacture cards mostly on speculation, carrying cards of the various towns of the West in stock and is a side issue of the Reigenstiner Color Type Co.

Edwards & Deutch manufacture view cards to order.

Gilbert Post Card Co. specializes on 1,000 runs.

Commercial Color Type Co. manufacture one, two, three, and five thousand runs and subcontract the work.

Edward Mitchell manufactures and jobs his own product.

Detroit Publishing Co. manufacture and sell direct to the dealer and consumer.

Kropp Co. sell cards so cheap that the New York manufacturers do not meet their price in New York City.

Sackett & Williams make cards on order only.

Tichnor Bros. make one, two, and three thousand and larger runs, also view folders.

Metropolitan Lithographic Co. have entered the view post-card field for large editions within the past six months.

Albertype Co. and Kramer Art Co. specialize on Photogelatin post card and albums.

Perhaps a few more are in the field, but if so, they do not cater very extensively to the dealer and jobber of view post cards.

Out of this vast association, covering all kinds of printing, we find special legislation is asked for not 5 per cent of their members on a

part product. The total product of this association is $25,000,000, and one of the above-mentioned firms does $500,000 worth of business, 2 per cent practically of the entire industry of the N. A. of E. L. This one firm I firmly believe does 40 per cent of the local view business in the United States. And under paragraph 337 in House bill 3321, at a 45 per cent ad valorem rate this firm will have nearly as good protection for a monopoly as under the Payne-Aldrich tariff.

[Arguments in rebuttal of brief by Campbell Art Co., Elizabeth, N. J., Arthur F. Rice, president.]

In Mr. Rice's brief he mentions the names of all the firms interested in the photogelatin print business. Two of these firms, the Albertype Co., Brooklyn, N. Y., and Kramer Art Co., Cincinnati, Ohio, are specially interested in view post cards and albums. The Illustrated Post Card Novelty Co. and the Campbell Art Co., I believe, have quit the view post-card field for reasons that are undoubtedly covered by "alien competitors in our own country," not giving them an even break on view cards that could be made cheaper by other processes.

Furthermore, the Kramer Art Co. are making photogelatin view post cards at $3.75 per thousand. Then undoubtedly his competitors in this same business may petition you for protection against him, especially the complaint may come from the Albertype Co., who complain through Campbell Art Co.'s brief:

Photogelatin view cards have for years been made for 6 marks, or $1.44, per 1,000 per the subject. When the preparatory work, packing, and sundry expenses are considered, we can not compete at double the rate. This ratio applies equally to other work that is usually done by the photogelatin process.

According to the N. A. of E. L. brief, 45 per cent ad valorem will protect the gelatin products, except view post cards. Still, Mr. Witteman says the preliminary expenses on both pictures and post cards are the same. Mr. Rice contends that all we have is our own market, and that France, England, Austria, and Belgium, as well as Germany, have gelatin factories. What are some of these markets? Canada's market of 8,000,000 people favors England against other countries. Mexico has but a population of 15,000,000, and all South America has a population of 50,000,000. With all these foreign countries catering for this business, we, with a home market of 92,000,000, undoubtedly the most highly civilized in the world as to purchasing power, do not maintain two photogelatin view post-card manufacturers. So the fault must lie elsewhere than against the duty, as Mr. Witteman complains that $1.86 duty on $1.44 card don't protect him.

Also, Mr. Rice maintains that his product should not be confused with half tones, zinc etchings, lithographs, three-color work, and other cheap or rapid processes. Mr. Witteman, under January 25, 1913, sent Mr. Rice a very interesting letter, full of generalities, which I do not believe can be proven, as we have been importing view post cards previous to 1909 from two of the concerns mentioned, and never were able to buy a protogelatin post card under 8 marks, and since then they surely would have given us a lower price to encourage importations. We also imported last fall for Canada said class of work, and were not able to get a better price than 8 marks from

Dr. Trenkler, Leipzig. And if Mr. Pankhurst was in the United States he surely would have solicited our business. "This Excelsior Post Card Co. domicile in New York is not known to me." Mr. Witteman states: "That is a name the American News Co. have used on photogelatin post cards for the past six years, so why did not Mr. Witteman endeavor to find out through them where Mr. Pankhurst hides?" The allusions made to Newman or Rieder, of Los Angeles, is that something is wrong with our port entries on the Pacific coast. I believe if he had signed the letter "what more do you wish me to say?" Very truly yours, instead of "of what do you wish me to find out," he would have been more frank.

[Reply to the W. A. Livingston brief, manager of the Detroit Publishing Co.]

Mr. Livingston states:

I challenge any importer or other person to produce cards of better quality than these, and I doubt if those imported into this country at any time will equal them, etc.

If Mr. Livingston has so fine a card why is he afraid to let any dealer or publisher bring in views that cost in Europe $6.84 per thousand in full-sheet runs, 40 on; 1,000 each and $4.20 a thousand in full sheet of 40 on; 3,000 edition, unless a compound duty as existing under the Payne-Aldrich tariff is placed on them? A concern making so fine a card, selling direct to the retail trade and consumer, and selling their product at $6.50 and less per thousand in quantities, operating only in the larger towns of the United States and tourist centers, ought to be able to withstand foreign competition with no duty. Mr. Livingston states $2,500,000 of lithographic goods and post cards were imported in the past fiscal year. Treasury figures only showed $544,693.45 of souvenir post cards in every conceivable form was imported in 1912; duties were $176,109.90; view cards only amounted to approximately $64,000 and paid a duty in excess of $44,000. So why be afraid of this one item? The D. P. Co., according to their literature, specializes on about fifteen hundred views in the whole United States, putting up sets of 40 views in small boxes to retail at $1 each. This firm does not cater to the 5 and 10 cent store trade, and apparently does not want the small-town business; still they indorse the brief and statements of Mr. Meyercord. The D. P. Co. have a monopoly to-day on the best view card made in America, selling at two for 5 cents, and cater direct to the dealer and public, and, I believe, wish to maintain this monopoly. Mr. L. states that the duty is but one-fifth of 1 cent per card, which would be $2 per thousand. Two dollars per thousand is surely more than a manufacturer makes on cards that he sells to the dealer at $2.25 to $4.50 per thousand, and $2 is surely more than the jobber makes in selling to the dealer or 5-and-10-cent stores. We know that $2 per thousand can not cover both profit of manufacturer and jobber for the larger cities of the United States where American-made view cards are being bought by retailers at $2.75 to $3.50 per thousand. Mr. L.'s remarks as to the German world market I have covered elsewhere in my argument. The D. P. Co. state that they have been in the view post-card business since 1898, still they could not enter the one and two thousand field of special editions on account of labor cost, and still firms of less than five years in the business have beat them to the

large edition of three, five, and ten thousand runs, and many big editions have been made in the United States of twenty and forty thousand runs, full sheets of 72 subjects. And Mr. L. maintains that 12,000 runs are rare. Perhaps it is for the D. P. Co.

Mr. L. insists no change should be made in the phraseology of this paragraph and the cutting size 35 square inches or less, but still he is willing to have cards thinner than eight one-thousandths of an inch in thickness come in at a specific rate of $2 per thousand pieces where cards thicker than eight one-thousandths of an inch pay a compound duty which means an ad valorem rate of 70 per cent and more, according to the Treasury figures of 1912.

If the domestic manufacturer of view post cards has decreased his output in the past 12 months it is because some manufacturers have been forced out of the field by some other American manufacturer and not by importations. Tables of the Treasury figures for the past four years prove that each year all kinds of souvenir post cards have been decreasing in importations, notwithstanding all the statements made to the contrary. I further make this statement, that the duties collected in 1909 under the Dingley Act on souvenir post cards, both view and otherwise, were more than the combined duties collected on the same class of articles from August 6, 1909, to June 30, 1912, as tables will show, and it is open to correction on behalf of the N. A. of E. L.

The excessive growth of one firm in the past four years proves that some American manufacturers had to go under in face of a splendid protective tariff. A compound duty is an injustice to lithographic goods as well as photogelatin cards, as it places a higher ad valorem rate on the cheaper grade than on the better grade. It is proven that the good American-made view card has driven off the market all poor American-made cards as well as German-made ones. To a very limited extent are German made cards imported, approximately $64,000 worth in 1912. The retail price is affected by an excessive duty because it places the cost price to the dealer at such a point that no good post card can be bought by him to retail at 1 cent, and cards to retail at two for 5 cents in competition with the D. P. card will cost him in excess of $10. And cards to sell at two for 5 cents must not cost the dealer at the very most to exceed $10 per thousand. The dealer has a great waste in post cards, both from the standpoint of soiling and depreciation of values when the stock is carried any length of time.

These facts plainly show that some American manufacturers are making a monopoly of the business at the expense of the poorer equipped ones in this branch of the business. The houses are narrowing down to a very few, one for the best grade card, and two or three for the syndicate-store trade and the little independent dealer left to haggle with the small, poorly equipped manufacturer. Labor costs are absolutely valueless, as the unit selling price per pound proves that the American manufacturer on goods of like quality is lower than the German unit price, except on photogelatin post cards in monotone colors, but the photogelatin post card can not stand any competition here in the United States with the American-made halftone product in single thousand runs, much less when it comes to color work of an offset nature. The present compound duty is unjust on a photogelatin card costing 8 marks; it means more than 100

per cent ad valorem; on a lithographic card costing $4 it amounts to 62½ per cent; on a bromide card costing $10, equivalent to 40 per cent; on a hand-colored bromide costing $15, equivalent to 35 per cent, a different ad valorem rate on the various processes would be more fair to all parties concerned.

The price to the dealer is affected by the duty to this extent, that said dealer must meet competition irrespective of his buying capacity and many times at the expense of profit, but with a reasonable duty on view post cards he will be in a position to buy a post card entirely different from those handled by his competitor who has the advantage of buying in the United States and be in a position to sell cards at 1 cent each with reasonable profit.

Mr. L. 4887 states "wholesale prices—view cards made in lithography three-color hafttone and photogelatin processes vary in wholesale foreign price from $1.60 to $15 per thousand, the bulk of them cost the dealer $2.50 to $10 per thousand, bromide and solio cards cost him $8 to $30 per thousand, hand-colored cards from $5 to $50." How can a card costing at wholesale $1.60 with the present compound duty, which is equivalent to $1.90 added to this $1.60, allow said card to be sold for $2.50, etc.? So anxious are these American manufacturers to maintain a monopoly on certain cards that they have petitioned you that the phraseology and compound duty should remain. I contend that at the ad valorem rate of 45 per cent in House bill 3321, paragraph 337, Schedule M, will make the bromide and solio cards at $8.25 to $30 pay a higher ad valorem duty than the cards are now paying under a compound duty. Same injustice will apply to hand-colored cards exceeding a cost of $8.25 to $50. Also on all cards costing over $5 at the proposed rate of 20 per cent.

The remarks of Mr. L. in regard to trimming down a post card to escape a duty and binding them with a stub is far-fetched, and I doubt if any American dealer would ever stoop to such methods.

NORTHWESTERN JOBBERS AND DEALERS IN VIEW CARDS, BY NORRIS & HURD, GREAT FALLS, MONT., COUNSEL.

Your petitioners are the jobbers and dealers of the Northwest in post cards, picturing scenes of the various sections in which we operate.

The second paragraph of section 341 of H. R. 3321 reads as follows:

> Views of any landscape, scene, building, place, or locality in the United States on cardboard or paper not thinner than eight one thousandths of an inch, by whatever process printed or produced, including those wholly or in part produced either by lithographic or photogelatin process, except show cards, occupying 35 square inches or less of surface per view, bound or unbound or in any other form, 45 per cent ad valorem; thinner than eight one-thousandths of an inch, $2 per thousand.

The duties here provided will not, in actual operation, be materially different from those provided in the Payne-Aldrich bill, which fixed the duty on view cards at 15 cents per pound and 25 per cent ad valorem. That this rate has been prohibitive is proven by the report of importations for the year 1912, which shows that view cards of the value of $63,305.56 were imported in 1912, and 1,879,142,859 post

cards of every kind were carried by mail in the year 1912. Of this number 909,411,045 were Government post cards and 969,731,814 were view cards. Estimating the view cards at $3 per thousand, the value of the view cards used last year was, approximately, $3,000,000, of which only $63,305.56 is chargeable to importations. The duty of 45 per cent on view cards fixed by H. R. 3321, being in some instances but a slight reduction of that provided for in the Payne-Aldrich bill and in others an actual raise, will likewise be prohibitive. The effect of the Payne-Aldrich bill has been, and that of the Underwood bill, if not amended by the Senate, will be, to give a few American manufacturers of view cards a monopoly of that industry.

The American manufacturers of view cards specialize on issues of 3,000 or more cards of any one scene, and only three American concerns make smaller issues of 1,000 or under. For the 3,000 or larger issues, $3 per thousand is charged, but for an issue of 1,000 or less $6.25 is demanded. The direct effect of this is that in larger places where 3,000 cards of any scene can be sold view cards may be purchased by consumers at 1 cent or less each, while in places where only 1,000 cards of a scene can be used consumers must pay at least twice as much, and many smaller communities can not be served at all. Foreign manufacturers will make smaller issues and at prices reasonably proportionate to those charged for the larger issues. If the tariff on view cards is reduced from 45 to 15 per cent ad valorem the following will result:

I. Competition will be established and the American view-card monopoly will be eliminated.

II. Fair prices to consumers of view cards will be insured.

III. The smaller communities will be served and at reasonable prices.

Extensive use has made view cards a necessity rather than a luxury. Nothing so extensively used by all classes of people may properly be classed as a luxury. The transportation last year by mail of nearly 1,000,000,000 view and souvenir cards shows the extent and importance of the view-card industry. By this means the Government receives in postage 1 cent per card, or nearly $10,000,000 annually. The transportation of first-class mail matter at 2 cents per ounce is made at a profit, according to reports of the Post Office Department, and transportation of view cards weighing less than one-sixth of an ounce each for 1 cent each is therefore far more profitable. If the smaller communities may purchase view cards at reasonable prices, their use will be materially increased and postal receipts will grow accordingly.

Curt, Teich & Co., of Chicago, claim to produce more than one-half of the total American output of view cards, and have therefore received more than one-half of the benefits of the prohibitive duties of the Payne-Aldrich bill and will in like measure profit by the like prohibitive duties of H. R. 3321. Attention is called to the names of the American manufacturers of view cards and to the workmen they employ, and it is submitted that if tariff duties benefit manufacturers and workmen, duties on view cards would in the past have been of more value to American manufacturers and workmen had the same been levied upon the importation of foreign manufacturers and workmen rather than upon the output of foreign factories.

Advocates of duties on view cards insist that a high rate is necessary to protect the American manufacturer and workman from foreign competition. The imports of the last year quoted above show that the present duties are prohibitive and not competitive. Those who desire to further profit by the prohibitive duties state that the small importations of last year were occasioned by the large supply of view cards imported previous to the taking effect of the Payne-Aldrich bill and since remaining on hand. This statement is refuted by the reports of importations for the past four years. Importations of souvenir, Christmas, Easter, birthday, prize, view, and all other cards of every description for the past four years have been as follows:

1909	$654,822.74
1910	271,614.63
1911	206,094.23
1912	179,114.00

It will be noted that the importation in 1909 previous to the taking effect of the Payne-Aldrich bill was large, but that the next year there was a large reduction in importations and that the sum total decreased each year since, thus disposing of the "stock-on-hand" statement.

It is submitted:

I. That a duty of 15 per cent ad valorem on view cards will afford all necessary protection to American manufacturers and workmen and will place the view-card industry on a competitive basis and eliminate the monopoly now enjoyed by American manufacturers of view cards.

II. That smaller issues of view cards may be obtained and the less populous communities may be served at reasonable prices.

III. That the use of view cards by the smaller towns and communities will increase the volume of view cards consumed and in like proportion swell the postal receipts.

E. C. KROPP CO., MILWAUKEE, WIS., BY F. J. SCHMIDT, GENERAL MANAGER.

MILWAUKEE, WIS., *April 22, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Washington, D. C.

DEAR SIR: This firm, the E. C. Kropp Co., employs 65 persons, principally skilled labor, and manufactures view post cards only. This article will be seriously affected by foreign competition in the event that the new schedule now under consideration is adopted. The view post-card industry is bound to suffer so severely if the new Schedule M is adopted that at least a large percentage of the persons now employed will lose employment, and capital invested in manufacturing this article is bound to depreciate considerably or be forced into other channels.

Prior to 1909 when the now existing schedule (15 cents per pound plus 25 per cent ad valorem) was adopted practically 90 per cent of all view cards used in this country were imported. This fact was not due to slack business methods on the part of American lithog-

raphers. It was merely because they could not compete with foreign prices, and could obtain only such orders as were wanted in a hurry. It is self-apparent how the lithographic industry was at that time crippled by foreign importations.

Then, when in 1909 the present schedule was adopted, it gave the American lithographer an equal chance with the foreigner. Foreign goods could no longer be sold for less than American-made post cards. Yet we know of several instances where even recently foreign factories quoted such ridiculously low prices that they landed the order in spite of the duty. This proves that even with the existing duty the foreigners can underbid us if they care to take an order at close figures. It is a positive fact that the now prevailing duty, 15 cents a pound plus 25 per cent ad valorem, is not too high.

There is absolutely no good reason why it should be reduced. No one will benefit by such a reduction except the foreign factories. The retail price is now as low as it ever can or will be, so therefore the public will not derive any benefit by a reduction of the tariff. American manufacturers are supplying the trade at reasonable prices, and there is enough competition among the various manufacturers to guarantee that prices will remain low enough in the future. Why, then, should this industry be crippled by the proposed reduction as now contained in the new Schedule M, and thereby a large percentage of American labor now employed in the manufacture of these view post cards be deprived of employment?

Why should foreign labor, which is paid approximately only 30 per cent of what is paid in our country for the same class of help, be given employment by depriving our own people of it?

Par. 337.—STEEL-ENGRAVED SECURITIES.

BRITISH-AMERICAN BANK NOTE CO., OF OTTAWA, CANADA, BY JOHN C. POWERS, 65 DUANE STREET, NEW YORK, N. Y.

[Italics are ours.]

Monopoly of Steel-Engraved Securities and the Tariff.

TARIFF GIVES MONOPOLY TO AMERICAN BANK NOTE CO.

The business of making steel-engraved securities in this country is at present a practical monopoly in the hands of the American Bank Note Co. of New York City. This monopoly is realized and maintained by means of two special privileges, first, the tariff duty of 25 per cent ad valorem on such engravings and 20 per cent on "steel plates engraved," and, second, the privilege granted by the New York Stock Exchange of engraving the securities listed on that exchange, which carries with it very much work not intended to be listed at the time of issuance.

STOCK EXCHANGE LISTING PRIVILEGE.

In answer to the assertion that the American Bank Note Co. has a monopoly of the engraving of securities listed on the New York Stock Exchange, the exchange (which must of necessity assume a

proper position of guardianship regarding quality of work and reliability of the manufacturer) has recently published a pamphlet which contains the following statement:

The statement that the American Bank Note Co. has a monopoly of the engraving of securities admitted to the stock list is not true. In 1892, when the New York Bank Note Co. was organized, and for many years thereafter, there were, besides the American Bank Note Co., several engraving companies entirely independent of the American whose work was admitted to the stock list. *These companies were eventually acquired by the American.* Since they were so acquired the stock list committee has been authorized to pass upon the work of the other companies which are entirely independent of the American, and there are now four such companies whose work is admitted to the stock list. One of these is located in Brooklyn, one in Pittsburgh, one in Canada, and one in London.

In this connection, however, it is important to know that of the four companies mentioned the Brooklyn and Pittsburgh companies are both of such limited capacity that they can turn out only a small fraction of the work of this kind that is needed year by year, and the London and Canadian companies are barred from this market by the tariff of 25 per cent on the engraved securities and 20 per cent on the steel plates. Thus, while the American Bank Note Co. has no exclusive privilege of engraving securities, it does have a very effectual monopoly of this business, *and this monopoly is protected and fostered by the tariff.*

LARGE BUSINESS.

That this business is of large volume and value is evidenced by the annual report of the American Bank Note Co., published in New York papers of March 5, showing that the company is a $10,000,000 company, and that—

The most important part of our business is unquestionably our security department.

DUTY AIDS MONOPOLY.

The duty on these goods is doing nobody any good, except the American Bank Note Co., whose monopoly it aids.

NO IMPORTS.

The Government is not benefited, since importations are negligible.

NO BENEFIT TO LABOR.

The American workmen are not benefited, since this work requires highly skilled and technical labor, and the amount of such labor is so limited that it commands a uniform price.

The consumer is not benefited, but is distinctly harmed, because of the higher price maintained by the protective tariff.

LARGE EXPORT BUSINESS.

That this is true and that the business needs no protection is plainly apparent from the fact that there is a large export business in these goods. The Government statistics for exports are not well classified,

since shippers are not obliged to make detailed classifications, and goods of this sort would probably be labeled merely "printed matter."

The annual report of the American Bank Note Co., however, gives some inkling of the extent of the exportations of that company at least. This shows that—

The American Bank Note Co. has supplied securities for over 30 of the world's Governments, covering 51 per cent of the world's area and 81 per cent of the world's population.

Of the world's population 554,000,000 use the dollar as a unit, and of these 438,000,000, or 78 per cent, use currency bearing our imprint.

TARIFF FOSTERS MONOPOLY.

It can not be denied that the tariff on these goods accomplishes what the tariff is so often accused of doing, namely, fostering monopoly and raising the price of the goods to the consumer.

The Underwood bill (H. R. 10) proposes a duty of 15 per cent on all engravings and also on steel-engraved plates. (See secs. 341 and 141.) This reduction is not, in our opinion, sufficient to make an impression upon the present monopoly or do much in the way of reducing prices. Moreover, the Underwood bill continues engraved securities, under the word "Engravings," in the same paragraph with ordinary printed matter and other articles which do need protection, while engraved securities surely do not.

SUGGEST BE PUT ON FREE LIST.

We therefore suggest that engraved securities and steel-engraved plates be placed on the free list without otherwise changing the paragraphs (Nos. 341 and 141, H. R. 10) where they are now included.

This, we believe, can be accomplished by leaving said paragraphs unchanged, but adding to the free list the following words:

Steel-engraved forms for bonds, debentures, stock certificates, negotiable receipts, notes, and other securities.

And also:

Engraved steel plates, dies, and rolls, suitable for use in engraving or printceipts, notes, and other securities.

This industry presents an ideal case for the application of tariff-reform principles.

SUMMARY.

In a word, here is a business which under a protective tariff has developed into an effectual monopoly in the hands of one large company, maintaining high prices, yet keeping out importations, while doing a large export business.

We have not the slightest doubt that if these goods are put on the free list a breach will be made in this monopoly and the price of goods to the consumer reduced, while no workingman in the United States will be injured in the slightest. No valid objection of any sort to this change has ever been brought to our attention.

Par. 337.—BOOKS.

INTERNATIONAL BROTHERHOOD OF BOOKBINDERS. ST. LOUIS JOINT ADVISORY BOARD, BY E. J. REINHARDT, PRESIDENT, AND N. A. QUICK, SECRETARY.

ST. LOUIS, MO., *May 2, 1913.*

The CHAIRMAN SENATE FINANCE COMMITTEE,
Washington, D. C.

DEAR SIR: As the accredited representatives of more than 1,200 skilled workers employed at the bookbinding trade in St. Louis, Mo., we are instructed to bring to your attention the proposed reduction in the tariff on books as provided in the bill introduced by the Ways and Means Committee of the House of Representatives. This bill provides for a reduction of 40 per cent in the present duty on books and would admit Bibles free of all duty.

The present tariff on books is 25 per cent ad valorem, and is so low that thousands upon thousands of volumes are printed and bound in Europe, because the work, including duty and freightage, can be done so much more cheaply than in America. This is proof conclusive that the present tariff is insufficient and places the American bookbinder at a decided disadvantage when forced to compete with the poorly paid bookbinders of Europe, where the wages are less than half of what are paid in America.

Should there be a downward revision in the tariff on books, it can only result in throwing out of employment thousands of our members in this country, who are dependent on their trade alone as a means of livelihood.

We realize perfectly well that the present administration is pledged to a general reduction in the tariff; yet we are satisfied that it is not its intention or purpose to discriminate against the American workman, but rather against the evils of the trust.

Therefore, we respectfully urge that you use your influence in our behalf and vote against the proposed reduction in the tariff on books.

Par. 337.—PHOTOGELATIN PRINTED MATTER.

ILLUSTRATED POSTAL CARD & NOVELTY CO., NEW YORK, N. Y., BY SIMON BENJAMIN, PRESIDENT.

NEW YORK, *April 23, 1913.*

Senator FURNIFOLD MCL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: I take this means to appeal to you to use your influence in order to secure for us what we must have to exist. I beg to call your attention to the following facts:

The tariff act of 1909, Schedule M, paragraph 412, makes exception to photogelatin printed matter, and provides for it in paragraph 415.

The Underwood bill makes the same exception in 412, but fails to make separate provision.

Not being provided for, it would come in as printed matter, 15 per cent ad valorem.

Whereas the paper used in this process, all of which is imported, pays a duty of 25 per cent, the gelatin pays 25 per cent, and the machines for this process are all imported and pay duty.

Consequently Germany can put the finished article into this country cheaper than we can buy the raw material.

Does it mean any less than wiping out the industry?

Anything less than the old rate, tariff act of 1909, Schedule M, paragraph 415, 3 cents per pound and 25 per cent ad valorem, is absolutely ruinous. The following facts will prove it:

The industry in Europe is a very old one, Germany alone having 250 plants, whereas this country had its first plant in 1871, and up to 1908, although we had a duty of 25 per cent, no more than five plants were established.

Even the work of the United States Government had to be sent to Germany or England to be printed.

Since the present tariff provided in addition to 25 per cent 3 cents per pound nine more plants were established. This additional 3 cents per pound is a matter of life and death to these plants and the industry.

Even with the present tariff less than 25 per cent of the amount consumed is manufactured in the United States.

The photogelatin process, mainly being used for high-class pictures and book illustrations, is in the nature of a luxury, and can therefore not affect the cost of living.

The main factors in the manufacturing is labor and raw material. As a gelatin press does not produce more than 500 sheets daily, European labor being from one-third to one-half the raw material, all of which is imported, being tariff taxed 25 per cent, means, as the machines can not be used for any other purpose, if the proposed tariff, 15 per cent goes into effect, shutting down our plants and selling the presses for junk.

THE WYANOAK PUBLISHING CO., NEW YORK, N. Y., BY EDWARD F. FLAMMER, PRESIDENT.

NEW YORK, *April 24, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We take the liberty of addressing you on a subject which is so vital to our business that we can not too strongly impress upon you the fact that the present proposed new tariff law, if passed, will beyond a doubt compel us to retire from business.

Under the present tariff act of 1909 we are enjoying a protection against the importation of finished photogelatin prints a tariff of 25 per cent ad valorem and 3 cents a pound. Under the proposed tariff law this protection is to be cut down to 15 per cent ad valorem without any tariff on poundage.

All of the photogelatin printing of the United States is done on paper imported from Germany, and this situation must continue, as the American paper manufacturers have as yet been unable to make the proper kind of paper. This paper, under the proposed tariff act, is to pay a tariff of 25 per cent ad valorem; or, in other words, the paper industry is to be protected to the extent of 25 per cent, and

regarding the finished article, two lines of industry, namely, paper making and photogelatin printing are only to be protected to the extent of 15 per cent jointly. This situation is so manifestly unfair that we feel that the matter should be made perfectly plain that the bill should not be allowed to pass in its present form regarding Schedule M.

The raw material in use by photogelatin printers is all imported, and we are obliged to pay a very heavy tariff on this raw material, and so far as the writer has been able to learn the cost of photogelatin labor abroad is not more than one-third of our cost in this country. It is obvious, therefore, that since we are to pay a tariff on all raw material, and our cost of labor is three times as great as that abroad, that we can not exist with a protection of merely 15 per cent.

The photogelatin industry up to five years ago did not consist of more than three or four small plants. To-day since photogelatin printing has been afforded sufficient protection there are 15 flourishing photogelatin plants in the United States. It will readily be seen, therefore, that if the present protection is not continued that the industry will be killed in this country.

We ask you, therefore, to give this matter your very careful consideration, trusting that you will see the necessity of at least continuing the protection under the present law so that we may continue in business.

THE ULLMAN MANUFACTURING CO., NEW YORK, N. Y., BY L. J. ULLMAN, TREASURER.

NEW YORK, *April 26, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We take the liberty of writing to you in reference to photogelatin printed matter, which consists of art pictures, inserts for books, post cards, catalogue work, etc.

This process, which is partly photographic, has been used in Europe, especially Germany, for a great many years. It is only within the last few years that American manufacturers have been able to make any success in this line. There are about 250 plants in Germany and probably not over one dozen in the United States. The first plant in the United States started in 1871, and in 37 years, namely, up to 1908, no more than five were established. Although the duty on this product up to 1909 was 25 per cent, we could not compete with the European market owing to the fact that the labor in those countries is so much cheaper than it is here. In 1909 the present tariff was fixed at 25 per cent and 3 cents per pound. This gave us a living chance to compete, but under the proposed new law the duty on these goods would be 15 per cent, making a reduction in the ad valorem rate and omitting entirely the charge of 3 cents per pound. The present tariff of 1909, Schedule M, paragraph 412, provides for rates of duties to be levied on pictures, making an exception of "photogelatin" printed matter, but specifically provides for it in paragraph 15, namely, putting on it a duty of 25 per cent and 3 cents per pound. In the new proposed tariff bill the same exception was made in paragraph 412, but there was no separate provision made for it, and these

prints will come in the same as ordinary printed matter, at 15 per cent ad valorem. The paper which we use in the printing of these pictures, etc., is made in Germany, and under the new law a duty of 25 per cent is provided for. Other material used, such as gelatin, is also provided for at 25 per cent. Printing presses for this process are made in Germany only, and we have to pay a duty on them. In other words, the proposed duty on the finished article is less than on the raw material which we use. You can readily see that the printers in Germany, having to pay no duty on the material used and getting their labor so much cheaper, can place their goods into the American market at about the same price or less than the raw material costs us. Unless we are restored to our old rate of 3 cents per pound and 25 per cent ad valorem, we will be put in the position of having our presses idle and losing the business that we have been striving for so long. Some of this work is used by the United States Government, and we understand that it is sent to Germany or England to be printed, owing to the fact that we can not quote as low as our foreign competitors. To maintain a reasonable rate of duty on this product can in no way affect the cost of living, as the goods produced are a luxury. The process of printing is a slow one, averaging less than 500 sheets per day.

We regret very much that we did not receive a hearing before the Ways and Means Committee, as its time was so limited that we could not be heard.

We hope that you will interest yourself in our cause and thank you in advance.

THE MERIDEN GRAVURE CO., MERIDEN, CONN., BY J. F. ALLEN, TREASURER.

MERIDEN, CONN., *April 23, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Washington, D. C.

SIR: We have been unable to get a hearing before the Ways and Means Committee regarding the proposed tariff on the material we manufacture and are informed that it is not the purpose of the Senate Finance Committee to hold them. We would therefore respectfully ask your consideration of the following:

As far as we can determine, the Underwood bill makes no provision for the industry in which we are engaged, namely, photogelatin printing.

In the act of 1909, Schedule M, paragraph 412, photogelatin printed matter is excepted and provided for in paragraph 415. In the new bill the same exception is made under paragraph 412, but no separate provision given.

As we read the text, it would therefore come in at 15 per cent ad valorem as printed matter.

A large part of the paper used in this industry comes from Germany, on which the duty is 25 per cent. It surely can not be the purpose of the bill to assess raw material at 25 per cent and the finished product at 15 per cent. Our presses are all imported under a duty, our gelatin likewise. With the tariff of 1909, 3 cents per pound and 25 per cent ad valorem, we are in many lines in the closest

competition with the German product. The new bill as it stands will simply hand the market over to our foreign competitors and close most of the shops in this country.

The process is of German origin, and in that country between 200 and 300 houses are engaged in it. It was brought to the United States in the early seventies. Although protected to the extent of 25 per cent, its growth was slow, because of the German importations, and it was not until the act of 1909 that we were in a position to attempt to meet this competition at all. Before the passage of this act there were, to our best knowledge and belief, five concerns in the country engaged in this work. Since that time, wholly because of the ability given by the increased protection to meet the Germans on somewhere near even footing, some nine new houses have been established. Even now approximately 75 per cent of the photogelatin prints used in the country are imported. The 25 per cent footing we have gained will be wiped out under the new bill.

Labor and paper are the two large items in our cost of production. Wages for corresponding men are in Germany from one-third to one-half that ruling on this side. On the paper we are to pay a tariff of 25 per cent. On the machinery to produce the work (none is made in this country), 35 per cent.

The Underwood bill would give us to meet this condition a protection of 15 per cent. Germany, therefore, can put the finished product into this country at a lower rate than we can lay down our raw material.

We can not believe that this is the purport and intention of the act. to throw this whole trade into the hands of the German manufacturers and close up the domestic factories. We firmly believe that will be the result if the bill is adopted as it stands.

CAMPBELL ART CO., NEW YORK, N. Y., BY ARTHUR F. RICE, PRESIDENT.

NEW YORK, *May 5, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: I beg to acknowledge with thanks the receipt of your letter of the 29th ultimo, and I submit herewith certain facts relative to the products of the photogelatin printing process as affected by the proposed tariff, Schedule M, paragraph 333.

I represent in this brief the following concerns, which are practically all of those engaged in this business in the United States: The Albertype Co., Brooklyn; Meriden Gravure Co., Meriden, Conn.; Chicago Photogravure Co., Chicago; Illustrated Postal Card & Novelty Co., New York; Artogravure Co., Hoboken, N. J.; Wyanok Co., New York; Kraemer Art Co., Cincinnati, Ohio; Louis Winkler, New York; Taber-Prang Art Co., Springfield, Mass.; Photogravure & Color Co., New York; and my own company, the Campbell Art Co., Elizabeth, N. J.

The Underwood tariff bill, paragraph 333, excepts pictures, calendars, cards, etc., printed on gelatin but fails to make any separate provision for same, as was done in the present tariff, so that these articles would come under the 15 per cent ad valorem duty.

Under the proposed tariff the duty on paper, practically all of which we have to import, is 25 per cent; in other words, the duty on raw materials is very much greater than on the finished product, the importer being able to bring in the printed picture for much less than we can get the paper on which the picture would have to be printed.

The photogelatin process is particularly adapted to small runs of work requiring careful execution in the reproduction of art pictures, book illustrations, the finer grade of post cards, and the like. It is a fine art and the work turned out by this process is a luxury. The process is very slow, about 500 sheets per day for one press, as against from 3,000 to 12,000 per day from a type or lithographic press. The cost of the work, especially as a fine grade of paper must be used, is correspondingly large.

The process has been in vogue in this country for over 40 years, during which time it never received any assistance, and until 1908 was not even mentioned in the tariff. Under the present tariff the business had begun to improve, new concerns started, presses were imported (none being made in this country), and we were beginning to get some of the business, although we have never had over about 50 per cent of it. The proposed change in the tariff, reducing the duty from 25 per cent to 15 per cent and cutting off the 3 cents per pound on photogelatin pictures, reduces to the vanishing point our chance of doing business successfully.

We realize that it would be futile to ask for a higher duty on photogelatin printed matter at this time, although we firmly believe that the conditions and facts warrant it, but we do ask that the present rate be not reduced and that a careful examination be made of the relative cost of labor and materials here and abroad in justification of this request. Labor in Germany is about one-third to one-half what it is here, and paper, gelatin, and other materials are almost exactly one-half what they are here.

The exports of photogelatin work from this country are probably less than $10,000 a year, but the importations amount to nearly 75 per cent of the entire business.

In Germany huge factories operating 20 or more power presses each are running from 10 to 14 hours a day and employing thousands of people, and to a less extent the same is true of France, England, Austria, and Belgium. The United States is their very best customer, and they have practically the entire trade of South America and Canada. In a word, we have no foreign market and are being crowded out of our own.

The United States Government often calls for photogelatin work in their specifications, and when I tell you that that peculiarly American institution—the Smithsonian Institution—is getting at least part of its illustrations from abroad and not on a basis of the foreign products being superior, you can see how we are placed.

We do not ask for a monopoly, we do not expect to get any foreign business, we do not even ask for any advantage over our alien competitors in our own country, but we would like to have for ourselves and the workmen we employ the privilege and the opportunity of competing with them on something like even terms.

We court the most careful scrutiny into the matter to see whether we are likely to be put on a basis of equality with our competitors abroad under the proposed tariff.

There is an active and sleepless factor operating against us continually and at this very moment, namely, the importers of photogelatin products, who are naturally more interested in buying their goods cheaply than in sustaining any home industry. I beg that you will carefully weigh their arguments in the balance with our own and that our interests, though comparatively small, will not be overlooked in the final analysis.

I suppose no one assumes that the Underwood tariff bill is an absolutely perfect instrument, and if errors or oversights have crept into it, may not these exceptions apply in the case of our own small business?

If the duty were entirely removed on raw materials and the product of our presses we would actually be better off than under the proposed schedule.

We were unable to get a hearing before the Ways and Means Committee, the submission of a written brief being our sole opportunity to state the facts. None of these facts have been disputed, and our only remaining hope for fair treatment lies in the hands of your committee.

We pray that this dainty and beautiful process, which is in itself invaluable for fine reproductions of art pictures, drawings, and natural objects, be not discouraged, and in behalf of ourselves and the workmen we employ we pray that you will give us neither more nor less than we deserve under conditions for which we are not responsible.

Par. 341.—WALL PAPER.

CLARK J. BUSH AND THE PRAGER CO., BROOKLYN, N. Y., BY CLARK J. BUSH.

WASHINGTON, *D. C., May 1, 1913.*

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

DEAR SIR: The inclosed letter imperfectly states the conditions bearing upon the proposed tariff to be applied to paper hangings or wall paper in the Underwood bill.

The generally liberal reductions in tariff rates applying to raw materials used in the manufacture of paper hangings are suggested by the comparative list which I inclose. Please note especially the reductions on print paper costing less than 2½ cents per pound.

Present rate: Three-sixteenths and three-tenths cent per pound.

Proposed rate: Free list.

This is the principal material in cost of at least 95 per cent of all wall paper made in this country.

(In cents per pound.)

	Present rate.	Proposed rate.
Glues:		
Not over 10 cents per pound	2½	1
10 to 25 cents per pound	25	15
Dextrines	1½	½

These materials used for sizing colors form the second largest item of material cost of paper hangings.

These reductions should reduce costs very considerably, saving in some factories from $10,000 to $15,000 yearly.

Bronze powders.—Present rate, 12 cents per pound; proposed rate, 25 per cent.

The 25 per cent rate is equal to about 7 cents per pound, a saving of 5 cents per pound on a material used in enormous quantities. Wall-paper manufacturers are by far the largest consumers of bronze powders.

Ground micas.—Present rate, 10 cents per pound and 20 per cent; proposed rate, 15 per cent.

The principal users of ground mica are the wall-paper manufacturers.

The above items are the largest in wall-paper material costs, forming, say, five-sixths of total material costs. The remaining item—that of pulp colors—will be greatly reduced in cost by the very general and liberal reductions in duties on the many materials used in their production. It is impossible to accurately estimate this reduction, but it will be considerable.

The Underwood bill reduces tariffs on very many items used in wall-paper mills not shown in the appended list. All mill supplies and machinery are affected favorably to the manufacturers.

It is fair to state that these reduced tariffs on materials will be equivalent in effect to an increased duty of 10 per cent on manufactured goods.

To leave the duty on paper hangings at 25 per cent is in effect to raise it; being already nearly prohibitory, it will effect a result far from the intentions of the committee and work positive injustice to dealers and consumers throughout the country. The rate should be amended to read 10 per cent or not above 15 per cent in the interests of consistency and to conform to the expressed will of the people and certainly to the desire of your committee.

I shall be glad to furnish any further information in my power at your convenience. I am at the New Willard Hotel until Saturday.

[Inclosure.]

THE PRAGER CO.,
Brooklyn, N. Y., April 28, 1913.

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

GENTLEMEN: In your tariff bill paper hangings remain dutiable at 25 per cent ad valorem, the same as for many years. This rate has always prevented any considerable importation of paper hangings even during the years of 1892 to 1900, inclusive, when the American manufacturers in combination maintained by agreement a scale of prices much higher than those now prevailing.

The domestic manufacturers have long since ceased to need or depend upon a protective tariff, as the cheap and medium grades are produced here at as low cost and sold at as low prices in all staple lines as anywhere in the world, and the excessive tariff of 25 per cent makes it continually possible to renew the artificially high prices current during the years 1892 to 1900, and stands as a constant menace to dealers and consumers alike. It should be lowered materially in the interest of stable and fair prices. The present duty of 25 per cent is almost prohibitive, as under its operation imports of finished printed wall papers form not over 3 per cent of the wall paper consumed in the United States.

The apparent increase in importations during the past six years is caused by importations of a grade of paper called Oatmeals, or Holzmehls, which is largely used by wall-paper printers by printing ornamental designs upon its surface

before being marketed, and to some extent it is applied to the wall as a plain surface, not ornamented or printed.

The labor cost of printing wall paper in the United States is not over 60 cents per 100 rolls for the entire product, which is sold by the manufacturers at an average price of about 5 cents per roll.

The raw material principally used, being paper costing less than 2½ cents per pound, is to be admitted free, which will no doubt materially reduce manufacturing costs.

Glue, dextrines, starches, and clays are produced in our own country as cheaply as elsewhere.

Anilines are to carry a moderately increased duty, but it is unlikely that domestic prices or costs on the cheaper pulp colors used in wall-paper printing will be materially increased thereby.

Only the better grades of foreign wall papers are brought to this country, and the present rate of 25 per cent is a tax upon imports of not less than 3 cents per roll, assuming the average foreign cost to be 12 cents per roll, which is a fair estimate. This rate is unfair, prohibitive, and unnecessary and should be reduced. A rate of 15 per cent would meet every fair claim that could be made by American manufacturers upon any correct statement of "difference in labor cost" and be a distinct and positive relief to dealers and consumers generally.

A tariff rate of 10 per cent would furnish ample protection for any difference in labor cost between Europe and this country and would benefit the American manufacturer in the use of the raw material known as Oatmeals or Holzmehls.

A reduced tariff would probably increase the total revenue to some extent and without the disturbance of the domestic industry in any way.

Every reason advanced for the reduction of any tariff rate on finished products can be applied with equal force to this item in the schedule, and your committee should take such action regarding it as is consistent with the general policy followed in other schedules and expected by the American people. We shall be glad to supply any further facts or information.

Respectfully,

THE PRAGER CO.,
By CLARK J. BUSH.

Comparison of present and proposed tariff rates on raw materials used in production of paper hangings.

	Present rate.	Proposed rate.
Acids:		
Boracic	3 cents per pound	½ cent per pound.
Citric	7 cents per pound	5 cents per pound.
Salicylic	5 cents per pound	2½ cents per pound.
Tannic	35 cents per pound	4 cents per pound.
Unclassified acids	25 per cent	15 per cent.
Ammonia muriate	¼ to 2½ cents per pound	¼ to 2½ cents per pound.
Chloride of barium		½ cent per pound.
Coal-tar colors	20 per cent	30 per cent.
Aniline salts	Free	10 per cent.
Dyewood extracts	15 per cent	¼ cent per pound.
Glue, not over 10 cents per pound	2½ cents per pound	1 cent per pound.
Glue, 10 to 25 cents per pound	25 per cent	15 per cent.
Dextrines	1½ cents per pound	¾ cent per pound.
Blanc fixe and satin white	½ cent per pound	20 per cent (lowered).
Barytes	$1.50 per ton	Do.
Blues	8 cents per pound	Do.
Blacks	25 per cent	15 per cent (lowered).
Chromes	4½ cents per pound	20 per cent (lowered).
Ochers	¼ to 1 cent per pound	5 per cent (lowered).
Litharge	2½ cents per pound	25 per cent (lowered).
Gold size	25 per cent	10 per cent (lowered).
Vermillions	4½ cents per pound	25 per cent (lowered).
Paris white	½ cent per pound	1/10 cent per pound.
Color lakes	30 per cent	20 per cent.
Sponges	20 per cent	10 per cent.
Clays	$1 per ton	50 cents per ton.
China clay	$2.50 per ton	$1.25 per ton.
Ground mica	10 cents per pound and 20 per cent.	15 per cent.
Bronze powders	12 cents per pound and 20 per cent.	25 per cent, new rate, about, to 7 cents per pound.
Potato starch	1½ cents per pound	1 cent per pound.
Paper under 2½ cents per pound	1/10 cent per pound to 2½ cents value; 1/10 cent per pound to 2½ cents value.	Free.

Comparison of present and proposed tariff rates on raw materials used in production of paper hangings—Continued.

	Present rate.	Proposed rate.
Paper above 4½ cents per pound and to 4 cents per pound.	½ cent per pound	12 per cent.
Paper, 4 to 5 cents per pound	⅝ cent per pound	
Paper above 5 cents per pound	15 per cent	Do.
Bristles, sorted	7½ cents per pound	7 cents per pound.
Acids:		
Acetic	½ cent per pound	Free.
Carbolic	Free	Do.
Hydrochloric-muriatic	do	Do.
Sulphuric	¼ cent per pound	Do.
Albumen	3 cents per pound	Do.
Ammonia muriate	¾ cent per pound	Do.
Blue vitriol	¼ cent per pound	Do.
Borax	2 cents per pound	Do.
Bristles, crude	Free	Do.
Cobalt	do	Do.
Copperas	⅛ cent per pound	Do.
Gum copal	Free	Do.
Indigo	do	Do.
Casein	do	Do.
Irish moss	½ cent per pound and 10 per cent	Do.
Paris green	15 per cent	Do.
London purple	do	Do.
Potash:		
Crude	Free	Do.
Sulphate	do	Do.
Muriate	do	Do.
Soda ash	½ cent per pound	Do.
Turpentine spirits	Free	Do.
Wool and wool wastes	Hligh	Do.
Wool flocks	10 cents per pound	Do.
Wool shoddy	25 cents per pound	Do.

PETER H. REILLY & BRO. CO., NEW YORK, N. Y., BY PETER H. REILLY, PRESIDENT.

NEW YORK, *May 5, 1913.*

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

DEAR SIR: We are large handlers of paper hangings, both domestic and foreign, and are therefore interested in the new tariff schedule as applying to this commodity.

The present situation in this country as regards foreign paper hangings is that comparatively few of them are brought over, owing to the wide disparity in price as compared to domestic goods of the same grade.

The domestic manufacturers have practically controlled this market for the past 50 years, and have been able under the present rate—25 per cent ad valorem—to maintain prices at least 40 per cent higher than those at present obtaining, and this without materially increasing imports to the disurbance of the domestic industry.

During the years between 1892 and 1900, under control of the National Wall Paper Co., a merger including practically all the factories in this country, and by further consolidation into the Continental Wall Paper Co., which took place in 1898 and has continued for two ensuing years, the average price of wall papers to the dealer was maintained at at least 40 per cent—higher prices than have prevailed during the past 13 years.

It is evident that the wall-paper industry has long since outgrown the necessity of any tariff protection, for in view of the fact duties

upon the raw materials, such as raw stock, costing less than 2½ cents per pound, glues, dextrines, bronze powders, ground micas, and nearly all the chemicals, enter into the production of pulp colors, that it is high time the duty on the finished product was reduced in the interest of the dealers and the public generally.

A great many desirable, saleable, attractive decorations are made abroad which should be allowed to enter this market at a reasonable rate of duty, while the present fact is that the average dealer is unable to offer his customer paper hangings made abroad owing to the wide disparity in price, caused to a considerable extent by present duty of 25 per cent and the transportation charges, which combined they can advance on the foreign cost of about 33⅓ per cent.

Wall paper is a decorative material, and a little freer trade in this commodity would stimulate American manufacturers in the direction of quality, better designing, and coloring, and would no doubt prove beneficial to the manufacturing industry here.

Cheap wall papers are made better and cheaper in this country than anywhere on the globe, and no invasion of this market by foreign product could by any possibility occur.

We strongly urge a reduction of the present tariff of 25 per cent to one of 10 per cent or not over 15 per cent, as we feel certain that this action would not disturb the industry to any serious degree, but would give the dealer and consumer a little wider range of selection, improve the general decoration of American homes, and perhaps restrain local manufacturers to some extent against forming price combinations, which have invariably worked hardship and injustice to the jobbing and retain dealers as well as to the consumers.

We ask your serious attention to this item in the schedule and such action as is fair under all the circumstances.

Par. 340.—MANUFACTURES OF PAPER.

FRANCIS E. HAMILTON, 32 BROADWAY, NEW YORK, N. Y., ON BEHALF OF THE IMPORTERS OF PAPER HANGINGS, ETC.

The SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: On behalf of those interested in the importation of "Paper hangings with paper back, or composed wholly or in chief value of paper," and as well in the interest of certain American manufacturers who use very considerable quantities of imported "oatmeals," being paper hangings in an unfinished state, we pray that these goods be placed in a separate clause in the above paragraph and that the rate of duty be fixed at 10 per cent instead of 25 per cent ad valorem, so that the paragraph shall read as follows:

340. Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, cardboard and bristol board, pressboards or press paper, and wrapping paper, not specially provided for in this section, 25 per centum ad valorem. Paper hangings with paper back, or composed wholly or in chief value of paper, 10 per centum ad valorem.

The reasons for this are as follows:

The principal raw materials used in the manufacture of paper hangings are glue, dextrines, bronze powders, and ground micas.

The items constitute, roughly, five-sixths of the total material cost of paper hangings, and the present bill reduces the duty upon each of the same.

Glue, 2½ cents per pound, reduced to 1 cent per pound; costing 10 cents per pound, reduced from 25 to 15 per cent ad valorem.

Dextrines, 1½ cents per pound, reduced to three-fourths cent per pound.

Bronze powders, 12 cents per pound, reduced to 25 per cent ad valorem, equal to about 7 cents per pound.

Ground micas, 10 cents per pound and 20 per cent ad valorem, reduced to 15 per cent ad valorem.

These reductions give an added protection to the home manufacturers as against the imported hangings of at least 10 per cent—that is, if the duty upon paper hangings had been increased 10 per cent in the proposed bill, the result to the home manufactures would be equal to the result arrived at by the above reductions of the raw materials.

In other words, the old duty rate of 25 per cent on paper hangings has been actually advanced to 35 per cent by the reductions upon glue, dextrines, bronze powders, and ground micas.

The promise of the Democratic Party was to reduce the cost of living. In this line the proposed reduced duties upon the raw materials will result in increasing the cost of the product to the American people unless the bill also materially reduces the rate on the foreign product, so that it may enter into competition with the home manufacturers.

The promise of Chairman Underwood was to create a "competitive tariff."

Under the rate of 25 per cent on paper hangings now in the bill the tariff is prohibitive.

Par. 340.—PAPER BAGS, ETC.

THE CLASP ENVELOPE CO., NEW YORK CITY, AND OTHERS.

NEW YORK, *May 21, 1913.*

The FINANCE COMMITTEE,
United States Senate:

We, the undersigned, manufacturers of paper bags and other goods manufactured from paper, hereby protest against the discriminations against our manufactures as shown by section 340 of the tariff schedule, which imposes a tax of 25 per cent ad valorem on paper, the raw material from which paper bags and these aforesaid manufactures from paper are made; said paper varying in price from 2¼ cents per pound to 3¼ cents per pound net f. o. b., and is manufactured from mechanical ground wood pulp and chemical sulphite and sulphate pulp, while other large consumers—the newspaper publishers—of paper made from this same material, mechanical ground wood and chemical sulphite pulp, have had their raw material, "news print paper," placed on the free list.

Such discrimination is destructive of that basis of fair competition which has been claimed as the proper standard of just and necessary tariff revision. Such discrimination will utterly destroy the fair

competition in a great American industry and place it in the hands of the so-called trusts, who manufacture over 60 per cent of the paper bags in the United States to-day. These two combinations own large tracts of timberland in the United States and Canada, from which they secure their supply of pulp wood duty free for the manufacture of bag paper in their own paper mills and mills they control, from which they manufacture their paper bags; while we, the independent manufacturers of paper bags, buy in the open market our supply of raw material, bag paper, made from mechanical ground wood pulp, sulphite pulp, and sulphate pulp, on which, under section No. 340 a duty of 25 per cent ad valorem is placed against us and in favor of our competitors—the paper-bag trusts.

We protest against this injustice. We ask that the duty on our raw material, paper not above 3½ cents per pound, from which our manufactures are made be placed on the free list and put us on a fair basis of competition with the Paper Bag Trust, and confer on us the same privileges in securing free raw material for our manufactures that has been accorded the newspaper publishers, who receive their raw material (news print paper) free, under section 575, news print paper being made from the same materials from which bag paper is made, only in slightly different proportions.

Under the reciprocity treaty with Canada pulp and paper under 4 cents a pound made from free-land wood is admitted duty free.

The present Congress imposes a duty of 25 per cent ad valorem on wrapping paper and puts news print paper on the free list.

The United States Senate at the present session defeated a resolution to repeal the reciprocity agreement with Canada. Since that time the United States Court of Customs Appeals has rendered a decision that Norway, Sweden, and Germany, under the favored-nation clause in their treaties, are entitled to the free entry of pulp and paper into the United States and privileges accorded Canada under the reciprocity agreement.

As the duty of 25 per cent ad valorem on wrapping paper is an unfair discrimination against the manufacturers of envelopes and paper bags (it being their raw material) and is not a source of revenue to the Government, as the duty can not be collected owing to existing treaties, we ask that it be eliminated from the tariff schedule.

(The following names were signed to the above communication: The Clasp Envelope Co., Neostyle Envelope Co., National Paper Goods Co., and Mercantile Corporation, New York, N. Y.; Niagara Envelope Co., Buffalo, N. Y.; Charles J. Cohen & Son, Philadelphia, Pa.; Union Envelope Co., Richmond, Va.; Bourke-Rice Envelope Co., Hogan Envelope Co., Illinois Envelope Co., and R. B. Hoyler Co., Chicago, Ill.; Milwaukee Envelope Manufacturing Co., Milwaukee, Wis.; The Heywood Manufacturing Co., Minneapolis, Minn.; Berkowitz Envelope Co., Kansas City, Mo.; Griffin Envelope Co., San Francisco, Cal.; Columbia Paper Bag Co. and Schorsch & Co., New York City; Kirscheimer Bros. Co., Chicago, Ill.)

[Additional memorandum in support of the effort of the independent manufacturers of paper bags and other manufactures from paper to reduce the proposed duty of 25 per cent in the Underwood bill on wrapping paper to the free list. To be attached to the brief dated May 21, 1913, filed by the undersigned.]

To the Honorable Members of the Subcommittee on Wood Pulp and Paper of the Finance Committee:

There is produced in the United States over 600 tons of bag paper per day; 65 per cent of this amount is manufactured by the mills who control the Paper Bag Trust.

These paper mills are members of the American Pulp and Paper Association and manufacture 2,000 tons of paper per day, including news print, wrapping, bag, and other grades. They pay nearly one-third of the salary and expenses of Mr. Arthur Hastings, president of the association, who recently appeared before your committee and stated to you that there were only three small mills making bag paper in the United States, and that they needed a protective duty of 25 per cent.

His statement is incorrect, misleading, and made in the interests of the Paper Bag Trust, whose mills employ him, and against the interests of the independent manufacturers of paper bags and other manufactures from paper who ask that this duty be removed, and that these commodities be placed on the free list, and whose names and titles are signed to this memorandum.

(This memorandum bore the same signatures as the one immediately preceding.)

AMERICAN PAPER AND PULP ASSOCIATION, 50 CHURCH STREET, NEW YORK, N. Y., BY ARTHUR C. HASTINGS, PRESIDENT.

NEW YORK, *May 28, 1913.*

Hon. C. F. JOHNSON,
United States Senator, Washington, D. C.

MY DEAR SENATOR: Referring to the hearings yesterday before your committee, at which time an appearance was made on behalf of some manufacturers of paper bags and other manufacturers, I am inclosing you a copy of a letter signed by "E. A. Flanagan" and attached thereto a proposed letter to be sent the members of the Finance Committee and Members of Congress. Mr. Flanagan is the accredited agent of the Wayagamack Paper Co., Three Rivers, Quebec, manufacturers of wrapping paper to the extent of some 35 or 40 tons a day, I understand. It is a mill lately started and seeking the United States market entirely for their product. The absurdity of a Canadian manufacturer appealing to the United States Congress for relief is apparent. Possibly this correspondence might also be added to the printed proceedings.

I am also inclosing you a report of the imports of paper and pulp for the four months of this year compared with the same period in 1912 and also a report for the previous years showing the enormous growth of the importations from Canada. As these importations have increased steadily while paying a duty, it is fair to suppose they would continue to come in under a duty without hurting the American manufacturer. If the duty is entirely taken off it will result in a very considerable loss in revenue to the United States Government.

[Inclosures.]

MAY 9, 1913.

GENTLEMEN: I inclose you a petition addressed "To the honorable members of the Finance Committee of the United States Senate," protesting against the tariff of 25 per cent ad valorem on paper, the raw material from which paper bags are made, and asking for a reduction of the tariff to the free list.

Please rewrite this petition on your letterhead, sign, and return to me at once, as I am making a strong effort to get your paper in at a much reduced tariff rate. I am preparing a brief to submit to the Finance Committee of the United States Senate and want your signed letter attached. A copy of this letter has been sent to all the bag manufacturers and envelope manufacturers in the United States.

Concerted action by all paper-bag manufacturers (except the trusts) will result in securing the United States Senate's favorable consideration to amend sections Nos. 338 and 340.

I would suggest that you write your Congressman and United States Senators a strong letter, urging their support for a reduction of the schedules as above set forth.

A very prompt reply will be appreciated.

Yours, truly, E. A. FLANAGAN.

To the Honorable Members of the Finance Committee of the United States Senate.

We, the undersigned, manufacturers of paper bags and other goods manufactured from paper, hereby protest against the discriminations against our manufactures as shown by sections 338 and 340 of the tariff schedule, which impose a tax of 25 per cent ad valorem on paper, the raw material from which paper bags and these aforesaid manufactures from paper are made; said paper varying in price from 2½ cents a pound to 3½ cents per pound net f. o. b., and is manufactured from mechanical ground wood pulp and chemical sulphite and sulphate pulp, while other large consumers (the newspaper publishers) of paper made from this same material—mechanical ground wood and chemical sulphite pulp—have had their material "news-print paper" placed on the free list.

Such discrimination is destructive of that basis of fair competition which has been claimed as the proper standard of just and necessary tariff revision. Such discrimination will utterly destroy the fair competition in a great American industry and place it in the hands of the so-called "trusts" who manufacture over 60 per cent of the paper bags in the United States to-day. These two combinations own large tracts of timberland in the United States and Canada from which they secure their supply of pulp wood, duty free, for the manufacture of bag paper in their own paper mills and mills they control from which they manufacture their paper bags; while we, the independent manufacturers of paper bags, buy in the open market our supply of raw material, bag paper, made from mechanical ground wood pulp, sulphite pulp, and sulphate pulp, on which under sections 338 and 340 a duty of 25 per cent ad valorem is placed against us and in favor of our competitors, the paper-bag trusts.

We protest against this injustice. We ask that the duty on our raw material, paper not above 3½ cents per pound from which our manufactures are made, be placed on the free list and put us on a fair basis of competition with the paper-bag trust, and confer on us the same privilege in securing free raw material for our manufactures that has been accorded the newspaper publishers who receive their raw material (news-print paper) free under section 575—news-print paper being made from the same materials from which bag paper is made, only in slightly different proportions.

May 9, 1913.

AMERICAN PAPER & PULP ASSOCIATION,
New York, May 27, 1913.

GENTLEMEN: Importations into the United States during the month of April, 1913, of printing paper suitable for books and newspapers were as follows:

Reported from—	Pounds.
Belgium	4,719
England	126,898
Germany	65,268
Canada	33,483,681
Sweden	50,581
Norway	20,270
Netherlands	128,139
Scotland	53,344
Total	33,932,900

From the values reported it is apparent that the only paper valued at 2¼ cents or less was imported from Canada, of which 79 per cent came in free of duty.

Yours, very truly.

AMERICAN PAPER & PULP ASSOCIATION.

Importations of printing paper from Canada for first four months of 1913.

	Total.	Free of duty.	Subject to duty.
	Pounds.	*Pounds.*	*Pounds.*
January, 1913	24,662,307	21,372,940	3,289,367
February, 1913	25,338,071	22,418,768	2,919,303
March, 1913	30,635,635	24,571,688	6,063,947
April, 1913	33,483,681	26,391,477	7,092,204
	114,119,694	94,754,873	19,364,821
For same period, 1912	37,527,014	26,175,674	11,351,340

Imports of wood pulp into the United States during the month of April, 1913.

Countries.	Mechanically ground.	Chemical, unbleached.	Chemical, bleached.
	Tons.	*Tons.*	*Tons.*
Austria-Hungary		106	136
Denmark		280	
Germany		4,069	1,131
Norway	22	2,996	4,788
Finland		56	
Sweden	56	7,309	712
Canada	10,351	5,069	415
Roumania		135	
England			69
Russia in Europe		79	
Portugal		28	
Total	10,429	20,787	7,251

Monthly importations for the four months ending Apr. 30, 1913.

	Mechanically ground.	Chemical, unbleached.	Chemical, bleached.
	Tons.	*Tons.*	*Tons.*
January, 1913	13,935	25,696	5,222
February, 1913	8,586	32,459	9,870
March, 1913	9,042	23,984	6,963
April, 1913	10,429	20,787	7,251
	42,042	102,926	29,306
For the same period in 1912	39,542	85,419	26,857

Comparative table of imports of printing paper into the United States, by countries of origin, for the calendar years 1909 to 1912.

Countries from whence imported.	1909 [1]	1910 [1]	1911	1912
	Tons.	*Tons.*	*Tons.*	*Tons.*
Austria-Hungary		[2] 79	79	91
Belgium		[2] 71	198	319
Canada	22,728	54,154	[2] 54,484	[2] 84,630
England		[2] 327	718	616
Scotland				200
France		[2] 60	215	54
Germany	971	736	908	247
Italy		[2] 10	333	34
Japan		[2] 14	11	
Netherlands		[2] 285	542	643
Norway		[2] 403	1,283	1,130
Sweden			[2] 546	[2] 400
Other countries	1,212	1,512	205	3
Total	24,911	57,651	59,522	88,367

[1] Figures not separable by countries from which shipments came, except where specifically indicated, prior to Apr. 1, 1910.
[2] Indicates countries from which paper was imported valued at 2¼ cents per pound, or less.

Comparative table of imports of wood pulp into the United States from foreign countries for the calendar years 1909 to 1912.

MECHANICALLY GROUND WOOD.

Countries from whence exported.	1909	1910	1911	1912
	Tons.	*Tons.*	*Tons.*	*Tons.*
Norway	2,654	3,259	12,405	659
Sweden	112	1,823	14,472	3,788
Canada	139,853	217,106	231,287	181,081
Newfoundland		811	8,024	
Other countries	370	3,190	901	274
Total	142,989	226,189	267,089	185,802

UNBLEACHED CHEMICAL PULP.

Austria-Hungary	4,674	7,258	10,415	6,435
Germany	52,304	58,325	50,351	62,753
Russia	6,609	6,967	3,375	2,125
Norway	15,533	30,730	29,776	42,588
Sweden	45,670	57,798	84,378	107,884
Finland		2,790	3,786	4,147
Roumania				1,289
Denmark	122	1	34	1,022
Canada	36,567	35,903	29,372	47,052
Other countries	1,278	2,309	1,421	1,915
Total	162,757	202,021	212,908	277,201

BLEACHED CHEMICAL PULP.

Austria-Hungary	1,288	2,920	1,004	760
Germany	15,777	22,942	19,236	15,570
Russia	2,458	790	1,401	
Norway	27,812	38,100	46,567	40,201
Sweden	3,337	4,943	9,565	13,574
Finland		136	332	
England	358	309	268	79
Canada	10,272	6,376	7,009	6,297
Other countries	602	329	440	655
Total	61,904	76,845	86,422	77,145

SCHEDULE N.

SUNDRIES.

SCHEDULE N.—SUNDRIES.

Par. 342.—BRAIDS, ETC.

HENSEL COLLADAY CO., TWELFTH AND WOOD STREETS, PHILADELPHIA, PA.

PHILADELPHIA, *May 22, 1913.*

Hon. Senator HOKE SMITH, *Washington, D. C.*

DEAR SIR: A very serious blunder has been made (on p. 87) in the sundries schedule of the new tariff bill. This error will mean a great hardship to many manufacturers if the same is not corrected.

In paragraph 343 (p. 87, line 1) millinery hat braids, known as "ramie braids," are assessed at 15 per cent duty.

At present ramie millinery braids are assessed the same as other millinery silk braids at 60 per cent duty, and ramie millinery braids are only used as a luxury on high-priced hats, the same as a silk millinery braid, and they positively should be classed for the same duty.

We feel sure that this error was made on account of the deliberately false statement of the Straw Goods Importers' Association claiming that no ramie braids were made in the United States.

We manufacture at our factory in Philadelphia thousands of pieces of these ramie braids, and there are 17 other manufacturers in the United States who also make ramie braids.

The raw material, known as ramie sliver, is assessed at 15 per cent duty, the same as the finished braid, and not only will the entire industry of making ramie braids be destroyed, but the very much greater industry of making silk millinery braids will also be wiped out, as the ramie braids so closely resemble the silk millinery braids that they can scarcely be told apart except by an expert.

We simply ask for justice in this matter and feel sure that it is the intention and policy of your committee to grant this. We strongly urge you to investigate our statements with your experts and trust that this obvious wrong will be corrected.

We therefore request that the word "ramie" be stricken from paragraph 343 (p. 87), and if this be done, these ramie braids will then be assessed at the same rate as other braids manufactured in this country.

The Braid Manufacturers' Association of the United States have filed a similar brief on this subject.

Par. 343.—STRAW HATS AND BRAIDS.

BRONSTON BROS. & CO., 21-29 WEST FOURTH STREET, NEW YORK, N. Y.

NEW YORK, *April 25, 1913.*

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

SIR: To revise the duty upward on the raw material and revise the duty downward on the finished product, both paying the same rate, means commercially that the raw material is excluded from development in this country.

We think such provision has been incorporated in the tariff through inadvertence.

Paragraph 348, line 18, of House bill 10 (344, lines 15 and 16, of House bill 3321) provides for the same duty on men's and women's blocked untrimmed hats as for a trimmed and ready-to-wear hat.

Under the Payne-Aldrich bill the duty on blocked untrimmed hats is 35 per cent, and trimmed hats pay 50 per cent.

Under the proposed bill they both pay 40 per cent.

Our entire business is importing, trimming, and finishing men's blocked hats. This, of course, we could not do if the above provision should become the law.

May we ask your aid in restoring the differential between these two products, of which we are sending you to-day samples by express?

[Inclosures.]

Untrimmed block hat.

Cost in Italy	$3.2500
Duty, if at 40 per cent	1.3000
Trimming in America (including packing)	2.3600
Ocean freight, insurance, and landing charges	.5000
	7.4100

Imported trimmed.

Cost of body	3.2500
Cost of trimming	1.3100
Duty at 40 per cent	1.8200
Ocean freight, packing, insurance, landing charges	.7500
	6.0800

Untrimmed blocked hats	3.2500
Duty, if at 25 per cent	.8125
Trimming in America, including packing	2.3600
Ocean freight, insurance, and charges	.5000
	0.0225

Our imported blocked shell has no trimming of any nature whatever, either inside or outside. We add from 55 to 75 per cent expenses to the imported article before it is ready for use.

[Tariff of 1897.]

Paragraph 409. * * * hats, bonnets, and hoods, composed of straw, chip, grass, palm leaf, willow, osier, or rattan, whether wholly or partly manufactured but not trimmed, 35 per cent ad valorem; if trimmed, 50 per cent ad valorem.

[Tariff of 1909.]

Paragraph 422. * * * hats, bonnets, and hoods composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, cuba bark, or manila hemp, whether wholly or partly manufactured, but not trimmed, 35 per cent ad valorem; if trimmed, 50 per cent ad valorem.

[Underwood bill, H. R. 3321.]

Line 12 Paragraph 314. * * * hats, bonnets, and hoods composed
Line 13 wholly or in chief value of straw, chip, grass, palm leaf,
Line 14 willow, osier, rattan, cuba bark, ramie, or manila hemp,
Line 15 whether wholly or partly manufactured, but not blocked
Line 16 or trimmed, 25 per cent ad valorem; if blocked or trimmed,
Line 17 40 per cent ad valorem.

Unless words in line 15 and words in line 16 are omitted, as in the two preceding tariffs, the duty on the raw material is increased 5 per cent and on the finished product decreased 10 per cent, thereby preventing the operation of our present business of importing blocked straw hats and trimming them in this country.

BRIGHAM-HOPKINS CO., BALTIMORE, MD., BY JAMES D. HULL, SECRETARY.

BALTIMORE, MD., *April 30, 1913.*

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

DEAR SIR: As manufacturers of straw hats, we direct your attention to paragraph 343 of House bill 3321 covering straw braids and straw hats. The effect of this paragraph is to maintain the duty on straw braid—our raw material—at 15 per cent, and to reduce the duty on finished hats from 50 per cent to 40 per cent, and on unfinished hats from 35 per cent to 25 per cent.

Our argument to the Ways and Means Committee in favor of retaining the duty now in force appears in the printed hearings, Schedule N, pages 49, 87, et seq., to which we respectfully refer for a full discussion of the arguments which were advanced for maintenance of these duties. A part of our argument was addressed toward a change in the language of the present law to overcome an obvious, unfair distinction between untrimmed and trimmed hats composed of sewed straw braid.

Our attention has been directed to a circular letter which has been sent broadcast to different parts of the country inclosing the form of another letter with a request that the second letter be sent to the United States Senators. We protest against the facts contained in this circular letter, and reiterate that all of the facts in the brief of the Straw Goods Association presented to the Ways and Means Committee are correct. We therefore respectfully request your good offices not to change the language of the Underwood bill affecting straw hats. This language was made after a very careful investigation by the committee. If any change should be made, it should be to put the rates back where they were under the present law—that is, unmanufactured hat bodies 35 per cent, and manufactured hat bodies 50 per cent.

TOWNSEND GRACE CO., 209-211 NORTH FAYETTE STREET, BALTIMORE, MD., BY S. CLINTON TOWNSEND, PRESIDENT.

BALTIMORE, *May 2, 1913.*

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

DEAR SIR: As manufacturers of straw hats, we direct your attention to paragraph 343 of H. R. 3321, covering straw braids and straw hats.

The effect of this paragraph is to maintain the duty on straw braid (our raw material) at 15 per cent and to reduce the duty on finished hats from 50 to 40 per cent and on unfinished hats from 35 to 25 per cent.

Our argument to the Ways and Means Committee in favor of retaining the duty now in force appears in the printed hearings, Schedule N, pages 49, 87, et seq., to which we respectfully refer for a full discussion of the arguments which were advanced for maintenance of these duties.

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SAMUEL PHILLIPSON, BALTIMORE, MD., AND OTHERS.

BALTIMORE, MD., *March 31, 1913.*

Hon. JOHN WALTER SMITH,
United States Senate, Washington, D. C.

DEAR SIR: We respectfully ask your consideration of the serious effect which a reduction in the tariff on manufactured sewn straw hats would have upon that industry in this country. Under the present rate of duty, which has prevailed for many years, American manufacturers by the closest application and greatest economy have been able to compete with the foreign product. To-day more sewn straw hats made abroad are imported into this country than ever, and the increase in importation has been very large during the past three years; and the outlook is that this increase in importation will continue unless the American manufacturer is given just protection against the foreign product.

A brief on the tariff schedule on straw goods was presented to the Committee on Ways and Means on the evening of January 29, while this committee was holding hearings on Schedule N. This brief is printed in Report No. 22, pages 4369–4375, of the hearings before the Committee on Ways and Means. The only brief filed before the committee asking for a slight reduction in the tariff on imported sewn straw hats was that filed by Bronston Bros. & Co. and published in Report No. 24, pages 4688–4689, of the hearings before the Committee on Ways and Means.

We wish to inform you that Bronston Bros. & Co. is a New York firm who import sewn hats which have been bleached, sewn, sized, blocked, pressed, and finished, ready for trimming. These hats under the present tariff are brought in under a duty of 35 per cent, whereas the trimmed hat is brought in under a duty of 50 per cent. This duty of 35 per cent was never intended to be applied to this class of hats, for the same were not imported at the time when the present schedule was enacted, but was intended to apply to woven hats, for the amount of domestic labor required for manufacturing woven hats is not as great as that required for sewn hats.

Bronston Bros. & Co. was the first firm to take advantage of this oversight in the tariff and to import the hats almost practically finished—all but the trimming. Although they started their business only about three or four years ago, they are now importing and trimming hats at the rate of over 300 dozen a day. During the past six months two other firms in New York have gone into the business of importing hats from Italy, being, in fact, agents or representatives of the Italian manufacturers; and it is very probable that the number of hats imported next year will be more than double the number of hats imported during the present year. By this you can see that we are constantly meeting with active and growing competition with foreign hats.

In the brief of Bronston Bros. & Co. there appears the following clause:

> While we import the shell or body of the hat, we are American manufacturers to no small degree, * * * which enables us to come before you without the fear of being assailed as selfish importers, wholly unmindful of American labor and investment, both of which elements are, in proportion to our business, quite as much a part of ours as of the firm who builds from the braid where we build from the shell.

This clause is very misleading, for what is termed the shell or body is the hat completely made, ready for trimming, which is the last of the many processes. Moreover, this clause gives one the impression that Bronston Bros. & Co. employ American labor which might otherwise be unemployed; also that their business is a benefit to American labor. In refutation of this we state and can conclusively prove that for every dollar that Bronston Bros. & Co. and the other importers of untrimmed sewn hats pay for the trimming of these hats after they have been imported into this country they only displace a dollar which would be paid by the American manufacturers for the trimming of similar hats which would have been previously manufactured in this country, and, moreover, for every dollar which they pay for the trimmings of straw hats which have been previously made and finished in some foreign country they take away from American labor $3 which would have been paid to American men and women for the making of the same hats if they had been previously made in

American factories. Therefore we do not think that the plea of Bronston Bros. & Co. deserves the slightest consideration from your hands.

While the importation of untrimmed hats has only been conducted for a few years, yet it has become so important a business that many American jobbers and large retailers now make annual trips to England and Italy to buy these foreign hats. Under present conditions it is only a matter of a few years before the selling forces of the foreign factories will be so equipped that they will be able to place foreign goods in every city, town, and village of our country, displacing so much American-manufactured goods.

To show you why the Italian manufacturer is able to produce straw hats even cheaper than the English manufacturer, who was formerly our chief competitor, we quote the following from a letter of Mr. Samuel Phillipson, a New York jobber, who visits England and Italy now regularly to buy foreign straw hats, not because he prefers to sell them, but because he must sell them, as they can be brought in and sold cheaper than the same American-made goods. His letter reads as follows:

JANUARY 23, 1913.

Mr. WILLIAM LEVY,
Lombard and Paca Streets, Baltimore, Md.

MY DEAR MR. LEVY: Your letter of the 22d instant to hand, and in reply will give you as much information as I possibly can at this time.

I was in two of the largest straw-hat factories in Italy, and in the largest one, I became quite friendly with the manager, who also showed me through the entire factory. In this particular factory girls are employed in the manufacture of straw hats from the age of 10 years and upward, and I was shown into a room where quite a good many girls 10 and 11 years of age were working. These girls, together with the other help in the factory, work from 7.30 a. m. to 7.30 p. m. every day in the week, except Sunday. They receive in wages about 4 or 5 lire per week, which is equal to about 90 cents or $1 in American money. Of course, after they are there some time they advance, but the advancement is very slow, and their pay increased gradually. The experienced, or what they call skilled workmen on straw hats, earn on an average from 25 to 30 lire per week, a lira being equal to about 20 cents in American money. They all have to put in, at least, 10 to 12 hours daily.

While in England I was in a very large factory, and there the proprietor himself informed me that a good deal of work is done in the homes of families, and not in the factory itself; that is to say, the owner or manager of a factory gives to the head of the family or anyone who should call, the braid, trimmings, and other utensils used in the manufacture of straw hats. These materials are taken home and hats made by all members of the family; that is to say, father, mother, children, and all who are connected with the family help in the manufacture of these goods. What they receive in wages I can not tell you, but my impression is that it can not be very much, inasmuch as when you see these people coming to the factories for work and to deliver their finished work, they all look poorly clad, and as if they were not well fed, etc.

These are the conditions as I found them in Luton and St. Albans. I forgot to mention it that in Italy I saw little boys employed who were 8 years of age. Of course, this is a deplorable condition which should not exist, but nevertheless it does, and I am glad that it does not or can not exist in this civilized country of ours.

I trust that this little information will be of some value to you, and if I can be of any service to you I will only be too pleased to do so.

Although we import straw hats ourselves, we are very much opposed to having the duty lowered. My personal opinion is that it should be slightly increased, but if not, it should certainly remain as it is.

Very truly, yours, SAML. PHILLIPSON.

As our workmen earn from $13.50 to $25 per week, averaging $18 per week, you will see from the above that the workmen in Italy are paid only one-third of what we pay our workmen, and we ask for

protection so that we may continue to pay our workmen a just and fair wage according to the American standard of living.

When protection is asked for American labor against cheaper foreign labor it is often stated by those who think that the tariff should be lowered that the American manufacturer takes advantage of the tariff and does not employ American labor, but brings in cheaper foreign labor, so that the tariff protection is a benefit to the manufacturer and not to American labor. Such a charge, we are most happy to say, can not be made against our business, for of the 2,500 people in our employ over 95 per cent are native American men and women. This, we think, deserves your most serious consideration.

In passing we may mention that we fear even more serious competition than that of the Italians, for the Japanese are now making sewn straw hats, and a line of them has been displayed in New York City and offered to the American trade. As the cost of labor is even far less in Japan than it is in Italy, we fear that it is only a matter of time when the Japanese will be making and sending sewn hats into this country at such low prices that the American manufacturers will be obliged to discontinue their business, unless they are given due consideration in just tariff protection.

In view of the above we believe that you will agree with us that a reduction in the tariff will benefit only the foreign manufacturer and be a great hardship to the many thousands of native American men and women dependent upon this industry; but as the old axiom. "Seeing is believing," is the best test of any disputed question, we invite you to visit our factories at any time convenient to you, and we will gladly demonstrate to you the labor employed in the various processes of manufacturing sewn straw hats, and you will readily see that under the present tariff of 35 per cent on untrimmed sewn straw hats over three times as much labor is put into the body or shell of the hat in Italy or other foreign countries as is put into the trimming of same after the hat is brought into this country. You will also be able to meet as many of our employees as you desire, and we are sure that you will readily see that a reduction in the tariff which would injure our business will be harmful to hundreds of intelligent native American wage earners.

In closing we wish to call your attention further to the fact that this industry can not be classed among the trusts which have been fostered by a tariff higher than necessary, as in Baltimore alone more than six concerns, amply financed, have resulted in failure in this industry. The firms in our city which have met with success have been carried forward only by the greatest personal application and most rigid economy.

We feel sure that our statements will receive serious consideration at your hands; and thanking you for allowing us to present this matter to you, we remain,

Yours, truly,

M. S. Levy & Sons (Inc.), per Wm. Levy, president: Brigham, Hopkins Co., Robert D. Hopkins, president: Townsend Grace Co., Wm. S. Townsend, treasurer: A. D. Smith Sons Co., per A. D. Smith, president: Montague & Gillet (Inc.), Wm. P. Montague, vice president; the Francis Co. (Inc.), W. H. Francis, president.

STRAW GOODS ASSOCIATION, 151 GREENE STREET, NEW YORK, N. Y.

NEW YORK, *May 7, 1913.*

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

SIR: We direct your attention to paragraph 343 of H. R. 3321, covering straw braids and straw hats. The effect of this paragraph is to maintain the duty on straw braid (our raw material) at 15 per cent and to reduce the duty on finished hats from 50 per cent to 40 per cent and on unfinished hats from 35 per cent to 25 per cent.

This association presented written and printed arguments to the Ways and Means Committee in favor of retaining the duty now in force, which argument appears in the printed hearings, Schedule N, pages 49, 87, et seq., to which we respectfully refer for a full discussion of the arguments which were advanced for maintenance of these duties.

A part of our argument was likewise addressed toward a change in the language of the present law to overcome an obvious unfair distinction between untrimmed and trimmed hats so as to make the change between hats "not blocked or trimmed" and "blocked or trimmed." The House of Representatives changed the language to meet our request, appreciating the soundness of our reasoning.

Our attention has now been directed to efforts being made by certain manufacturing interests who import untrimmed hats and trim them in the United States to prevent the changed paragraph passing the Senate and to restore the language of the old paragraph.

We protest against the facts contained in their argument against the soundness of the language in the paragraph as passed by the House and respectfully request you to examine the argument of this association presented to the Ways and Means Committee.

We take this means of calling the matter to your attention instead of doing so through a personal representative, appreciating that in these busy times you prefer, if possible, to take the matter up in this way. We only, however, in justice to the hat manufacturers of the country, ask that if you have any doubt of the wisdom of the phraseology of the House act, in so far as it relates to this paragraph, you will not amend the paragraph without giving us an opportunity of personally presenting our side of the case.

We therefore respectfully request that should any such amendment be in contemplation you will be good enough to let us know so that we may have a personal representative interview you for 10 minutes, as we feel that but half of this time will be required to convince you of the merit of the change.

STRAW GOODS ASSOCIATION, 151 GREENE STREET, NEW YORK, N. Y., BY MILTON DAMMANN.

Supplementing the verbal statements made by Milton Dammann in behalf of the Straw Goods Association before the honorable subcommittee of the Senate Finance Committee in support of the phraseology contained in paragraph 343, covering particularly "straw hats," we direct the committee's attention as follows:

The language in the Underwood bill with respect to the items contained in this paragraph changes the language of the present law in four respects.

One. It reduces the rate on finished straw hats from 50 per cent to 40 per cent.

Two. It reduces the rate on hat bodies (a raw material) from 35 per cent to 25 per cent.

Three. It distinguishes between hats "not blocked or trimmed" and hats "blocked and trimmed," instead of "trimmed hats" and "untrimmed hats."

Four. It introduces ramie braid in this paragraph.

DUTY ON FINISHED HATS SHOULD NOT HAVE BEEN REDUCED.

The reduction in the duty of from 50 per cent to 40 per cent on our finished product we submit was uncalled for, and we protest against the same, because the Government record of importation shows that our business is now established upon a widely competitive rate. We do not desire to encumber this argument with reasons other than those contained in the brief and argument submitted by us before the Ways and Means Committee, which appear in the printed hearings, Schedule N, page 4987 et seq.

LANGUAGE OF THE UNDERWOOD BILL COVERING THIS PARAGRAPH IS PROPER.

We urged before the Ways and Means Committee that the language of the present law be changed from "hats untrimmed" at the lower rate to "hats not trimmed or blocked," and present the following reason in support of this change:

The difference between the two classifications has always been intended to cover unblocked and untrimmed hat bodies, such as panamas, bangkoks, and leghorns, and other hats which are woven by the natives in South American and oriental countries where they are produced. These hats are known to the straw-hat trade as hats in the "rough," and are not now, never have been, and never will be made in this country, but are imported by straw-hat manufacturers, who bleach, block, and trim them for sale. Whatever duty is put upon these hats is a duty for revenue only, and can not at any time be a duty to establish a competitive rate or for the purposes of protection, and whether the duty is free or a hundred per cent would make no difference to the manufacturer, except that the importations would be stimulated if free and stunted if extremely high. This class of "rough hats" is essentially raw material. Prior to about two years ago the only kind of hats covered by the phraseology "untrimmed hats" were the hats above described, and the word "untrimmed" in the hat trade always was understood to mean a hat body in the raw state. About two years ago the ingenuity of American business men discovered that this language was broad enough to permit the entry into the United States of a hat composed of straw braid—i. e., the hat that is commonly known as a straw hat and generally worn throughout the country by men—providing that they did not "trim" the hat; that is to say, put the leather sweatband on

the inside and the ribbon on the outside for decorating purposes. Once having ascertained that these untrimmed straw hats could be brought into the United States at the rate of duty intended to be imposed on hat bodies, they have succeeded in building up a tremendous business, and not alone are active competitors of the American manufacturers in all grades, but control the market on the cheaper grades of hats, and all within the last two years.

Mr. Todd, the attorney for Bronston Bros., at the hearing before the subcommittee covering this paragraph on May 26, responsive to a question of one of the Senators, stated in the presence of this firm that this firm alone imported within the last year 50,000 dozen of these hats blocked and finished, except for the trimming, which they trimmed and sold in the American market. This firm, we are informed, does not sell hats at less than $9 per dozen, and we believe $14 would be a fair average of the selling price of their straw hats, so that the production of the firm of Bronston Bros. alone amounts to $700,000; and yet in the argument which they submitted to the House Ways and Means Committee and to the Senate Finance Committee and the statements that have been made to various Senators in private, is to the effect that not over $125,000 worth of these so-called untrimmed straw hats were imported into the United States.

Straw hats of the kind herein described are made of straw braid, every inch of which is imported into this country—if bleached, at 20 per cent, and if unbleached, at 15 per cent. The natural braid before being merchantable must be bleached, dyed, or stained. It is then sewed together by hand into a hat body, sized, and stiffened by the addition of a glue compound, and then the crown is blocked by one process and the brim pressed by another process. the work requiring a large factory with a big investment for manufacturing. In all of the factories a majority of the blocking is handwork; in some of the factories, particularly the factories making the better class of hats, all of the work is done by hand, so that it is not an unfair statement to make that all of the labor on a straw hat is hand and not machine labor. In straw-hat parlance, when a hat is blocked ready for the trimming rooms it is finished, for trimming is only an incidental part of the manufacture. The labor involved when sewed by machine costs about 40 cents per dozen, and when by hand a sum slightly in excess thereof. No plant of any kind except a room is required to trim hats. If a machine is used, it is an ordinary sewing machine with a special attachment; if by hand, all that a woman requires is a needle and a thread; and to call a firm that buys a finished straw-hat blocked body and trims the same a manufacturer is a misnomer. Briefs and arguments of importers assert that trimming represents about 85 per cent of the hat's value. The actual labor cost of trimming averages 12 to 14 per cent of the total labor cost of a hat and averages less than 5 cents a hat. The cost of the leather and silk band does not enter into the merits, because manufacturers buy the trimmings the same as the importers. Most of the bands and sweat leathers are imported and pay about the same duty off or on the hat.

The importers of these blocked straw hats claim that it is their raw material. It is just as logical to argue that if we imported shoes without buttons, or suits of clothing without buttons or linings, that the shoes and the clothing would be the raw material and not the woolen cloth and the leather. The fancy linings and ribbons shown

on the exhibits of Bronston Bros. and the other importers aping the millinery effect of females is certainly no essential part of the hat. The ordinary hat body (Panama, Bangkok) which is imported is "raw," and not one bit of labor has been put upon the hat except the weaving of the straw, and this same weaving labor is put upon straw braid. Is it fair to say that the same rate of duty should be imposed upon this unfinished raw material (body hat) and upon the finished and blocked straw hat made out of straw braid?

Under the present language of the Payne Act these hats come in at 35 per cent. The fact that Bronston Bros. this year imported 600,000 hats ought to show conclusively that they can be imported cheaper than manufactured in the United States, otherwise they would be manufacturing. Other American manufacturers who are members of our association import these hats by thousands of dozens, because they find it profitable to do so, and we left with the clerk of the committee two blocked untrimmed hats for comparison; one imported, which cost f. o. b., Italy, $2.76; landed in New York, all charges paid, $4.17; and the other hat of like quality made in American factory which cost, without any addition for selling expenses but actual money spent for labor and material, $5.14. (Ways and Means hearings, Schedule N, table, p. 4997.) At the 35 per cent rate these hats can be landed in New York from 15 to 25 per cent below what it costs to produce them here. At 25 per cent, which would be the rate imposed if the classification in the Underwood bill is changed, would simply mean that all of the American manufacturers would find it more profitable to import the hats blocked and trim them here instead of importing the braid and manufacturing the hats. We certainly will not sit idle and see the business get away from us, and if the rate is reduced we in turn must import the blocked hats instead of the braid and finish the same in our trimming rooms in order to supply our trade. Other attempts to mislead appear in the photographic circular which has been generally distributed endeavoring to show that all kinds of hats pay the same rate. One picture is of a woven hat in its natural condition (or blocked for transportation purposes) which is dutiable at the low rate and is not classified as a blocked hat. The picture of the lady's hat is ridiculous, because the hat is not composed in chief value of straw but of feathers. No hats of this latter kind are ever imported except returning tourists and a few models for use by fashionable milliners.

We submit that the change in language is logical and one based upon sound reasoning. The language of the Underwood bill carries into effect the intention of the language of the Payne and the Dingley Acts. It has been changed to meet conditions that did not exist and were never in contemplation at the time of the passage of these bills. The facts are self-evident, and we respectfully pray that this paragraph be enacted into law in its present form.

RAMIE BRAID SHOULD REMAIN IN THIS PARAGRAPH.

Ramie braid should not be removed from the paragraph for the reasons set forth in the first section of the brief submitted to the Ways and Means Committee, which we append, and ask that the same be considered a part of this argument with respect to the whole subject matter.

(The brief which was inserted at this point may be found at page 4994 of the hearings before the Committee on Ways and Means of the House of Representatives.)

(The above communication was signed by Milton Dammann for the Straw Goods Association, representing the following straw-hat manufacturers: Brigham-Hopkins Co., M. S. Levy & Sons, Montague & Gillet Co., Vanderhoef & Co., Blum & Koch, M. S. Mork & Co., Wm. Knowlton & Sons, Comey & Johnson, Wm. Carroll & Co., Leyser-Green Co., Searle, Dailey & Co., National Straw Works, R. H. Comey Co., Westboro Hat Co., Grove Straw Hat Works, Wm. F. Chiniquy Co., Isler & Guye, Olivier & Co., Dearbergh Bros., China Trading Co., and the American Trading Co.)

BRAID ASSOCIATION OF THE UNITED STATES OF AMERICA, 251 FOURTH AVENUE, NEW YORK, N. Y., BY A. S. WAITZFELDER AND OTHERS.

The MEMBERS OF THE COMMITTEE ON FINANCE,
United States Senate:

HEMP BRAIDS.

We respectfully ask that hemp braids be removed from paragraph 344, Schedule N, of H. R. bill 3321, for the following reasons:

First. Hemp braids, when dyed and finished, are equal in appearance to silk braids and not to straw or chip braids (in proof thereof we attach clippings of each kind).

Second. Hemp hat braids are not a necessity but a luxury, just as much as silk hat braids.

Third. Hemp braid if assessed at same rate as silk hat braids would be manufactured in the United States, yielding well-paid employment to thousands of work people.

We respectfully as that hemp braids should be stricken from paragraph 344, so that they will be assessed at the same rate as that assessed on other braids manufactured in this country.

RAMIE BRAIDS.

We respectfully ask that ramie braids be stricken from paragraph 344, Schedule N. of H. R. bill 3321, known as the straw-braid paragraph, for following reasons:

First. Ramie braids more closely resemble silk hat braids than straw or chip braids. (In proof thereof we attach clippings of each kind.)

Second. Ramie silver, our raw material, is proposed to be taxed under paragraph 279 at 15 per cent ad valorem, whereas imported ramie braids under paragraph 344 would be assessed at the same rate of 15 per cent ad valorem for natural, or at 20 per cent for colored. We rely upon what we understand to be your announced policy to maintain competitive conditions, not to destroy them.

Third. We believe that ramie braids have been included in paragraph 344 because of a deliberately false statement contained in the brief of the Straw Goods Association, which appears on pages 4994 et seq. of the tariff hearings before the Committee on Ways and

Means, Schedule N, "that not an inch of ramie braids is made in the United States." In refutation we submit the names of the following domestic ramie-braid manufacturers: Goodman Bros. & Hinlein, S. Rosenau & Co., Lipper Manufacturing Co., Espen Loeb & Co., and Largman Oppenheim & Co., Philadelphia, Pa.; Walser Manufacturing Co., Clifton, N. J.; Walter J. Vogt and William Salmon, Brooklyn, N. Y.; A. J. Bien Braid Co., D. Domroe & Co., A. Siegrist Co., Joseph Brandt & Bro., Berlin & Trosky, Union Novelty Braid Works, H. Kram & Co., Louis Metzger & Co., L. B. Simonds & Co., and Rubin Bros., New York, N. Y.

We respectfully ask that ramie braids should be stricken from paragraph 344, so that they will be assessed at the same rate as that assessed on other braids manufactured in this country.

Par. 344.—BROOMS AND BRUSHES.

ALFRED H. SMITH CO., 35-39 WEST THIRTY-THIRD STREET, NEW YORK, N. Y., BY ROWLAND H. SMITH.

NEW YORK, *May 14, 1913.*

The MEMBERS OF THE COMMITTEE ON FINANCE,

United States Senate:

The undersigned, representing the importers and dealers of brushes in this country, desire to call the attention of your honorable committee to paragraph 344 of the Underwood bill:

Brooms, 15 per centum ad valorem; brushes and feather dusters of all kinds, and hair pencils in quills or otherwise, 35 per centum ad valorem.

The duty on brushes and feather dusters of all kinds and hair pencils in quills or otherwise is 40 per cent under the Payne-Aldrich law.

The consumption of brushes is increasing rapidly in this country, largely through the campaign of hygiene which is being carried on by the various health bodies among the public generally, and in the public schools in particular.

The brush industry throughout the world is rapidly changing from handmade to a machine industry, which is materially reducing the cost of manufacture, both here and abroad, and thus eliminating largely any difference in the cost of manufacture between domestic and foreign production. This is shown in the testimony given by Joseph C. Bonner, president of the Ames-Bonner Co., of Toledo, Ohio, one of the largest American manufacturers of brushes:

Under those conditions within the last 25 years that I have been associated the quality of hair brushes and toilet brushes of every kind that have been used in the family have improved in their manufacture about 60 per cent, and I should say that the price has been reduced 75 per cent. * * * Almost all toilet brushes are now machine made. (Schedule N, 5040-5041, Underwood hearings.)

The present duty of 40 per cent or the proposed duty of 35 per cent in the Underwood bill is too high to place the importer on a competitive basis with the American manufacturer. This is shown by the fact that at the present time less than 8 per cent of the

brushes consumed in this country are imported, and the percentage to consumption is constantly decreasing instead of increasing. (P. 5032, Schedule N, hearing, 1913.)

The argument of the domestic manufacturer is that he must have a large duty in order to protect his labor from competition with the cheap labor abroad. As an instance of the "protective labor" employed by one American manufacturer, we inclose copy of pamphlet 181, issued by the National Child Labor Committee of New York City, which, on page 42, shows young children engaged in the making of brushes in a tenement in New York City.

We respectfully call your attention to the brief of the importers, Schedule N, 5031, and the reply brief of the importers given, Schedule N, page 5038, of the hearings before the Underwood committee.

The importers argued in their brief that the present duty should be cut in half, to 20 per cent, which would place the industry in this country on a competitive basis with the foreign manufacturers, and they respectfully desire to call the attention of the members of your committee to the fact that the proposed reduction from 40 to 35 per cent is not sufficient to produce that result.

Pars. 346 and 347.—BUTTONS, ETC.

CITY BUTTON WORKS, 468 TO 472 WEST BROADWAY, NEW YORK, N. Y., BY J. F. BYRNE, MANAGER.

NEW YORK.

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

DEAR SIR: In the proposed tariff bill, No. 3321, buttons are referred to in three different places, namely, Schedule C, paragraph 153; Schedule N, paragraphs 346, 347, and 366.

On considering the different paragraphs we noted they can be made to disagree. We sought to have the seeming discrepancies corrected in the House of Representatives, but being late in our endeavors it was suggested that we apply to the Senate for consideration.

In the tariffs of 1897 and 1909 trouser buttons appear under one heading, with two descriptions: Those of steel, only one-fourth cent per line, 15 per cent ad valorem; those of other metal, one-twelfth cent per line, 15 per cent ad valorem.

In the revision this year they are placed in Schedule C, paragraph 153, as "steel trouser buttons and metal buttons," an incomplete description. Here we suggest a change be made, so that the phrase will read "trouser buttons of steel and other metals."

In this way that particular class of goods would be covered in a clear and explicit manner, impossible to question, as trouser buttons are made of a variety of metals other than steel.

This correction will preclude any undervaluation of imports, but if the paragraph (C, 153) is maintained unchanged, it will conflict with Schedule N, paragraph 366, which includes certain buttons for

which the claim could be made they were covered by the metal Schedule C, for the following reasons:

Schedule N, paragraph 366, includes "dress buttons," reads:

Composed of metal, whether or not enameled, wash, covered, or plated, including rolled gold plate, costing over 20 cents per dozen pieces, 60 per cent ad valorem.

Preceding tariffs and the proposed new one includes certain buttons of metal under "Jewelry," on account of nicety of finish. A just arrangement—and the above-mentioned paragraphs (N, 366) covers them, although the new 60 per cent rate is infinitely lower than the existing charge. Here is where the possibility is developed for the shrewd foreign manufacturer or importer to evade the tariff in the following way:

Many of these imported metal buttons apparently covered by paragraph 36, Schedule N, are made in two or many more sizes.

The larger ones costing over 20 cents per dozen pieces, but small sizes in many instances despite the finish are produced for less than the minimum rate of 20 cents per dozen pieces, the tariff specifies.

The clever concern will classify the large sizes, as they must be, according to paragraph 366, Schedule N, at 60 per cent ad valorem, but the small sizes can and will be entered under paragraph 153, Schedule C, at 15 per cent. When the appraiser takes exception to this classification the exception must fail on being confronted with the two paragraphs, for as now written they will allow any pattern metal button of different sizes, yet of one grade as to finish, being entered under two distinct and widely varying rates of duty.

It is these discrepancies which can nullify your intentions and which we have sought to have corrected. We have no ax to grind; we do not cry out the new tariff will paralyze our business and deprive our working people of the means of livelihood. We have existed under many trying circumstances; tariffs have helped us, tariffs have hurt us, we have made money, and at times run our plant at a tremendous loss. We shall go on, submit to the inevitable, but ask in all justice that this communication be considered as written in fairness and inspired only by the desire to have the application of paragraphs which now vary made clearer so that the purpose you gentlemen seek to fulfill can not be defeated by technicalities, for that is what can occur under the schedules applying to buttons as now written.

In Schedule N, paragraph 366, we suggest the title "Dress buttons," which is somewhat of a misnomer, be changed to "Garment buttons." This will be a comprehensive designation properly fitting all the various kinds of buttons described in the paragraph, as those imported for either male or female wear are then covered by the description "Garment buttons," and all the paragraphs applying to buttons will work harmoniously; thus, Schedule C, paragraph 153, will cover a distinct class of goods, i. e., trouser buttons of all kinds.

Schedule N, paragraphs 346-347, will cover miscellaneous productions and such as might be called staple lines.

Schedule N, paragraph 366, buttons of such character as necessitate a special classification.

Par. 347.—PEARL BUTTONS.

VIENNA PEARL BUTTON CO. (INC.), MUSCATINE, IOWA, BY D. A. WILLIS, SECRETARY.

Hon. HOKE SMITH,

Committee on Finance, United States Senate:

Schedule N, page 86, paragraph 348: That part of the paragraph which relates to pearl buttons—finished or unfinished, and pearl-button blanks—on which the proposed duty of 40 per cent ad valorem duty is applied.

Our industry is the manufacture of pearl buttons from shells found only in the rivers of our Middle West and Southern States, and was brought into existence under a specific rate of duty.

The proposed rate of 40 per cent ad valorem is a reduction of over 75 per cent on the present compound rate of duty.

This reduction will result in serious injury to our industry unless this 40 per cent ad valorem rate is applied in the form of a specific rate of 1 cent per line.

Our raw material being of a low grade makes our finished product largely of medium and low priced qualities, whereas our labor, amounting to 52 per cent of the cost of our finished product, is perhaps the highest paid in any industry where unskilled labor is employed.

We believe the Ways and Means Committee intended to give us a fair rate, but in changing from the present compound rate to an ad valorem rate the benefits are lost, as our product is of low grade and proportionately low priee; and as a consequence our workmen at $15 per week will be put in competition with the Japanese of known equal efficiency as button makers at $2 per week, therefore we will not be able to meet this competition.

Attached hereto are copies of pay rolls showing actual earnings of employees for the various operations of manufacture, together with illustration of the labor cost to the completed product.

We ask that the duty on pearl buttons and pearl-button blanks be made 1 cent per line per gross (line measure being one-fortieth of 1 inch), and respectfully request that Schedule N, paragraph 348, be stricken out and the following be substituted therefor:

Buttons, or parts of buttons and button molds or blanks, finished or unfinished, shall pay duty at the following rates, the line-button measure being one-fortieth of one inch, namely: Buttons of pearl or shell, 1 cent per line per gross; buttons not specially provided for in this section, and all collar or cuff buttons and studs composed wholly of bone, mother-of-pearl, or ivory, 40 per centum ad valorem.

[Inclosure 1.]

Cost of 100 gross size 16 line fresh-water pearl buttons.

Cutting		$6.50
Grinding		.20
Finishing		1.10
Grading		1.00
Labor (52 per cent)		8.80
Raw material (24 per cent)		4.00
Overhead cost (24 per cent)		4.06
Cost of 100 gross		16.86
Average selling price, 21 cents per gross		21.00
Less selling expense (10 per cent)	$2.10	
Less cash discount (2 per cent)	.42	
	2.52	
Less profit (9½ per cent)	1.62	
		4.14
		16.86

[Inclosure 2.]

[Vienna Pearl Button Co. (Inc.), Muscatine, Iowa.]

Male labor—Cost cutting blanks—Raw material used.

[Average earned, based on 6 days of 58 hours per week. Highest and lowest earned, actual amount received per pay roll, 26 weeks.]

Date of pay roll.	Average earned.	Actual time average man worked (days).	Highest earned for actual time.	Lowest earned for actual time.	Average 6 days 20 best men.	Tons of shell used.	Shell cost.	Amount pay roll.	Total cost, labor and material.	Engineer.	Foreman.	Helpers.
1912.												
Aug. 7	$13.55	5½	$17.70	$7.77	$17.35	25½	$765.00	$827.54	$1,592.54	$18.00	$16.00	$12.00-$9.00
14	13.50	5½	18.81	9.75	17.30	25	750.00	825.06	1,575.06	18.00	16.00	12.00- 9.00
20	13.62	6	20.32	9.75	16.75	25	750.00	871.37	1,621.37	18.00	16.00	12.00- 9.00
26	14.90	6	22.50	8.26	17.55	27	810.00	900.12	1,710.12	18.00	16.00	12.00- 9.00
Sept. 3	14.16	5	17.65	8.20	17.65	22	660.00	720.96	1,380.96	18.00	16.00	12.00- 9.00
11	15.05	6	23.40	12.08	18.40	28	840.00	896.96	1,736.96	18.00	16.00	12.00- 9.00
18	15.00	6	20.41	10.20	18.20	30	900.00	990.73	1,890.73	18.00	16.00	12.00- 9.00
24	14.50	6	21.06	10.00	18.15	28	847.50	1,004.59	1,844.59	18.00	16.00	12.00- 9.00
Oct. 3	14.33	6	21.45	8.38	18.00	29	870.00	991.07	1,861.07	18.00	16.00	12.00- 9.00
8	14.52	5	17.55	9.10	18.22	22	660.00	837.18	1,497.18	18.00	16.00	12.00- 9.00
15	14.15	6	19.68	9.31	17.00	26	780.00	969.03	1,749.03	18.00	16.00	12.00- 9.00
22	14.16	5	18.15	11.40	17.20	22	660.00	775.28	1,435.28	18.00	16.00	12.00- 9.00
29	14.75	6	20.52	11.07	18.25	24	727.50	923.78	1,651.28	18.00	16.00	12.00- 9.00
Nov. 5	14.61	6	21.47	10.33	18.00	24	720.00	869.30	1,589.30	18.00	16.00	12.00- 9.00
12	14.00	5½	16.74	10.71	16.00	22	660.00	762.03	1,422.03	18.00	16.00	12.00- 9.00
19	15.25	5½	18.76	10.72	17.15	24	720.00	887.19	1,607.19	18.00	16.00	12.00- 9.00
26	14.52	6	20.71	11.40	17.20	25	750.00	876.90	1,626.90	18.00	16.00	12.00- 9.00
Dec. 3	13.68	4½	17.38	9.31	16.00	19	570.00	679.99	1,249.99	18.00	16.00	12.00- 9.00
10	14.10	6	21.85	9.86	17.00	25½	765.00	875.00	1,640.00	18.00	16.00	12.00- 9.00
18	14.00	6	22.04	9.94	16.60	27	810.00	900.54	1,710.54	18.00	16.00	12.00- 9.00
24	13.45	5½	19.28	11.02	17.00	25	750.00	820.19	1,570.19	18.00	16.00	12.00- 9.00
31	14.52	4	14.14	9.01	16.50	17	510.00	580.26	1,090.26	18.00	16.00	12.00- 9.00
1913.												
Jan. 8	14.05	4½	18.62	8.00	16.00	21	630.00	718.98	1,348.98	18.00	16.00	12.00- 9.00
14	13.80	5½	19.57	10.07	15.00	26	780.00	841.23	1,621.23	18.00	16.00	12.00- 9.00
21	13.86	6	20.52	9.60	16.65	27	810.00	914.37	1,724.37	18.00	16.00	12.00- 9.00
29	13.68	5½	20.40	8.84	16.00	25½	765.00	895.23	1,660.23	18.00	16.00	12.00- 9.00
Feb. 4	13.36	6	20.90	8.51	16.85	26	780.00	898.60	1,678.60	18.00	16.00	12.00- 9.00
12	12.91	6	20.33	9.75	17.60	26	780.00	894.20	1,674.20	18.00	16.00	12.00- 9.00

Female labor—Machine work—Fresh-water pearl buttons.

[Average earned, based on 6 days. Highest and lowest earned for actual time worked—26 weeks.]

Date of pay roll.	58 hours, average earned.	Actual time worked (days).	Highest earned for actual time.	Lowest earned for actual time.	Average, 10 best girls.	Grinders.	Special grinding.	Foreman.	Assistant foreman.	Polisher.	Superintendent.	Helpers.
1912.												
Aug. 7	$10.70	5½	$13.80	$7.20	$12.00	$8.15	$8.82	$40.00	$18.00	$18.00	[1] $25.00	$7.50-$7.00
13	9.75	5½	12.06	6.85	10.76	8.06	8.09					
20	9.82	6	11.45	8.53	9.90	7.50	9.00					
26	10.13	6	11.69	6.90	10.70	7.55	8.50					
Sept. 4	9.14	5	10.16	4.92	9.90	8.00	8.00					
11	10.21	6	11.85	7.50	10.75	8.50	7.80					
18	10.11	5	12.65	7.42	11.65	7.50	9.72					
24	10.05	6	11.79	7.50	10.80	8.50	9.00					
Oct. 2	10.26	6	13.18	7.50	11.15	8.50	7.50					
8	10.10	6	12.15	7.27	10.93	8.00	8.74					
15	9.28	6	11.60	7.04	9.90	8.20	7.71					
23	9.41	6	12.32	7.51	10.87	8.00	9.87					
29	9.12	6	12.11	6.70	10.62	7.50	8.33					
Nov. 6	8.91	6	13.08	6.12	11.00	8.00	.....					
13	9.96	6	11.50	7.50	10.77	9.00	9.00					
20	9.80	6	12.48	8.59	11.15	8.50	8.00					
27	9.61	6	11.83	7.92	10.43	8.00	7.09					
Dec. 3	10.21	5	10.79	7.60	11.00	7.50	.....					
11	10.72	6	13.10	8.95	11.50	9.00	7.95					
18	10.51	6	12.32	7.41	11.40	7.80	7.29					
24	10.90	5	9.50	7.75	11.13	7.00	8.00					
1913.												
Jan. 1	10.23	5	10.00	6.62	11.00	7.50	9.44					
8	10.41	6	12.00	8.62	11.25	9.00	8.98					
15	10.47	6	12.32	9.36	11.25	8.00	7.86					
22	10.51	6	11.51	9.46	12.00	8.00	7.50					
29	10.11	6	12.84	9.51	11.50	8.00	7.54					
Feb. 5	11.17	6	12.46	9.12	12.00	9.00	7.87					
12	10.87	6	11.66	9.17	11.00	8.00	7.50					

[1] Plus bonus.

Female labor—Sorting—Fresh-water pearl buttons.

[Average earned, based on 6 days. Highest and lowest earned for actual time worked—26 weeks.]

Date of pay roll.	58 hours, average earned.	10 best girls, average earned.	Actual time worked (days).	Highest earned, actual time.	Lowest earned, actual time.	Beginners.	Forelady.	Assistant forelady.	Total cost, machine work and sorting.	Total pay roll for manufacturing process (includes shell).	Helpers.
1912.											
Aug. 7	$12.64	$12.60	5	$18.12	$6.90	$7.41	$11.00	$9.00	$617.77	$2,412.67	$7.00-$7.00
13	10.54	11.76	5½	18.18	6.54	6.00	11.00	9.00	603.14	2,433.73	7.00- 8.00
20	12.25	12.15	6	17.04	9.73	7.75	11.00	9.00	630.99	2,478.51	7.00- 5.00
26	11.43	12.75	6	16.50	9.00	6.00	11.00	9.00	579.85	2,490.17	14.00-16.00
Sept. 4	10.58	11.10	5	13.64	6.95	6.73	11.00	9.00	491.75	2,049.15	14.00-16.00
11	11.37	13.90	5	14.71	7.00	6.50	11.00	9.00	610.70	2,529.09	14.00-16.00
18	11.37	13.22	6	15.85	8.69	7.00	11.00	9.00	649.14	2,734.73	14.00-16.00
24	11.00	12.37	6	15.10	6.55	6.00	11.00	9.00	649.65	2,706.69	14.00-16.00
Oct. 2	10.72	11.40	6	12.80	8.62	6.65	11.00	9.00	649.91	2,746.79	14.00-16.00
8	10.25	11.40	6	14.92	6.03	6.00	11.00	9.00	658.40	2,351.67	14.00-16.00
15	9.75	10.94	6	13.07	7.50	7.00	11.00	9.00	645.38	2,635.45	14.00-16.00
23	9.83	11.83	6	13.84	7.28	7.00	11.00	9.00	657.80	2,404.39	14.00-16.00
29	10.55	12.57	6	14.59	6.29	6.00	11.00	9.00	655.30	2,612.37	14.00-16.00
Nov. 6	9.11	11.38	6	13.06	6.00	6.00	11.00	9.00	641.98	2,602.67	14.00-16.00
13	9.55	11.80	6	14.04	6.77	6.00	11.00	9.00	672.69	2,429.31	14.00-16.00
20	10.40	11.50	6	14.66	7.53	6.00	11.00	9.00	704.55	2,633.77	14.00-16.00
27	10.45	12.66	6	15.63	6.32	6.00	11.00	9.00	717.59	2,637.52	14.00-16.00
Dec. 3	8.80	12.25	5	13.58	5.08	6.00	11.00	9.00	682.13	2,215.39	14.00-16.00
11	10.12	13.00	6	16.05	7.15	6.00	11.00	9.00	768.14	2,714.35	14.00-16.00
18	11.27	13.13	6	15.00	8.39	6.00	11.00	9.00	790.44	2,791.20	14.00-16.00
24	9.02	11.93	5	11.84	5.27	6.00	11.00	9.00	634.81	2,474.19	14.00-16.00

Female labor—Sorting—Fresh-water pearl buttons—Continued.

Date of pay roll.	58 hours, average earned.	10 best girls, average earned.	Actual time worked (days).	Highest earned, actual time.	Lowest earned, actual time.	Beginners.	Forelady.	Assistant forelady.	Total cost machine work and sorting.	Total pay roll for manufacturing process (includes shell).	Helpers.
1913.											
Jan. 1	$9.50	$12.00	5	$14.60	$5.49	$6.00	$11.00	$9.00	$620.64	$1,959.58	$14.00-16.00
8	10.29	12.50	6	16.78	6.31	6.00	11.00	9.00	754.34	2,379.86	14.00-16.00
15	9.57	12.00	6	16.19	6.32	6.00	11.00	9.00	729.63	2,669.18	14.00-16.00
22	9.66	12.40	6	18.68	7.61	6.00	11.00	9.00	718.28	2,766.44	14.00-16.00
29	10.50	12.17	6	16.69	6.95	6.00	11.00	9.00	736.56	2,728.33	14.00-16.00
Feb. 5	10.66	13.00	6	16.54	7.45	6.00	11.00	9.00	797.92	2,816.15	14.00-16.00
12	10.52	13.00	6	17.40	7.03	6.00	11.00	9.00	804.55	2,842.41	14.00-16.00

Par. 347.—VEGETABLE IVORY BUTTONS.

CONSOLIDATED BUTTON CO. AND OTHERS, NEWARK, N. J.

NEWARK, N. J., *April 29, 1913.*

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

DEAR SIR: The vegetable ivory button business is largely centered in the city of Newark, N. J., in which industry there has never at any time been any agreement whatsoever regulating selling prices or otherwise.

We, the undersigned manufacturers of vegetable ivory buttons in that city, respectfully petition that paragraph 348 of the Underwood bill be amended by adding the following words:

; buttons of vegetable ivory, 50 per cent ad valorem, but not less than two-thirds of 1 cents per line per gross.

We are asking for two things:

First. That the ad valorem rate be changed from 40 to 50 per cent.

Second. That the following words be added:

but not less than two-thirds of 1 cent per line per gross.

REASONS FOR 50 PER CENT AD VALOREM.

1. The present duty "three-fourths of 1 cent per line per gross plus 15 per cent ad valorem," has, according to Government figures on horn and ivory buttons combined, averaged in ad valorem equivalent 68 per cent.

2. The customs figures, however, combining horn and vegetable ivory buttons, show the ad valorem percentage much too low for vegetable-ivory buttons. Horn buttons, roughly speaking, are worth twice as much as vegetable ivory. Hence the same specific would be on horn in ad valorem equivalent only say one-half that on vegetable ivory. Thus the 68 per cent above might mean 80 per cent on vegetable ivory and 40 per cent on horn. The present duty has averaged on vegetable-ivory buttons not less than 75 or 80 per cent.

3. The average ad valorem equivalent on horn and ivory combined appears: (*a*) For the last five years as 59 per cent; (*b*) for the last three years as 54 per cent; (*c*) for the last year as 45 per cent.

These low ad valorem equivalents are explained by unusual and entirely abnormal importations of very large buttons. The present specific in ad valorem equivalent on large buttons (in some instances only 25 per cent) is much lower than on small buttons, and hence unusual importations of large buttons materially reduce the ad valorem equivalent. This point is clearly proven by Government "average unit" figures. (Tariff Handbook, p. 316.) Price of vegetable ivory buttons have practically not advanced in 15 years, and yet the "average unit" has increased as follows:

	Average unit.	Percentage equivalent.
1905	0.012	79.00
1910	.016	62.18
1911	.019	54.33
1912	.025	45.35

Hence these ad valorem equivalent figures, due to the unusual and abnormal importations of large-sized buttons, are very misleading.

4. These low ad valorem equivalents of 54 per cent and 59 per cent for the last three and five years are on horn and ivory combined and not for vegetable ivory alone. The United States customs service, port of New York, furnishes us with proof on this point. They have analyzed importations of horn and vegetable ivory separately for a given period and where the average of both combined is equivalent to 51.1 per cent. Horn is 42.3 per cent and vegetable ivory is 65.4 per cent.

5. Thus irrespective of our point about importations of large buttons we respectively question whether the ad valorem equivalent on vegetable ivory buttons alone has for any period been below 60 per cent. If then you take into account the recent abnormal importation of large buttons, it has really been much more than 60 per cent.

6. We submitted proof to the Ways and Means Committee (Hearings, Schedule N, pp. 5091 to 5124) showing, we believe—

(*a*) That in few industries, if any, is the percentage of labor higher than is ours; (*b*) that we compete with the cheapest labor of Europe—Italian and Austrian—with wages 25 to 30 per cent of our own, but very efficient; (*c*) that importations are now three times what they were during the first years of the present tariff; (*d*) that through excessive competition, foreign and domestic, the industry is earning only about 4 per cent on its actual capital (from statement by Price, Waterhouse & Co., p. 5120); (*e*) that the cost of our buttons on a garment is trivial, and a change or reduction in the duty will not benefit the public one iota.

Now, then, if in drafting a tariff for revenue it is justifiable to consider American labor and the protection accorded the consumer through competition, no industry in this entire country comes to you with a stronger case.

We feel that if any industry in this country is truly entitled to 50, 55, or 60 per cent ad valorem or its equivalent that we are, and we earnestly petition for this consideration.

7. The foregoing information regarding the unfortunate combination by the customs statistics department of horn with vegetable-ivory

buttons, and the proof thereof as now furnished us by the United States customs service, port of New York, is new and was not in hand in time to be presented to the Ways and Means Committee. On the merits of our case we have been told it was the intention to cut us only 5 per cent, and yet, as you can now see, 40 per cent means cutting our duty nearly in half—from 64 to 80 per cent down to 40 per cent. Forty per cent may mean absolutely no reduction on horn buttons, but it is a tremendous cut on vegetable-ivory buttons.

Fifty per cent ad valorem would constitute a very substantial reduction and one which we truly can not well afford to meet.

REASONS FOR A LIMITING SPECIFIC.

We respectfully ask that after the words "50 per cent ad valorem" there be inserted "but not less than two-thirds of 1 cent per line per gross."

Our reasons for a specific are set forth in brief of Rochester Button Co., mailed you herewith, and the extent to which the industry has suffered under an exclusively ad valorem duty is strongly stated in affidavit by Mr. Wheeler, copy of which we inclose.

Tagua nuts (vegetable ivory) grow in varying sizes and shapes. The nut is cut into pieces of various size. To produce one medium or large-sized button means of necessity producing five to eight small buttons. In Europe the demand for large buttons is far in excess of the supply, and such buttons are sold at a very great profit. Twice as many large buttons could be profitably sold if it were possible to market twice as many of the small size. It is thus obviously at times profitable to sell small sizes at an actual loss.

The above limiting specific would affect only small-sized buttons, and then only in unusual instances.

A line is one-fortieth of an inch. A 40-line button is 1 inch in diameter. A 20-line button or sleeve button is one-half an inch in diameter. As a specific two-thirds of 1 cent per line per gross equals: On 12-line buttons, dress or pocket buttons, 8 cents per gross; on 20-line buttons, sleeve buttons, 13⅓ cents per gross; on 24-line buttons, vest buttons, 16 cents per gross.

Buttons of course vary in price according to size, and thus this specific is in a way "ad valorem" in its nature.

This limiting specific—

1. Would protect us against the sale in this country of small-sized buttons below actual cost to produce.

2. Is needed, moreover, for the 27 reasons set forth in the brief of the Rochester Button Co.

3. Would operate only to slight extent.

Applying it to all the foreign prices furnished by the United States consuls (pp. 5106–5108), and figuring on 1 gross of each item, we find that where the specific is greater than the ad valorem it is greater only to the extent of 71 cents, whereas ad valorem is greater to the extent of $24.95.

4. Is much less than 50 per cent. Applying it to all the foreign figures furnished by United States consuls, we find that the duties collected (*a*) by the 50 per cent ad valorem and where the limiting specific does not operate, $40.86; (*b*) when the specific does operate, only $3.09.

5. We follow Europe in weaves and designs of cloths and buttons gotten up to match these weaves and designs, and when buttons become "out of style" there and are sold there at one-half price or less they may be just "in style" here, and at the low price at which they can be purchased there may become competitors of our "in style" buttons here to such an extent that we can not produce them at the prices they might be sold at, and our only salvation is a specific duty to prevent the influx of these low-priced goods.

We are, however, not attempting to give you in detail all of our reasons for this limiting specific. We are, however, asking for it in absolutely good faith and because we realize how desperately we need it. We should, however, greatly welcome the chance to take this matter up in fullest detail with any expert or appraiser you may name, and at our expense and cost.

To be sure of the force of our various arguments for a specific, we laid our entire case before Mr. James L. Gerry, former Assistant Secretary of the Treasury and head of the customs department, but now of the firm of Brown & Gerry, of New York City. With no thought that he would be quoted and writing simply to inform us, he said:

I am therefore broadly of the opinion that on the basis of an ad valorem duty you are confronted with the proposition that, to all intents and purposes, imported merchandise would be predicated upon the establishment of a value having substantially little if any relation to the cost of production.

Under these circumstances it does not seem possible to secure the imposition of an ad valorem duty which would be of any material benefit to you, and that, therefore, your only hope of securing a protection which is in any sense adequate is to effect a rewriting of the schedule on a specific-duty basis.

Obviously two-thirds of 1 cent per line per gross is much less than our duty at present on two accounts: (*a*) Because two-thirds is less than three-fourths and (*b*) because the "plus 15 per cent ad valorem" is entirely eliminated.

In conclusion we respectfully ask for a duty on vegetable ivory buttons of "50 per cent ad valorem, but not less than two-thirds of 1 cent per line per gross."

We further request that paragraph 380, H. R. 3321, be amended by adding after the word "valorem," on page 95, line 16, the following:

Buttons or parts of buttons of vegetable ivory, 50 per cent ad valorem, but not less than two-thirds of 1 cent per line per gross; other—

Then continue as written—

manufactures of ivory or vegetable ivory, or of which either of these substances, etc.—

because while paragraph 348 makes the duty on all buttons not specially provided for 40 per cent ad valorem, yet, as now written, 380 might be construed as making the duty on vegetable ivory buttons (which are a manufacture, and probably the only one of vegetable ivory) 30 per cent ad valorem, and it is very essential that this ambiguity be corrected, and this change will accomplish it.

(The following signatures, all of Newark, N. J., were attached to the above: Consolidated Button Co., by C. O. Thompson, president; New England Button Co., by John McKeown, vice president; Bird Button Co., by Nathan Lurkeltaub, secretary; Superior Button Co., by Sigfred Broderson, secretary; Nicholas Zneimer Button Co., by A. Weikel, secretary; Federal Button Co., by P. J. Duggan, president; Newark Vegetable Ivory Button Co., by V. A. Schwartz, president; Acme Button Co., by C. Lenk, jr., treasurer.)

CONSOLIDATED BUTTON CO., NEWARK, N. J., BY CHARLES O. THOMPSON, PRESIDENT.

NEWARK, N. J., *June 4, 1913.*

Senator WILLIAM HUGHES,
Finance Committee, United States Senate,
Washington, D. C.

MY DEAR SENATOR: On pages 2 and 3 of the brief we recently filed with your subcommittee we represented that members of the Ways and Means Committee of the House had informed us that they only intended to cut our rates about 5 per cent from the ad valorem equivalent of our present duty. The Ways and Means Committee, however, reached this equivalent by including vegetable ivory buttons with other buttons. On page 3 of the brief we have claimed that the duty on vegetable ivory buttons probably averaged 75 to 80 per cent. In order to verify our probable average, we requested Congressman McCoy to ask, through the Secretary of the Treasury, to have segregated, if possible, vegetable ivory buttons from others and to obtain for us the ad valorem equivalent for them separately.

Congressman McCoy has obtained this information and has forwarded the same to us, included in copies of letters of James F. Curtis, Assistant Secretary of the Treasury, to Congressman McCoy, dated May 28, 1913, and of H. C. Stuart, special deputy collector of the Treasury Department, office of the Secretary, port of New York, dated May 24, to the Secretary of the Treasury, Washington, D. C., herewith inclosed.

These papers show that for the year 1912 the equivalent ad valorem on vegetable ivory buttons was 71.1 per cent. This shows our request for an ad valorem duty of 50 per cent with a specific check of "but not less than two-thirds of 1 cent per line per gross" is fully justified, and that this rate is a very substantial reduction from the now demonstrated ad valorem equivalent of the present duty.

To meet the suggestion offered that instead of "50 per cent ad valorem, but not less than two-thirds of 1 per cent per line per gross" (as a specific check), we determine what two ad valorems would meet the case and where the dividing line as to sizes would take place, we suggest 40 per cent on all sizes 36 lines and larger, 60 per cent on all sizes smaller than 36 lines—and from the information now furnished by the Treasury Department there can be no uncertainty as to the large reduction from the present duty within these rates—that is to say, 40 per cent and 60 per cent against the average for 1912, 71.1 per cent, shows 31.1 per cent reduction in one case and 11.1 per cent in the other.

In reference to one rate of duty that would fairly equalize conditions in our industry and that of the pearl industry, we would say—and with this we believe the pearl manufacturers will agree—that the conditions in the two industries are greatly dissimilar.

Ocean pearl, for instance, is worth 12 to 18 times the price of vegetable ivory nuts, so that any one duty for both based upon the value of the finished product would vary greatly in the protection granted labor.

Vegetable ivory buttons, where the percentage of labor is so high and material relatively so low, need probably as high a rate of duty as any industry of which we have knowledge.

The purposes for which pearl and ivory buttons are used are indeed quite different, and there is no similarity in the material from which they are made, the value of it, the method of manufacture, the selling price, or the sizes that control the larger volume of business done therein. Relatively the pearl buttons are sold in smaller sizes than the ivory buttons, thus the dividing line between large and small sizes for a double ad valorem is not the same in one case as the other.

Confining our suggestion entirely to our own industry, we think that an amendment to paragraph 379, page 97 of H. R. 3321, as indicated below, will take care of the matter properly, so far as we are concerned:

379. Ivory tusks in their natural state, or cut vertically across the grain only, with the bark left intact, 20 per cent ad valorem; buttons or parts of buttons or blanks, finished or unfinished, of vegetable ivory, on all sizes 36 lines and larger, 40 per cent ad valorem; on all sizes smaller than 36 lines, 60 per cent ad valorem; manufactures of ivory or other manufactures of vegetable ivory, or of which either of these substances is the component material of chief value, not specially provided for in this section, 30 per cent ad valorem, etc.

The reason we ask you to amend 379 is to remove the ambiguity in that paragraph.

In conclusion, the following facts have been presented to you in justification for a rate of duty differing from the one accorded us by the Committee on Ways and Means:

1. Probably as high a percentage of labor as any industry in the United States.

2. The very small profit made, owing to domestic and foreign competition.

3. Absolutely no agreements, combinations, or understandings between the manufacturers regulating selling prices, or otherwise.

4. That our duty, from which the Committee on Ways and Means intended to deduct 5 per cent, was not 45.35 per cent in 1912, but was 71.1 per cent during that year.

5. That under a tariff of 35 per cent ad valorem all the manufacturers were driven out of business.

6. That the cost of buttons on a garment is so insignificant that any change in duty would not affect the price of the garment.

7. That vegetable ivory buttons are not used on the cheapest garments, but on the garments of those who can afford to pay a fair price for the garment.

8. That this industry has been built up and exists in this country only because of the consideration that has been given to it by the Government to equalize the difference between wages paid here and in Europe, and without the continuation of that consideration it can not exist.

9. That we have to pay for labor three to four times what is paid in Europe.

TREASURY DEPARTMENT,
Washington, May 28, 1913.

Hon. WALTER I. MCCOY,
House of Representatives.

SIR: I have the honor to inclose herewith a copy of a letter from the collector of customs at New York giving the quantity and value of the imports of vegetable ivory buttons at that port during the calendar year 1912.

Your letter was transmitted to the collector with the request that he furnish the information desired by you at as early a date as possible, if practicable to make the separation desired. The collector replied by wire that he could make the separation for the calendar year 1912 and have the information ready by the 27th. I regret that he is unable to furnish you the separation for the years 1910 and 1911, but trust that this will serve your purpose.

Respectfully,

JAMES F. CURTIS,
Assistant Secretary.

TREASURY DEPARTMENT,
DIVISION OF CUSTOMS,
Port of New York, May 24, 1913.

The SECRETARY OF THE TREASURY,
Washington, D. C.

SIR: Referring to the department letter 93000 of the 20th instant, inclosing a letter from the Hon. Walter I. McCoy, M. C., requesting the department to furnish him with a statement of the imports of vegetable ivory buttons for the years 1910 and 1911, the statement to show the quantity and value imported, the duty accrued thereon, and the equivalent ad valorem rate of duty, the department directing, if practicable, to prepare the said statement, I have the honor to state in accordance with my telegram of the 21st instant, confirmed by department telegram of the 22d instant, that the imports of vegetable ivory buttons at New York during the calendar year 1912 consisted of 2,064,514 lines, with an invoice value of $27,597, dutiable at three-fourths of a cent and 15 per cent under paragraph 427 of the tariff, duty $19,623.41, an average equivalent ad valorem rate of 71.1 per cent.

The letter to the department from the Hon. Walter I. McCoy, M. C., is herewith returned.

Respectfully,

H. C. STUART,
Special Deputy Collector.

SCHEDULE N.

Page 94, paragraph 368, should be amended to read as follows:

"LACES.—Lace window curtains and all lace articles of whatever material composed; handkerchiefs, napkins, wearing apparel, and all other articles made wholly or in part of lace, or of imitation lace of any kind; embroideries, wearing apparel, handkerchiefs, and all other articles or fabrics embroidered in any manner by hand or machinery, whether with a plain or fancy initial or monogram or otherwise, or tamboured, or appliqued, or scalloped by hand or machinery; edgings, insertings, galloons, nets, nettings, veils, veilings, neck ruffings, ruchings, tuckings, flounces, flutings, quillings, ornaments, and trimmings, and other articles, woven fabrics or articles from which threads have been omitted, drawn, punched, or cut, and with threads introduced after leaving the loom, forming figures in designs, except hemstitching, all of the foregoing, of whatever material composed, n. s. p. f., 60 per cent ad valorem."

H. S. PATTEN.

CONSOLIDATED BUTTON CO., NEWARK, N. J.

VEGETABLE IVORY BUTTONS.

[Present duty, three-fourths of 1 cent per line per gross plus 15 per cent ad valorem.]

INTENTION OF COMMITTEE ON WAYS AND MEANS TO GIVE US 40 PER CENT AD VALOREM.

We asked the Committee on Ways and Means for a duty at least in part specific. They gave us a straight ad valorem of 40 per cent, but claimed to us that they had cut, and desired to cut, our duty

only 5 per cent. The figures before them showing 45.35 per cent ad valorem equivalent of our present duty for year 1912, however, combined importations of horn and vegetable ivory buttons—obviously unjust to us, because horn buttons are worth two to three times ivory buttons.

Our present duty, according to Government figures, on horn and ivory buttons combined has averaged 68 per cent. It has probably averaged on ivory buttons alone 75 to 80 per cent. This is confirmed by an analysis of figures at New York customhouse for a given period (September, 1912), where the duty on vegetable ivory buttons and horn buttons combined was 51 per cent; it shows that on horn buttons it was but 42 per cent and on vegetable ivory buttons it was 65 per cent.

Europe pays on the average but 32½ per cent of what we in this industry have to pay for labor, but Italy alone pays less than 25 per cent of what we pay. (See p. 5105, tariff hearings.)

Notwithstanding the present duty, during the years 1909, 1910, and 1911 the manufacturers made but 4.13 per cent on capital invested and 3.59 per cent on sales, due to domestic and foreign competition. (See p. 5120, tariff hearings.)

The necessity for some sort of a combination duty is easily explained by the statement that any "per gross per line" specific that is high enough to equalize prices on large sizes is unnecessarily high to equalize prices on small sizes, and any ad valorem that is high enough to equalize prices on small sizes shows a large increase in duty on large sizes, so that either a straight specific or a straight ad valorem will positively not equalize prices in the industry, as a whole. We can get along better with a lower ad valorem relatively if it is combined with a specific check, or with a lower specific relatively if combined with an ad valorem check, than we can with either a straight specific or a straight ad valorem.

Both ends of this proposed duty are an obvious reduction from the present tariff. Both the ad valorem and the specific are less by at least 15 per cent.

The great bulk of the business (at least 90 per cent to 95 per cent) is done in sizes under 40 lines, and a slight increase of the duty on sizes 40 lines and larger would be immaterial, because the output is small and by the nature of the raw material can not be materially increased.

A different method of equalization is necessary in this industry than in most all others because of peculiar price conditions that exist everywhere in it.

Without any association between the manufacturers it has been difficult to obtain exact labor statistics, but five leading manufacturing companies, making different kinds of goods, have sent to Price, Waterhouse & Co., certified public accountants, sworn statements as to the comparative cost of labor and raw materials, with the result that a compilation shows labor 66.49 per cent. From the very nature of the business labor must be much greater than in almost any industry in this country. Senator Hughes has Price, Waterhouse & Co.'s report.

There is not now, nor has there been at any time, any combination, agreement, or understanding between the manufacturers that has regulated selling prices, or otherwise.

If we were attempting to work along our own lines we would choose another line of procedure, but we are honestly trying to work along your lines and content ourselves with the lowest possible duty, and yet maintain the present rate of wages paid our employees, who are deserving of all we pay them, and at the same time suggest a duty that will constitute substantial reduction.

The attached affidavit of Mr. Charles W. Wheeler tells its own story as to what has happened to the industry under a 35 per cent ad valorem tariff, and it refers to a condition we are confident you do not propose by legislation to repeat. We are just such a legitimate industry as you have signified an intention not to injure:

Charles W. Wheeler, being duly sworn, deposes and says that he resides at Bedford Hill, N. Y.; that he is a member of the firm of Snyder & Wheeler, doing business at 128 Pearl Street, in the city of New York, borough of Manhattan, and State of New York; that he has been a member of said firm since 1881; that said firm are dealers in tagua nuts (vegetable-ivory nuts so called); that said firm has sold said tagua nuts to substantially all of the manufacturers of vegetable-ivory buttons that have been engaged in the industry in this country since 1877, and that because of this fact he is peculiarly in a position to show by his records the names of such manufacturers, both those who have survived and those who have failed and been driven out of the industry because of low tariffs, and those who, manufacturing other things than vegetable-ivory buttons, gave up the manufacture of said buttons during the low-tariff periods, resuming again when a tariff was levied sufficiently high to show any profit in manufacture.

That in times when manufacturers could by virture of the tariff rate pay American wages and still make a fair profit there have been from 22 to 38 manufacturers in the industry; that the industry suffered greatly during the two periods 1884 to 1890 and 1894 to 1898, due to the low tariffs then in force; that the following 54 manufacturers were compelled to give up the business of manufacturing vegetable-ivory buttons by reason of the depressions arising during the periods indicated:

1884 to 1890: G. Siegel & Co., Connecticut; Mill River Button Co., Massachusetts; Goldthwaite & Co., Massachusetts; Bostwick Bros., Connecticut; Pratt & Farmer, Pennsylvania; Connecticut Button Co., Connecticut; American Braid Co., Connecticut; W. T. St. George, New Jersey; Gilford Button Co., Connecticut; Gay, Kimball & Gay, Vermont; Schneider & Pachtman, New York; F. Grote & Co., New York; F. M. Hoag, New Jersey; Hornby & Co., New Jersey; Excelsior Button Co., New York; W. C. Randolph, New Jersey; Kelly & Kruson, Pennsylvania; E. O. Miles & Co., Pennsylvania; Cook & Valentine, New Jersey; Raymond & Co., New York; Enterprise Button Co., Connecticut; Noble Bros., Connecticut; New Milford Button Co., Connecticut; Lockwood & Merrill, New York; Dickson Button Co., Illinois; H. M. Conn, New York; Jas. Gardner & Son, New York; Eagle Button Co., New York; Caledonia Button Co., New Jersey; Sizer & Nichols, Illinois; Glenelda Button Co., Massachusetts; Holyoke Button Co., Massachusetts; Joseph Fallon, New York; Naumberg & Netter, New Jersey; J. H. Ruggles & Co., New York; H. Thornahlon, New York; C. Hingher & Son, New Jersey; S. J. Naumburg, New Jersey; Haddon Button Co., Connecticut; Hoosick Button Co., New York; United States Button Co., New York.

1894 to 1898: Richard Sutro, New York; F. Hessburg, New York; Klots & Viet, New York; Williston & Knight Co., Massachusetts; Gaysville Button Co., Vermont; Shantz Button Co., New York; Frank & Co., New York; Charles Counselman, Pennsylvania; Consolidated Button Co., New York; Akron Button Co., New York; James Bird, Connecticut; M. & B. Schwartz, New Jersey; Hornby & Co., New York.

That only two concerns to his knowledge have been able to survive through both the two periods of low-tariff depression, and that both of these concerns made other goods than vegetable-ivory buttons.

That the best recollection of the deponent is that in addition to the above there were at least 15 other small manufacturers that went out between 1884 and 1898, but that the data concerning these are not available to the extent that they could be added to the list above enumerated.

CHARLES W. WHEELER.

Sworn to before me this 12th day of April, 1913.

ALBERT W WILLIAMS,
Notary Public (82), New York County.

The attached table will show you foreign prices, domestic prices, and how the different rates of duty would operate, and in our opinion the duty best calculated to equalize prices for this industry and yet clearly be a substantial reduction of the present tariff, but apportioned so as to apply most equitably to all sizes, would be "50 per cent but not less than two-thirds of 1 cent per line per gross":

Rates of duty on vegetable-ivory buttons, three kinds of finish, A, B, and C.

[Figures in italic are reductions from present tariff.]

	20 line.			24 line.			30 line.			36 line.		
	A	B	C	A	B	C	A	B	C	A	B	C
Foreign price	.20	.23	.35	.23	.28	.40	.34	.52	.60	.57	.76	.90
Domestic price	.38	.60	.80	.43	.65	1.00	.53	.83	1.15	1.10	1.25	1.50
Equalization margin	.18	.37	.45	.20	.37	.60	.19	.31	.55	.53	.49	.60
COMPARABLE RATES.												
Present duty—¾ cent per line per gross and 15 per cent ad valorem	.18	.18½	.20½	.21½	.22½	.24	.27½	.30½	.31½	.35½	.38½	.40½
(1), (2)	(2)	(2)	(1)	(1)	(2)	(1)	(2)	(1)	(1)	(1)	(1)	(1)
50 per cent but not less than ¾ cent per line per gross	*.13½*	*.13½*	*.17½*	*.16*	*.16*	*.20*	*.20*	*.26*	*.30*	*.28½*	*.33*	.45
1 cent per line per gross	.20	.20	*.20*	.24	.24	.24	.30	*.30*	*.30*	.36	*.36*	*.36*
60 per cent ad valorem	*.12*	*.13 6/10*	.21	*.13 6/10*	.24	.24	*.20 4/10*	*.31 8/10*	.36	*.34 2/10*	*.45 4/10*	.54
50 per cent ad valorem	*.10*	*.11½*	*.17½*	*.11½*	*.14*	*.20*	*.17*	*.26*	*.30*	*.28½*	*.38*	.45
40 per cent ad valorem	*.08*	*.09 2/10*	*.14*	*.09 2/10*	*.11 4/10*	*.16*	*.13 6/10*	*.21 4/10*	*.24*	*.22 8/10*	*.30 4/10*	*.36*
	90 to 95 per cent sold are these sizes.											

	40 line.			45 line.			50 line.		
	A	B	C	A	B	C	A	B	C
Foreign price	.96	1.05	1.50	1.44	1.68	2.00	1.77	2.16	2.50
Domestic price	1.40	1.60	2.50	2.00	2.50	3.50	3.50	4.00	5.50
Equalization margin	.44	.55	1.00	.56	.82	1.50	1.73	1.84	3.00
COMPARABLE RATES.									
Present duty—¾ cent per line per gross and 15 per cent ad valorem	.44½	.45½	.52½	.58½	.59	.63½	.64	.70	.75
(1), (2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
50 per cent but not less than ¾ cent per line per gross	.48	.52½	.75	.72	.84	1.00	.88½	1.08	1.25
1 cent per line per gross	*.40*	*.40*	*.40*	*.45*	*.45*	*.45*	*.50*	*.50*	*.50*
60 per cent ad valorem	*.57 6/10*	*.63*	.90	*.86 4/10*	1.08	1.20	*1.06 4/10*	*1.29 6/10*	1.50
50 per cent ad valorem	.48	*.52½*	.75	.72	.84	1.00	*.88½*	1.08	1.25
40 per cent ad valorem	*.38 4/10*	*.42*	.60	*.57 6/10*	*.67 2/10*	.80	*.70 8/10*	*.86 4/10*	1.00
	5 to 10 per cent sold are these sizes.								

(1) 50 per cent ad valorem operates.

(2) ¾ cent per line per gross operates.

In a straight specific nothing less than 1 cent per line per gross would be adequate.

In a straight ad valorem nothing less than 60 per cent.

In "50 per cent ad valorem but not less than two-thirds of 1 cent per line per gross" there is less ad valorem on one end and less specific on the other, but divided where needed and not excessive anywhere, and plainly a reduction of the present duty on all sizes and prices, except 40, 45, and 50 lines, which by the nature of the material from which they are made can be but a very small part of the business, not to exceed 5 to 10 per cent.

The foregoing would amend paragraph 379, on page 97 of H. R. 3321, to read as follows:

379. Ivory tusks in their natural state, or cut vertically across the grain only, with the bark left intact, 20 per cent ad valorem; buttons or parts of buttons or blanks, finished or unfinished, of vegetable ivory, 50 per cent ad valorem, but not less than two-thirds of 1 cent per line per gross; manufactures of ivory or other manufactures of vegetable ivory, or of which either of these substances is the component material of chief value, not specially provided for in this section, 30 per cent ad valorem, etc.

NELSON SAGE, HENRY T. NOYES, AND W. A. PORTER, ROCHESTER, N. Y., COMMITTEE FOR MANUFACTURERS OF VEGETABLE IVORY BUTTONS.

ROCHESTER, N. Y., *April 3, 1913.*

Hon. F. M. SIMMONS, *Washington, D. C.*

DEAR SIR: Some 20 or 30 kinds of buttons are made in this country. The output of vegetable ivory buttons is relatively very small, but because it is our business the duty thereon is of very vital importance to us.

Will you please permit us to lay before you certain facts: (1) Vegetable ivory buttons are novelties, hence "luxuries" and used only on high-priced clothing; (2) a change in duty will not benefit the consuming public one iota.

If any industry is entitled to extreme consideration at your hands we are because (3) in no other industry in this country is there a higher percentage of labor as against raw materials. (4) We compete against the cheapest labor of Europe—Italian and Austrian—with wages 25 per cent to 30 per cent of our own, but very efficient.

Importations are (*a*) very substantial (tariff schedules, p. 5100), (*b*) now three times what they were under first years of present tariff.

Among the manufacturers of vegetable ivory buttons there has been no combination, association, agreement, or understanding.

Since 1896 wages in the industry have doubled, and yet the prices of ivory buttons are no higher to the public than in 1896.

Through excessive competition, foreign and domestic, the industry is now on the very "breaking point." Its profits during the past two years on actual capital invested were only 2.73 per cent per annum. (From Price, Waterhouse & Co.'s statement, p. 5120, tariff schedules.) Any reduction or change in the duty will truly swamp our industry.

We earnestly ask your consideration of the foregoing facts and your assistance to maintain the present duty on vegetable ivory buttons as it is.

ROCHESTER BUTTON CO., ROCHESTER, N. Y., BY NELSON SAGE, GENERAL MANAGER.

To the House of Representatives and Senate of the United States:

We request that the present tariff on vegetable ivory buttons, which is three-fourths of 1 cent per line per gross and 15 per cent ad valorem, be maintained.

A REDUCTION NO BENEFIT TO CONSUMER.

Vegetable ivory buttons are used on high-priced clothing. On the cheaper clothing are used buttons made from bone, composition, metal, etc. The product thus of the industry is a "luxury," and any tariff which permits the industry to exist imposes no burden on the consuming public.

"SPECIFIC" PORTION—AD VALOREM IN ITS NATURE.

The present duty is three-fourths of 1 cent per line per gross and 15 per cent ad valorem. A line is one-fortieth of an inch. Thus, a sleeve button 20 lines in size would measure twenty-fortieths, or one-half inch in diameter. The specific here (three-fourths of 1 cent per line per gross) would be 15 cents per gross. On a coat button 30 lines in size the specific would be 22½ cents per gross; 40-line buttons, 30 cents per gross, etc. Now, then, ivory buttons vary in price according to size, and thus the specific portion is not a straight specific, like so much per pound or so much per gross, but it really does take into account variations in value, and thus to a certain extent is ad valorem in its nature. Our industry needs a duty that is in part "specific" in order to avoid the possible, though unintentional, undervaluation for reasons as set forth below:

REASONS FOR A SPECIFIC DUTY—IN GENERAL.

Ivory buttons are novelties, the difference in price due to the "conditions" under which the goods are manufactured and sold. No manufacturer can accurately determine real values or even cost without knowing the facts and conditions controlling.

PARTICULAR REASONS.

(1) Europe in many cases sets styles in cloths and in shades. It takes, however, time for these styles to travel from Europe here. Ivory buttons are produced to suit certain cloths and in the prevailing shades. Now, then, it frequently happens that by the time certain styles and shades in cloths reach this country the buttons made therefor in Europe are "out of style" in Europe, but strictly "in style" in America. Their value in Europe is low. Their cost to a dealer would be low. He could thus honestly bring them into this country under an ad valorem at a price below possible competition. It does not take many goods to "break" a market.

(2) Our business is a business of novelties and styles, all "luxuries." The styles change absolutely every six months. A button to-day worth $1 per gross may be worth to-morrow 40 or 50 cents per

gross. Many of the manufacturers have to sell their "out-of-style" goods at 50 per cent or more below manufacturing cost. An ivory button is a very small article, usually a half to three-quarters of an inch in diameter. Among other things, a slight difference in the contour of the face may make the button either "in style" or "out of style." This is literally and absolutely true. No appraiser can ever be able to follow the "styles" in ivory buttons and intelligently determine values.

(3) A middleman in Europe can obviously buy goods "out of style" there and perhaps unknown to himself at, say, one-half of the manufacturing cost. He may offer them for import under an ad valorem duty at a real profit to himself and yet do us a serious injustice. Incidentally, "out-of-style" buttons in Europe go largely into the hands of the middleman. Our only protection lies in a duty at least in part specific.

(4) An exclusive ad valorem duty in connection with the business like ours, where goods go out of style so quickly, and where they lose their value to such a large extent, would make it possible for the foreign manufacturers to use our market as a dumping ground and seriously disturb conditions in this country.

(5) A specific duty gives us knowledge and assurance that a certain definite amount of duty has been paid on a button of a given class. An ad valorem leaves the American manufacturer in doubt as to whether the duty has been paid or only half of it paid. This is demoralizing and very harmful to the American manufacturer. It does not necessarily increase importations. It probably lowers them, because it leads the American manufacturer in his demoralization to do foolish things. A specific benefits manufacturer, consumer, and laborer. It means a steady market.

(6) The difference in value between the various kinds of ivory buttons made is really small. The big difference is between various goods of the same kind, depending on conditions, most of which can not be known to the appraiser.

(7) The value of an ivory button in a given class, such as "pressed blacks," is, to a certain extent, dependent on the expense of tools, equipment, etc., made necessary in getting out that particular "style." An appraiser can have no means of determining this expense on one style as against another.

(8) The value is also very largely dependent on the total quantity produced of a given "novelty" or "style." No single invoice will reveal this to an appraiser.

(9) The value of an ivory button, an article of "style," is dependent, to an extent, on the cost involved in the design and development of that given button. The trade will pay therefor, but no appraiser is able to establish the amount of such value.

(10) The value of ivory buttons is very largely determined by the "color effects" produced on the buttons, the suitability of the "effect" to the prevailing weaves of cloth, etc. How an appraiser could ever be trained to use judgment on this matter is beyond us.

(11) Obviously the value of an ivory button depends on its color being just right for the "novelty" shades of woolens being sold at a given moment. Ivory buttons have a market largely because these "novelty" shades can be made in ivory buttons. Can appraisers be supposed to keep posted on the subject of prevailing shades?

(12) Assuming that it were possible to appraise ivory buttons on the basis of intrinsic value, which we seriously question, we still affirm that you can not appraise the value of "style."

(13) The value of an ivory button is dependent, to an extent, on the quality of raw material from which it is made. Raw-material prices to-day vary according to grades from 2 cents per pound to 6 cents per pound. No appraiser on earth can determine the quality and kind of raw material used in a given button.

(14) Above all, we want to emphasize to you that perhaps the greatest difference in cost between one ivory button and another is in the particular shade produced on the button. In making certain shades we frequently have to throw out 30 and even 40 gross out of every 100 as imperfect, due to the nature of the color. Another shade in the same design, made in identically the same manner, the only difference being the shade, may give 98 gross perfect out of a 100. No appraisers will ever be able to give an intelligent judgment as to the relative values of given shades, yet this very difference is well understood and recognized by the manufacturers and consumers of ivory buttons.

(15) New shades are continuously being produced in cloths. It requires much experimenting to secure these shades in ivory buttons. The time of expensive labor is given to this and much material is wasted in the process of experimentation. The manufacturers make the consumers pay for this cost when they buy these shades. No appraiser, however, could ever begin to estimate such cost. He would probably not know of its existence.

(16) There is considerable difference in the skill of dyers in various plants, and dyers are paid from $10 to $60 per week, involving differences in cost. The product of certain dyers is worth on the market more than others. This can not be apparent in an appraiser.

(17) One of the serious problems of the button business is the fact of certain goods "fading color" when exposed to the light and to wear. Goods made under more expensive processes and conditions are much better in this particular than others. They cost more and are worth more. We defy an appraiser from mere examination, and without a full intimate knowledge of these conditions, to properly value such goods. Even the best informed buyers can not tell the value in this particular, except from wear. They can, however, buy so as to be guaranteed results.

(18) Many "effects" produced in ivory buttons are obtained by dyeing buttons not once but two and three different times. We affirm that this frequently increases the total cost 10, 15, and 25 per cent. Even the best buyers can not tell how the effects are produced; they are buying for effect and for style. There is not a single appraiser in the employ of the Government that can determine in connection with ivory buttons this element of cost and value. Even manufacturers themselves can not, in many instances, tell how other manufacturers have produced certain effects or even estimate the extra cost involved.

(19) Effects are produced in many other ways than by dyeing. Sometimes by double and triple pressing, and by many other various methods, involving expenses that make, not infrequently, one button

of the same general kind cost perhaps double the other, although both are made from the same nut. This is positively true, and yet no appraiser could be expected to have adequate knowledge of the subject or ability to discriminate.

(20) One of the chief differences in the cost as between ivory buttons is the care with which they are shaded and inspected before being boxed. Our material is imperfect. At the last final step we always have to shade and throw out a certain percentage. Assume the same shade, the same grade of raw material, the same finish, etc. One manufacturer may throw out 1 per cent and another 20 per cent. It frequently happens that in making certain styles and certain colors we shade or throw out not only 20 per cent, but 30 per cent, and even 40 per cent. Please figure the difference in cost as between buttons that "go through" and are sold in the one case as against the other. No appraiser could be expected to determine the extent to which given goods have been "shaded."

(21) The necessity of confining patterns to a buyer curtails the possibility of selling it to the general public and restricts its sale to the requirements of that buyer alone. This is an element of cost an appraiser can not estimate.

(22) Under conditions appertaining to our business and understood by those in the business when large buttons are in great demand the waste involved in our processes increases the cost of the coat and vest sizes. No appraiser would be likely to know this.

(23) One big point is that, for the reasons set forth, an exclusive ad valorem duty would make it possible for a middleman to bring goods into this country, honestly perhaps, at figures entirely at variance with actual manufacturing costs; it would place a tremendous incentive on foreign manufacturers not to tell the "whole" truth; and, above all, the Government appraisers would be hopelessly unable to protect us.

(24) The same variation in prices of goods made abroad prevails there, as here, all based on the "conditions" attending the manufacture and sale of the goods. It is not necessarily so much a question of difference in kind, but difference in conditions, etc., as set forth by us. You will find by reports from our American consuls that prices for the same kinds vary abroad from 75 to 100 per cent. This is due to the conditions which we have emphasized; but how can any appraiser know them? Frankly, is the foreign manufacturer, who is handling buttons made under these more expensive conditions, and who is anxious for business, going to represent the cost or value of his goods at the real cost or at his "average" cost? And yet if we have to compete with him under an ad valorem he can easily escape part of the duty. Under a specific we at least know just "where we are at."

(25) Under an ad valorem duty the actual duty would become uncertain and subject the American manufacturer to the uncertainties and fluctuations of the foreign market. We would also be at the mercy of that foreign country which is at the particular time the most depressed.

(26) The difficulties confronting us as to the values and costs of vegetable ivory buttons obtain just as much abroad as in this country. This is evidenced by a quotation from a letter written by the Amer-

ican consul at Odessa, Russia, under date of May 3, 1911, wherein he states:

As regards the wholesale and retail prices of the many grades and classes of buttons, they are so complicated that to one outside the business they are bewildering. Apparently similar buttons are often very dissimilar in price.

(27) Foreign Governments have recognized the peculiar conditions connected with vegetable ivory buttons, and Germany, Italy, Austria, Russia, and France have established specific duties against ivory buttons and not ad valorem.

We believe that we have demonstrated to you that the fair determination of an ad valorem duty in the case of ivory buttons is a very difficult if not an impossible process. We sincerely hope that we have convinced you of our need for a duty "specific" in its nature, such as we now have, and earnestly ask you to leave the duty on vegetable ivory buttons as it is.

Par. 347.—GLASS BUTTONS.

EDWARD P. STAHEL & CO., 354 FOURTH AVENUE, NEW YORK, N. Y.

NEW YORK, *April 16, 1913.*

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

GENTLEMEN: We find in paragraph 352, Schedule N, that the honorable Committee on Ways and Means of the House of Representatives proposes a duty of 40 per cent ad valorem on glass buttons, and we take the liberty to inclose a list showing that the duty on these goods was 25 per cent ad valorem prior to 1897 and from 30 per cent to 24½ per cent ad valorem since 1897, so that the proposed duty of 40 per cent would amount to a considerable increase over any previous rates.

We respectfully submit our suggestion that an ad valorem duty of from 27½ to 30 per cent or the present ad valorem and specific duty be substituted for the proposed increased rate.

(Inclosure.)

Glass vest buttons.

	Lines.				
	18	23	23	23	23
Austrian crowns	4.40	5.70	6.60	8.00	9.30
Or cents	89	116	134	163	189
Rate of duty prior to 1897, 25 per cent ad valorem.					
Rate of duty since 1897:	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
½ cent per line per gross	13½	17½	17½	17½	17½
Plus 15 per cent ad valorem	13½	17½	20	24½	28½
	27	34½	37½	41½	45½
Total percentage of value	30	30	27	25½	24½
Proposed rate, 40 per cent ad valorem.					

Par. 347.—SHOE BUTTONS.

DIECKERHOFF, RAFFLOER & CO., 560–566 BROADWAY, NEW YORK, N. Y., BY EWALD C. DIECKERHOFF, TREASURER.

NEW YORK, N. Y., *May 6, 1913.*

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

DEAR SIR: Representing the importers of agate shoe buttons, comprising the firms of Messrs. Strauss Bros. & Co., J. Porter & Co., Chas. Brandt, and Dieckerhoff, Raffloer & Co., we respectfully request a reduction of duty on buttons commercially known as agate shoe buttons, and not an advance, as provided for in H. R. 3321, paragraph 348, which provides for "buttons or parts of buttons, etc., at 40 per cent duty."

The agate shoe buttons under the Payne bill were assessed at one-twelfth cent per line per gross and 15 per cent ad valorem, which is equivalent to an average rate of 25 per cent ad valorem. The new tariff bill assesses them in paragraph 348 at 40 per cent duty.

We herewith beg to inclose samples of agate shoe buttons, giving the rates of duty as assessed under the Payne bill.

	Price in francs, less 10 per cent, 10 per cent and 2 per cent.[1]	Price in United States currency.[1]	Payne bill duty.	Equal to ad valorem rate.
				Per cent.
300 1/4, 14-line	7.20	1.103	0.305	27½
200 1/4, 14-line	8.40	1.287	.333	26
522 white, 14-line	12.10	1.85	.417	23

[1] Prices per great gross.

These agate shoe buttons are principally imported in white, but also in black and all colors, as tan, pink, blue, champagne, etc., and were only permitted to be brought in, through a sharp competition, to the extent of $150,000, importations for year 1912, which is only about 10 per cent of the amount of shoe buttons produced in this country.

The shoe buttons made in this country are principally made of paper or pulp or other similar material and have had such a high rate of protection that the importations of this class of goods in the same material were almost nothing, and the domestic manufacturers have had an absolute monoply of the supply of these goods without competition. The rate of duty on shoe buttons of paper, etc., in the Payne bill was 1 cent per gross, or equivalent to 48 per cent duty, which is a prohibitive rate. The agate shoe button, which is a button made of a mineral and is one of the cheapest kind made and being provided for in the Payne bill as agate buttons, it carried the rate of one-twelfth cent per line per gross and 15 per cent ad valorem, as assessed, which is an equivalent rate to about 25 per

cent ad valorem. This button is entirely of foreign manufacture; none are made in this country, nor are they likely to be made, because none of the raw material required has even been found here.

Shoe buttons of all kinds at 40 per cent duty, as provided for in H. R. 3321, paragraph 348, is an absolute prohibitive rate and will continue the monopoly of these goods in the hands of the domestic interests.

As it is not the intent of the present administration to create any monopolies nor to destroy any fair and legitimate competition, I hope you will see the unfairness of the 40 per cent rate of duty as provided for in paragraph 348 on these goods, which is a 15 per cent advance in duty, and as the Democratic Party is pledged to an immediate and a downward revision of the tariff, we urgently beg that you give this matter your most serious consideration.

With shoes on the free list, leather shoe laces on the free list, and all other findings which go to make up the shoe receiving very material reductions, yet the shoe button, which is as equally important a part of the shoe as the other articles I mentioned, is revised upward from 25 per cent to 40 per cent, which rate makes this class of goods prohibitive.

We ask you to make a provision for shoe buttons, and would be satisfied were they provided for at the present rate of 25 per cent duty, yet it would not be remiss to state at this time, in order to conform with H. R. 3321, which is a bill to reduce tariff duties and to provide revenue for the Government, that shoe buttons of whatever material made should be classified by themselves and should receive such consideration as all other parts of a shoe has received in the new tariff, namely, a downward revision, and ought to be assessed at 15 per cent duty. This rate will make the article competitive and will also be a source to provide revenue to the Government and still not destroy an industry, as no doubt a reduction of the duty to 15 per cent ad valorem will materially increase the importations, and therefore the revenue also.

We would suggest that shoe buttons be included in paragraph 348, H. R. 3321, by adding thereto as an amendment:

"Shoe buttons of whatever material made," or "shoe buttons of all kinds," 25 per cent ad valorem.

Would further suggest that shoe buttons could be provided for by amending paragraph 153, H. R. 3321, by adding, after the words "all the foregoing and parts thereof," "and shoe buttons of all kinds, 15 per cent ad valorem."

The agate shoe-button business, being most seriously affected by the new proposed duty of 40 per cent, will be almost wiped out if this duty should go into effect. It will deprive the Government of a considerable revenue, eliminate the importer, and give the domestic manufacturer the entire field without competition whatsoever—a monopoly.

Appealing to your honor as the last resort, we beg of you again to give this matter your most serious consideration, with the hope to be favored with an early and favorable reply.

NEW YORK, *May 15, 1913.*

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

DEAR SIR: We beg to refer to our yesterday's letter on agate shoe buttons.

We are asking for a reduction on these agate shoe buttons, which are provided for in H. R. 3321, paragraph 347, at 40 per cent. This 40 per cent rate is an advance of 15 per cent on the present equivalent rate of 25 per cent on these buttons, as provided for in the Payne bill as agate buttons at one-twelfth cent per line and 15 per cent ad valorem.

Our request will no doubt appeal to your honor as having merit, when you take in consideration that shoes and leather shoe laces put on the free list, and all other articles which go to make up the shoe are all materially reduced, yet this agate shoe button, which is an important part of the shoe, is advanced from the present equivalent rate of 25 per cent in the Payne bill to 40 per cent ad valorem, they being included in paragraph 347, H. R. 3321, which provides for buttons.

Our Mr. Keller has taken up this subject with the Hon. William Hughes and the Hon. Charles F. Johnson, and they were at once convinced with the merits of our appeal; in fact, the Hon. William Hughes said that the rate as at present provided for in H. R. 3321, paragraph 347, should be changed, and made a note in his tariff copy in paragraph 153 to provide for all shoe buttons at 15 per cent ad valorem.

We would respectfully request that you take up this question with the Subcommittee on Finance of the metal schedule, and would ask to amend paragraph 153 so as to include all shoe buttons. We would therefore suggest to amend paragraph 153 as follows:

Add to H. R. 3321, paragraph 153, as passed the House May 8, 1913, on page 42, line 7, after the word "thereof," "and all shoe buttons."

We hope that you will give this letter your serious consideration and that you will take favorable action on our request, as fully explained in our brief.

Par. 347.—HORN BUTTONS.

EDWARD P. STAHEL & CO., 354 FOURTH AVENUE, NEW YORK, N. Y., BY ADOLPH ALPERT.

NEW YORK, *May 27, 1913.*

Senator H. SMITH,
Senate Finance Committee, Washington, D. C.

DEAR SIR: Adolph Alpert, being duly sworn, doth depose and say that he is manager of the firm of Edward P. Stahel & Co., doing business at 354 Fourth Avenue, in the city, county, and State of New York; that said firm are importers of foreign-made button linings, etc.; that said firm import more horn buttons than any other concern

in the United States; that during the year 1912 said firm imported horn buttons as follows:

Date.	Ship.	Amount invoice.	Duty.	Date.	Ship.	Amount invoice.	Duty.
Jan. 4	Arabic	$611.00	$176.14	June 7	Mauretania	$522.00	$149.92
6	Baltic	617.00	174.72	24	Adriatic	548.00	150.47
22	Cedric	547.00	149.82	July 8	Cedric	852.00	249.59
30	Celtic	782.00	218.77	19	Adriatic	336.00	100.42
Feb. 6	Arabic	231.00	68.42	29	Caronia	453.00	123.59
12	Baltic	661.00	176.12	Aug. 16	Mauretania	669.00	202.19
12	Campania	559.00	162.56	Sept. 2	Cedric	451.00	148.87
19	Carmania	865.00	218.13	18	Caronia	441.00	131.81
26	Celtic	711.00	172.95	27	Mauretania	557.00	154.42
Mar. 11	Baltic	1,060.00	285.84	Oct. 28	Cedric	469.00	131.96
29	Mauretania	1,139.00	337.82	Nov. 18	Campania	493.00	155.55
Apr. 7	Baltic	552.00	164.37	Dec. 2	Carmania	690.00	209.57
15	Carmania	722.00	218.66	9	Caronia	1,225.00	339.05
19	Mauretania	467.00	141.63	15	Baltic	1,238.00	363.41
May 4	Baltic	364.00	101.54	21	Lusitania	1,048.00	317.24
13	Carmania	804.00	262.81		Total	21,914.00	6,318.56
18	Celtic	615.00	188.73				
24	Adriatic	593.00	151.44				

Average percentage of duty, 28.83.

That from the above it is evident that horn buttons never paid more than an average duty of 28.83 per cent.

That the figures before the Ways and Means Committee showing 45.35 per cent ad valorem equivalent of our present duty for year 1912, combined importations of horn and vegetable-ivory buttons is obviously unjust to us, because horn buttons are worth two or three times of ivory buttons.

We respectfully submit our suggestion that an ad valorem duty of from 27½ to 30 per cent be substituted for the proposed increased rate.

Par. 347.—SNAP FASTENERS.

BALL & SOCKET MANUFACTURING CO., WEST CHESHIRE, CONN.; TRAUT & HINE MANUFACTURING CO., NEW BRITAIN, CONN.; UNITED STATES FASTENER CO., BOSTON, MASS.; WATERBURY BUTTON CO., WATERBURY, CONN.

To the honorable chairman Finance Committee of the United States Senate, Washington, D. C.:

There are about 1,000 persons employed by the United States Fastener Co. in the manufacture of "snap fasteners or clasps or parts of" which in the present law comes under Schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners or clasps or parts of, 50 per cent."

The Underwood bill affecting this class of merchandise at Schedule C, metals and manufactures of, page 41 of said printed bill, paragraph 153, reads as follows:

Hooks and eyes, metallic, snap fasteners and clasps by whatever name known, trousers buckles and waistcoat buckles made wholly or partly of iron or steel, steel trousers buttons and metal buttons not specially provided for in this section, all the foregoing and parts thereof, 15 per cent ad valorem.

This is a reduction of from 50 to 15 per cent and is practically the same as if there was no tariff on this class of goods. We would there-

fore pray your honorable body that a special article be inserted as follows: "Snap fasteners or clasps or parts of, 45 per cent."

We ask this special classification owing to the fact that these goods have been imported hidden under a variety of names making it difficult to index the imports. These fasteners are known under different trade names in this country, such as "sew-on fasteners, rivet fasteners, clasps, garment fasteners, etc."

The present duty of 50 per cent ad valorem is a fair protection on the higher priced fasteners, but on the lower priced fasteners 50 per cent is such a tariff that foreign manufacturers can produce the goods, pay a duty of 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, and deliver them in this country at less than the cost of manufacture in this country.

We bring to your attention the following briefs filed in regard to snap fasteners, paragraph 427, hearings before the Committee on Ways and Means, House of Representatives, on Schedule N, sundries, January 29 and 30, 1913, tariff hearings:

S. Basch & Co., New York City, representing Waldes & Co., of Germany, pages 5170 and 5171 of the tariff hearings, wherein these people make this statement:

These goods under the present tariff act are assessed for duty at a rate of 50 per cent ad valorem, which is not only so excessive as to almost prohibit their importation, but brings much hardship to the importers thereof. There are no snap fasteners of this type, to wit, with a wire spring, manufactured in this country at the present time, so far as can be ascertained, and therefore these articles come into no competition with any American article of like construction. * * * It is therefore suggested to your honorable body that the duty upon these articles be reduced to a rate of 25 per cent ad valorem, which will not only benefit the consumer by rendering possible a lower price on these goods in this country, but will redound to the benefit of the Government, owing to greatly multiplied revenue resultant from increased importations, and can work no hardship on the American manufacturer, as there are no articles of this kind manufactured in this country, and therefore no competition with an American product.

S. Basch & Co. further say:

These fasteners are not made in this country and never have been, and therefore do not enter into competition whatsoever with any American article of like construction.

We likewise call your attention to brief of Paul Bowmann, New York City, page 5171, tariff hearings, Schedule N, as follows:

These snap fasteners are not made in this country, and therefore a reduction in the duty will not in any way interfere with any domestic manufacture.

Paul Bowmann also further says:

Snap or dress fasteners. * * * These are plain metal articles used for women's wearing apparel and are now assessed under paragraph 427 at 50 per cent. These are also manufactures of metal, and if transferred to the suggested paragraph in the metal schedule at a duty not to exceed 25 per cent ad valorem, it would greatly encourage the importation of these useful articles which are not manufactured in this country, and are used where the ordinary button can not be used with comfort.

As a matter of fact, the United States Fastener Co. has made sew-on fasteners which enter into direct competition with the sew-on fasteners referred to by S. Basch & Co. and Paul Bowmann for more than 10 years, so that the statement made in the two briefs of S. Basch & Co. and that of Paul Bowmann, to the effect that "there

are no articles of this kind manufactured in this country, and therefore no competition with an American product" is absolutely false.

As a matter of fact, at the present time these sew-on fasteners are sold in Europe for export into the United States, and after they have paid the present duty of 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, are sold at a price less than our factory cost.

We respectfully submit these facts: That we filed our briefs before the Committee on Ways and Means and knew nothing of the statements made by the foreign manufacturers and their New York representatives, above referred to, until about the time the bill was being reported to the House. We have every reason to believe therefore that the reduction suggested, from 50 per cent to 15 per cent, came about by reason of the false statements and false information given to the Committee on Ways and Means, namely, that these goods were not manufactured in this country—which is absolutely false—and that they entered into the construction of other articles which would cause these other articles to be reduced in price in case there was a reduction in the tariff on snap fasteners, which can not happen because the cost of a fastener is so insignificant that it has absolutely no effect whatsoever on the cost of the article.

To substantiate the fact that the duty on snap fasteners, or clasps, and parts thereof, of 50 per cent ad valorem should not be changed, we refer you to briefs filed and printed in tariff hearings, Schedule N, paragraph 427: Waterbury Button Co., Waterbury, Conn., page 5166; Traut & Hine Manufacturing Co., New Britain, Conn., page 5169; United States Fastener Co., Boston, Mass., pages 5169–5170; Ball & Socket Manufacturing Co., West Cheshire, Conn., page 5172.

We have been informed that there were several reasons why the duty on snap fasteners, and the other articles in the claus in which snap fasteners were included, were reduced from 50 per cent to 15 per cent. One reason was that these snap fasteners entered into the manufacture of shoes, and if shoes were put on the free list, then snap fasteners should be. The duty on snap fasteners was reduced for this reason. The number of fasteners that have been used on shoes has been so small that it is absolutely inconsequential, and as far as we know snap fasteners for use on shoes have only been used in an experimental way. We would be very much pleased to get shoe manufacturers to use our snap fasteners, but they have not so far been able to do so.

Another argument that was used was that snap fasteners were not sold on the market for individual consumption; that is to say, they were always sold to be used on other articles. Since, however, take in the case of gloves, two fasteners only are used on a pair of gloves, and these fasteners cost fractions of a cent, the price of a pair of gloves which sell from $1.50 to $2, or any other article, would not in any way be affected even if the fasteners were sold at one-half the price at which they are now sold. It is a fact that in reducing the duty from 50 per cent to 15 per cent it brings about practically free trade on fasteners, and throws the manufacture of fasteners into the hands of foreigners. There will be practically no possibility of our reducing the cost of manufacture to compete with the costs in existence abroad. From our knowledge of the cost of manufacture abroad, we know that the goods can be made at such a price that it

is impossible for us to compete. The price of wages here is from three to five times that paid in Germany. As an illustration, a foreman of a plating room in Germany receives from $6 to $7.50 a week, whereas here in the United States we would pay him from $28 to $35 a week. Even with 50 per cent duty, the foreign manufacturer was able to bring many kinds of fasteners into this country, pay 50 per cent duty, freight, and all other charges, and still sell the goods several cents per gross less than the price at which we could produce them in this country.

Neither can we go into foreign countries with snap fasteners, because many reasons exist outside of the mere cost of production that governs the situation. In most foreign countries long credits have to be given; that is, from three to six, and sometimes nine months. The difference in the cost of money between the United States and Europe alone is a profit to the foreign manufacturer.

It is respectfully submitted that so drastic a cut as a reduction from 50 per cent to 15 per cent ad valorem, which is practically free trade, is such that the effect will be to drive this industry out of the United States and cause snap fasteners to be manufactured in Europe. To preserve this industry, which was entirely created in this country, and to enable it to continue in existence, the duty should not be lower than 45 per cent.

Par. 348.—CORK BARK.

THE CROWN CORK & SEAL CO., BALTIMORE, MD., BY THEIR ATTORNEYS (SIGNATURE ILLEGIBLE).

The Crown Cork & Seal Co., of Baltimore city, respectfully requests two amendments to section 348 of the tariff act of 1913 as passed by the House of Representatives.

The occasion or necessity for these amendments arise out of the changes introduced in this schedule by the pending bill. The present section 348 is a substitute for section 429 of the tariff act of 1909. Section 348 as enacted is set forth below. The original text corresponds with the former section 429; the changes made by new section 348 are indicated in italics.

348. Cork bark, cut into squares, cubes, or quarters, 8 cents per pound; manufactured cork *stoppers*, over three-fourths of an inch in diameter, measured at the larger end, *and manufactured cork disks, wafers, or washers, over three-sixteenths of an inch in thickness*, 15 (*12*) cents per pound; manufactured cork *stoppers*, three-fourths of an inch or less in diameter, measured at the larger end, *and manufactured cork disks, wafers, or washers, three-sixteenths of an inch or less in thickness*, 25 (*15*) cents per pound; cork, artificial, or cork substitutes manufactured from cork waste, or granulated corks, and not otherwise provided for in this section, 6 (*3*) cents per pound. * * *

The request of the undersigned is confined to two changes:

(*a*) The reduction in duty on disks less than three-sixteenths of an inch from 15 cents to 12 cents; and

(*b*) The making of all disks, whether made out of artificial or natural cork, subject to the same duty, and eliminating the present difference of between 15 cents a pound and 3 cents a pound.

While it has not been possible to ascertain the views of the different members of the Ways and Means Committee of the House of Representatives, we believe that it was not the purpose to make a

distinction between the duty on natural and artificial disks; the distinction under the language employed is uncertain and we believe unintentional.

EXPLANATION OF INDUSTRY.

In order to better understand the reasons for this application a short description of the subject of this application and of the industry is necessary.

1. Section 348 relates to various cork products. This application is confined to one of those products only, and the more important one; that is, cork disks or washers. These cork disks or washers are manufactured and used for a single purpose; that is, as a lining for tin caps or crowns which form now the almost universal method of sealing bottles.

Crowns were originally patented articles, the patent having been taken out in 1893 and having now expired. The patent belonged to this company and the industry was developed wholly by this company.

Prior to 1893 the almost universal method of sealing bottles was by long corks, which sealed by frictional contact with the sides of the bottle. These corks have been almost wholly displaced by the present crown system.

2. The industry is a very large one. In the year 1912 over 30,000,000 gross of disks and crowns were used in this country alone. This amounts to nearly 250 each year for every voter in the United States. The leading manufacturer of crowns is this company. There are, however, 12 other manufacturers which have begun business since the expiration of the patents.

Over 10,000 bottling establishments use this method of sealing alone.

3. Disks or washers constitute far the greater portion of all cork imports under section 348.

According to the Tariff Handbook, prepared as the statistical basis for H. R. 10, the total value of all imports under this section amounted to about $2,200,000 on the basis of the 1912 imports. During 1912 the imports of disks alone was approximately $1,800,000, or about 85 per cent of all cork imports.

We have requested two amendments to section 348.

I.

The reduction of the duty on disks less than three-fourths of an inch in thickness from 15 cents to 12 cents per pound, and our reasons for this request are the following:

1. These disks are substantially the raw material for the American manufacturer within the meaning of this term when used in tariff discussions. These disks have but a single use and that is a lining for tin caps or crowns. They are one size to correspond with the single size of the cap, and they have no use except in this manufacture.

The cutting is done by machinery, and the labor involved is not greater than the labor involved in the mining of ore and the production of other materials treated as raw material in the tariff schedules.

2. The burden of this duty falls on a greater number of people than that of almost any other tariff duty. The crown cap, as stated,

is in almost universal use, and is the exclusive means used in this country for bottling "soft drinks," such as sarsaparilla, ginger ale, etc., waters of various kinds, and also all beer. About 60 per cent is used for bottling nonalcoholic drinks, and the smaller portion, about 40 per cent, for beer.

As stated above, the production of crowns for 1912 in this country was over 30,000,000 gross, or over 250 disks for each voter each year, which is practically one disk a day for every voter during the year. Substantially, therefore, every voter in this country makes a daily contribution to this duty.

3. The duty is not necesary to protect American labor.

The amount of the duty is about 75 per cent of the entire labor cost in the production of the disk.

The duty fixed by section 348 is 15 cents per pound; the total labor cost in the United States is under 20 cents per pound.

The actual labor cost in the United States is practically no higher than the labor cost in Spain, where disks are made abroad.

This company has as part of its manufacturing equipment two cork-cutting departments—one at Baltimore, Md., and one in Spain. Costs are accurately determined at both plants by modern cost systems. During the period taken for comparison the labor cost at Baltimore was slightly under the cost in Spain. It is true that individual wages are less in Spain than in Baltimore, but the actual results to this company demonstrate that the labor is more efficient here, and this with the greater skill in designing labor-saving devices makes the labor cost nearly the same at both places, and in no possible event could the difference in labor cost be equal to the duty, which is three-fourths of the total labor cost in the United States.

4. The duty as fixed in section 348 is based on an imaginary or illusory classification and is uncertainly expressed. By a reference to the section above quoted it will be noted that the tariff bill of 1909 provided for duty on corks or cork stoppers, the duty being, on corks over three-fourths of an inch in diameter, 15 cents; corks less than three-fourths of an inch in diameter, 25 cents. All disks are over three-fourths of an inch in diameter and were included as corks under the old tariff bill, subject to a duty of 15 cents per pound.

Section 348 nominally reduced all duties. In fact, however, as to 85 per cent of the imports covered by this section the duty was not reduced at all. This was done by adding a new classification, indicated in red; that is to say, two new classes or subjects were introduced:

(*a*) Disks or washers over three-sixteenths of an inch in thickness, 12 cents per pound. For business purposes this class does not exist.

(*b*) Disks under three-sixteenths of an inch in thickness, 15 cents per pound.

The classification under the old act was based on the diameter of the cork, which is the trade standard; under the new act there was substituted as to disks the new standard, the thickness alone.

Two classes of disks were thus provided for, those under three-sixteenths of an inch and those over three-sixteenths of an inch in thickness. This classification is illusory; only one class of disks are made and for a single purpose. These are all less than three-sixteenths of an inch in thickness.

The duty on these disks is made 15 cents a pound and is the same duty under the old schedule on corks and disks over three-fourths of an inch in diameter. As disks are over three-fourths of an inch in diameter and less than three-fourths of an inch in thickness, the duty, while nominally reduced, remains actually unchanged. These disks, as stated, form over 85 per cent of the total imports under this schedule, and by means of this classification therefore the apparent reduction was evaded.

5. This duty is not necessary for the estimated revenue requirements of the Government. Thus the statistical information (Tariff Handbook, p. 275), the third schedule under section 348, states the total estimated quantity of cork was 2,475,000 pounds. This, as stated, consists almost wholly of disks. In estimating the revenue for the succeeding 12 months these are estimated on a basis of 12 cents, while the duty fixed by the bill is 15 cents, so that if the reduction requested—to 12 cents—is made it will produce the estimated revenue and the revenue sought by the tariff bill. The duty of 15 cents actually levied will levy a larger tax than was intended.

II.

The second request is that disks or washers, whether made of natural or agglomerated cork, be made subject to the same duty. It is believed, as stated, that this is not contrary to the intention or purpose of the framers of the bill, and that the distinction actually made in the bill was not intentional.

Cork disks or washers are of two classes; that is to say, natural wood disks and artificial or granulated wood disks. The artificial disks are made of small pieces of granulated cork pressed and held together by a binder.

Under this section natural wood disks are subject to a duty of 15 cents a pound. Artificial cork disks are included in the phrase: "Cork, artificial, or cork substitutes manufactured from cork waste, or granulated corks, and not otherwise provided for in this section," and subject to a duty of 3 cents per pound.

These disks should be subject to the same duty for the following reasons:

1. The two classes of disks are strictly competitors; both are used for the single purpose of lining crowns or tin caps.

2. The two classes of caps are sold by this company at the same price. Until 1913 this company sold the artificial cork caps for 25 cents per gross and the natural cork cap for 20 cents per gross. In 1913 the price of the two classes was made the same, 20 cents per gross.

These two competitive articles therefore are subject—one to a duty of 3 cents per pound, the other to a duty of 15 cents per pound.

3. Considering the two classes as strictly competitors, the large difference between the duties on the two classes has the effect of imposing by law a handicap on the manufacture of artificial cork disks. The raw material for natural cork disks is corkwood, which is free; the manufactured product is protected by a duty of 15 cents per pound. The raw material for the artificial cork disks is in part corkwood, but includes also gelatin, albumen, glycerine, etc., and these

latter articles are subject to tariff duties. The duty on the finished article is only 3 cents a pound, or only one-fifth of the duty upon the competing article made out of raw material wholly free from tariff duties.

4. The two classes of disks are, as stated, sold by this company at the same price, but the artificial disk is more profitable to the manufacturer and can afford to bear a higher rather than a lower duty.

5. The use of the artificial disk cap is very rapidly increasing, and supplanting the natural wood cap for beer and similar beverages.

Until 1912 the manufacture of artificial disk caps was in an experimental stage; they were, however, being introduced in increasing quantities. In the year 1912 this company sold 1,000,000 gross; during the latter part of 1912 the use greatly increased, and on the reduction of the price of the artificial caps to the same price as the natural disk cap in 1913 the sales so largely increased that for the fiscal year 1913 this company will sell over 5,000,000 gross.

A number of manufacturers are engaged in manufacturing disks in this country, and a number in Germany and Spain; and these manufacturers manufacture relatively more artificial than natural disks. Taking the total number used in this country in 1913, over 25 per cent, possibly 33 per cent, will be artificial disks.

The increase has been so rapid that if the present promise holds good and artificial disks are imported to the same extent as natural disks it will greatly reduce the estimated revenue from this schedule.

6. This company manufactures both classes of disks, so that it might be assumed that its interest is not affected. This, however, is not correct. There is, from a business viewpoint, no justification for this difference in the tariff, and it is likely to create artificial conditions in the industry. The difference in the duties is 12 cents a pound, which is large enough to artificially divert the business of manufacture from one class to the other and introduce unsound conditions in the industry.

We suggest therefore that section 348 be amended by inserting after the word "washers," in every place where it occurs, the following words: "whether made of natural, artificial, or granulated cork."

Par. 350.—DOLLS, ETC.

AMERICAN MANUFACTURERS OF DOLLS AND TOYS, BY ALBERT T. SCHARPS, 74 BROADWAY, NEW YORK, N. Y.

NEW YORK, N. Y., *May 26, 1913.*

To the Senate Committee on Finance, Sixty-third Congress, Washington, D. C.:

The American manufacturers of dolls and toys are unanimous in support of the continuance of the present tariff rate as provided in section 350 of the House of Representatives bill No. 3321, which reads as follows:

Dolls, and parts of dolls, doll heads, toy marbles of whatever materials composed, and all other toys, and parts of toys, not composed of china, porcelain, parian, bisque, earthen or stone ware, and not specially provided for in this section, 35 per cent ad valorem. (Par. 89.)

They present as argument in support of the present schedule historical and statistical data as follows:

INDUSTRY OF DOLLS AND TOYS IN THE UNITED STATES.

The manufacture of dolls and toys began in the United States as early as 1836, but no impetus was given to the trade for a great number of years. It is during the past 20 years, and particularly the last 10 years of that period, that the greatest growth has taken place. It is difficult to obtain exact statistics as to the volume of toy business in the United States, but a reference to the Thirteenth Census, compiled by the Department of Commerce and Labor, shows that the value of dolls and toys made in the United States increased over 100 per cent in the period of 10 years. The total value of such products is therein reported as being $4,010,000 in 1899, as compared with $8,264,000 in 1909. This same Thirteenth Census for the United States shows that there were then 226 establishments making dolls and toys, which number was divided among the several States as follows:

New York	67
Pennsylvania	23
Ohio	19
Illinois	19
Massachusetts	16
New Jersey	15
Connecticut	13
Indiana	10
New Hampshire	9
Michigan	8
Missouri	5
Maryland	4
Vermont	4
Wisconsin	3
Rhode Island	2
Iowa	2
Minnesota	2
Alabama	1
Kansas	1
Maine	1
Oregon	1
Tennessee	1

This list of States in which dolls and toys were manufactured shows that practically all the dolls and toys are manufactured in the New England States, New York, New Jersey, Pennsylvania, Ohio, Michigan, Indiana, and Illinois.

Practically all American dolls and toys are made in factories, and the character of toys made in America requires considerable factory equipment, such as dies, tools, and other special machinery. Many ingenious machines requiring large capital investment have been developed and installed in American toy factories.

There has also grown up in the last few years a new and important factor in the American toy situation—the manufacture of dolls. Dolls are now made here in large quantities which, through special methods and processes and distinctive designs, are competing successfully against the German goods, which latter have heretofore dominated the market. There is promise of continued growth in this new doll industry, provided the conditions under which it has been

developed are continued; and first among these is the present rate of duty covering this article.

The effect of this production is being felt on the other side, as shown by the report of Consul General Dillingham, at Coburg, Germany, who states in the Daily Consular and Trade Reports No. 88, dated April 13, 1912, at page 178, as follows:

Serious competition is being met in the United States where large quantities of dolls are being manufactured and sold at very low prices. Dolls' clothes are also being made in increasing quantities in America.

Popular-priced dolls and toys are sold in this country upon what is termed the "single-coin basis," to wit, at prices of 5, 10, 25, 50 cents and $1, and are manufactured to sell at such wholesale prices that they can be retailed with a profit on the single-coin basis. To sell toys at prices other than those, e. g., at 15, 20, 35, or 40 cents, has been attempted with uniform lack of success. If a new toy is introduced which would sell to the retailer at a price too high to be retailed at 10 cents and yet not of sufficient value to justify the price of 25 cents, changes are made to the toy so as to bring it to one or the other of these prices. This policy of a single-coin basis has become practically fixed in the American toy industry. This condition would be very materially disturbed by any change in the rate of the duties on dolls and toys.

The American toy industry is one of small factories and no combinations. There has never been a successful combination, either as to factories or prices. The only consolidation of important factories which was ever attempted was formed in 1903 under the name of National Novelty Corporation, which name was subsequently changed to the Hardware & Woodenware Manufacturing Co. This was a consolidation of some 18 or 20 independent factories. In 1908 the said corporation went into the hands of receivers. Its creditors are advised that they will receive not more than 30 cents on the dollar; the stockholders and bondholders losing their entire investment.

There are no especially large concerns engaged in the manufacture of dolls and toys. Some two or three concerns have a commercial rating of from $300,000 to $500,000, but the greater number are rated at between $10,000 and $100,000. A concern doing a business of $100,000 annually is considered large, and one doing a business of $500,000 is almost unique.

The census report of the Department of Commerce and Labor (1909) shows that the 226 establishments had $6,541,000 of capital employed in the industry, and the total value of the output was only $8,264,000, the ratio of invested capital to output being approximately 75 per cent, a far higher ratio than in almost any other industry.

The industry at the present time is practically in its infancy. America now excels in many lines of toys; and, more than any other country, is developing the toy business from a seasonal one lasting but a few months in the year to a business which can be profitably conducted every month in the year. Indeed, the manufacturers hope that within the next five years the output will bear a considerably higher ratio to the capital invested than at present.

In addition to the establishments exclusively engaged in the manufacture of toys, the industry is one which has an important bearing

upon various other industries in this country, in that many factories are able to employ their waste material, remnants, and scrap in the manufacture of toys. This is of supreme importance for the reason that these factories engage in the manufacture of toys in those seasons of the year when business is dull in their regular product and when they would otherwise be compelled either to work half time or to reduce their working force. By employing their force in the manufacture of toys they are able to keep their hands employed during the entire year. Here again the reduction of the tariff would render the manufacture of toys unprofitable and would result in the enforced idleness of highly skilled employees for considerable periods in each year.

When hearings were had before the Ways and Means Committee in January, 1913, there were filed with that committee two copies of Playthings, the trade publication—one the issue for February, 1912, and the other for June, 1912. This last number is called the American Toy Number, and a glance through its pages and advertising matter will clearly disclose the nature and character of the industry as it exists to-day. This is a monthly publication devoted to dolls and toys and like subject matter and was first published in the year 1903, when the toy industry began to take a noticeable position among American industries. The size and character of this magazine is indicative of the growth and development of the industry. There was also submitted to the Ways and Means Committee a list of concerns which have from time to time advertised in this publication. All of these concerns urged upon that committee the continuance of the present tariff. In addition, there were submitted to the Ways and Means Committee catalogues of numerous American manufacturers of dolls and toys. These catalogues evidence the degree of perfection which this industry has reached, the high grade of toys manufactured, the skilled labor necessarily employed, the extensive machinery required, and the large investment of capital. Duplicates of these papers will be submitted if your committee so desires.

IMPORTS

The United States has always been an importer of toys. The increase in imports during the period between 1899 and 1909 was greater than at any previous period. The increase in imports during that time was twice as great as the increase in the value of domestic toys manufactured during a like period, and this notwithstanding the domestic manufactures increased 100 per cent.

The value of imports for the period commencing 1898 and ending 1912 are summarized below, and to the same is appended a summary of domestic manufactures for comparison.

Value of imports of dolls and toys.

[From Statistical Abstract of the United States, published 1907 by Bureau of Statistics.]

1898	$2,214,482
1899	2,205,512
1900	2,023,982
1901	3,830,311
1902	4,023,670

1903	$4,232,074
1904	4,977,389
1905	4,904,457
1906	5,887,863
1907	6,093,561

[From Commerce and Navigation of United States, 1912–13.]

1908	$7,206,423
1909	4,869,097
1910	6,585,781
1911	7,004,835
1912	7,893,582

Domestic manufactures.

[From Thirteenth Census of United States, Bulletin Manufactures: United States.]

1899	$4,010,000
1904	5,578,000
1909	8,204,000

The largest increase of imports has occurred during the time when the present rates of duty have been in effect, and it is during such period as well that domestic manufacturers have made their greatest advancement. From the year 1890 to the present date the value of imports of dolls and toys shows an increase every year, with the resultant increase in revenue, with the exception of a few years where the decrease has been comparatively small and was due either to changes or contemplated changes in the tariff or general business depression throughout the country. For convenience there has been annexed hereto a statement of the value of import of dolls and toys for the years 1890 to 1897 (see Schedule A), which, read in conjunction with the foregoing tabulation A, will be found to fully justify the statements made.

Although the United States imports toys from almost every quarter of the globe, nevertheless five countries produce practically all the dolls and toys imported into the United States. These countries are, in the order of their importance, Germany, Japan, Austria-Hungary, United Kingdom of Great Britain and Ireland, and France.

There has been collated in Schedule B, hereto annexed, a comparison of imports for the past five years, ending June 30, 1912. This schedule clearly shows that the value of dolls and toys imported from Germany alone represents approximately 90 per cent of all the dolls and toys coming into this country, and that from countries other than the five above mentioned the value of the imports is negligible.

The records of the Department of Commerce and Labor, Bureau of Foreign and Domestic Commerce, for a period of six months ending December 31, 1912, show that there were $5,544,794.86 of dolls and toys imported into the United States for the six months ending December 31, 1912, of which amount the five countries above named contributed $5,462,024, leaving for all the rest of the world the sum of $82,770.86. The dominant control of these five countries still continues.

More recent figures published by the Department of Commerce and Labor, Bureau of Domestic Commerce, show that there has been

practically no change in the value of imports during the past three years. These figures are as follows:

For period of 12 months ending December for the years 1910, 1911, and 1912, as follows:

1910	$7,565,530
1911	8,151,033
1912	7,727,409

For period of seven months ending January, as follows:

1911	$5,839,000
1912	5,087,606
1913	5,870,378

For period of eight months ending February, as follows:

1911	$6,142,718
1912	6,264,460
1913	6,155,496

(See Nos. 6, 7, and 8, series 1912–13, Monthly Summary of Commerce and Finance of United States, December, 1912, and January and February, 1913.)

EXPORTS.

The amount of dolls and toys which the United States has exported has never been large and the fluctuation has been great. It has been explained by those familiar with the trade that the export business is largely confined to novelties which seem to run for a season only, thereby increasing the business for that period, with a consequent sharp falling off thereafter.

There has been collated in Schedule C from the publications of the Department of Commerce and Labor statistics for the years 1908, 1909, 1910, and 1911 and 1912; and in this schedule there is shown the amount of business done with the countries which constitute the five largest importers of dolls and toys into this country. This schedule shows that less than half of the total business of exporting dolls and toys from the United States is done with the five countries which import 99 per cent of the dolls and toys into the United States. An examination shows that Germany imports from the United States less than 1 per cent of the amount which it exports to the United States. In this schedule there has been collated under the item "All other countries" the total volume of exports of dolls and toys from the United States to countries other than the five named, and of these totals more than one-half of the amount thereof represents business done with Cuba, Canada, and South America.

The great fluctuation in the exports during the last five years is shown in Schedule C. From 1908 to 1910 the exports increased 100 per cent, but in 1911 a decrease occurred, and in 1912 the total exports were considerably less than for the year 1908. The continued decline of exports is shown by volume No. 6, series 1912, of the Monthly Summary of Commerce and Finance of the United States, where are collated the value of exports for periods of 12 months ending December 30 in the years 1910, 1911, and 1912, respectively (p. 639). The totals there are as follows:

1910	$1,273,853
1911	824,111
1912	783,131

Bulletins Nos. 7 and 8 of the same series do not show marked changes.

COMPARISON OF IMPORTS AND EXPORTS.

The tables collated under the headings of "Imports" and "Exports" show the uncertain character of the export business and the wide fluctuations thereof, and point out the enormous volume of dolls and toys imported into the United States, which is constantly increasing in amount. On the other hand, the trifling character of the export business with the countries which send practically all the dolls and toys to the United States is clearly shown.

By way of specific illustration: In the year 1909 the United States manufactured dolls and toys of the value of $8,264,000. Germany in that year, a year of great financial depression, exported to the United States alone dolls and toys of the value of $1,408,745. The volume exported to Germany for like period was $40,606, a ratio of more than 1 to 100 against this country.

Further comparisons along this line were prepared for the Ways and Means Committee by Daniel C. Roper, Esq., in a publication entitled "Tariff Handbook" (1913). For convenient reference the same has been hereto annexed and marked "Schedule D."

The best that the American manufacturers have been able to accomplish, even with the protective tariff of 35 per cent ad valorem, is to share the American market equally with Germany and other countries.

NECESSITY FOR TARIFF.

There are two factors which permit American manufacturers to compete in part with foreign manufacturers:

First. The existence of the present tariff.

Second. The use in the trade of highly developed and perfected machinery and automatic appliances.

The use of these highly developed machines and automatic appliances alone would not render it possible for American manufacturers to produce toys successfully to compete with toys made by hand or by machine labor abroad.

During the year 1912 the strike at Nuremberg, the seat of the toy industry in Germany, was settled, acording to the report of Consul General George Nicholas Ifft, upon the following terms:

The strikers demanded a week of 55 hours and the employers granted 56 hours. The strikers also demanded one and one-half hours at noon, Saturday afternoons free, 25 per cent extra for night work, and 50 per cent extra for Sunday work. These demands were granted but night work was fixed as between 9 p. m. and 5 a. m. The following minimum-wage scale was fixed for beginners, after three years' apprenticeship: Skilled workmen, first year after apprenticeship, 8 cents per hour; more experienced workmen, 10.2 cents per hour; helpers, over 20 years of age, 8.6 cents per hour; tool makers, first year after apprenticeship, 9.3 cents per hour; female employees over 18 years of age, 4.8 cents per hour. All old employees were granted an increase of one-half to 1 cent per hour. Employees doing piecework are to receive not less than if working on hour rates, but no male employee is to receive more than 17.9 cents or female em-

ployee more than 9.5 cents per hour. (See Daily Consular and Trade Reports, No. 160, dated July 9, 1912, at p. 134.)

The cost here for labor, factory rent, and other expenses of production so greatly exceeds the cost of these items abroad that the continuance of the present tariff is absolutely essential to the existence of the industry in this country.

All of our States where dolls and toys are manufactured have stringent laws against child labor, and there has been in the past few years a very strong movement to enforce these laws. The public has seen the demoralizing effect of permitting children of immature years to labor. Here in America we make all our toys in factories. This renders our manufacturers subject to factory inspection and the requirements of the factory and child-labor laws. In Germany, on the other hand, the making of toys is scattered through hundreds of houses in various villages, where children scarcely able to walk are nevertheless employed to do crude painting and to dip toys in colored material. Fortunately our laws render such a condition impossible for the American manufacturers. The American manufacturers of dolls and toys, working in a shop under supervision of the State laws controlling on the subject of sanitation and child labor, can not meet the competition of foreign-made toys unaided at least by the present moderate tariff. (See excerpts from Consular Reports appended on Schedule E.)

If the tariff were to be removed or reduced, it might have the demoralizing tendency of tempting the manufacturers to meet the competition by resorting to inferior factory conditions and efforts to evade the child-labor laws. As the matter stands to-day, the protection afforded to them, although inadequate, is nevertheless sufficient to stimulate them in the honorable movement against foul, ill-ventilated manufacturing quarters and the use of the labor of poorly fed and malnurtured children.

The force of this argument is more clearly perceived when it is known that 75 per cent of the cost of the production of toys in this country is labor and 25 per cent material, and that this applies especially to that class of toys coming into competition with foreign toys.

Up to within the last few years practically all foreign toys were from continental Europe. But now Japan is successfully imitating European and American toys. As against Japanese competition, the tariff at its present rate is an absolute necessity for the existence of the American industry.

As an illustration of Japanese competition, Japanese manufacturers are producing imitations of American mechanical inventions as applied to toys; and, although they are unable to sell them in the United States, because protected by United States letters patent, they are nevertheless selling them in Europe at retail, at prices much lower than the American manufacturers can wholesale them here.

In view of the strenuous character of foreign competition and the impossibility of future cheapening of the cost of production here, except at the sacrifice of the health and character of the employees, the toy manufacturers of the United States are strongly of the opinion that any reduction, however slight, in the present 35 per

cent ad valorem on dolls and toys as reported in section 350 of the House bill No. 3321 would be fatal to the successful continuance of the industry in the United States.

It is of the utmost importance not to lose sight of the fact that toys are essentially luxuries. Even in the remote contingency, therefore, that the elimination or reduction of the present tariff might be of some pecuniary benefit to the ultimate consumer in this country, it is clear that that ultimate consumer will not be of that class which it is the purpose of modern legislation to relieve from the harmful effects of the present high cost of living.

If in spite of all that has been said here and elsewhere, the policy of the dominant majority be that only such tariffs shall be assessed as are necessary for the collection of revenue to defray the expenses of Government, it is well to take note of the fact that even from this purely utilitarian standpoint a reduction or cancellation of the tariff on toys would be inadvisable, for during the first two of the three years when the tariff on toys had been reduced to 25 per cent ad valorem the gross quantity of imports was less than under the higher tariff (see Schedule A); so that the revenues were reduced both positively and relatively. For the last year the imports, in anticipation of an increase in the rate, were of course considerably larger.

With this brief argument we let the matter rest with your honorable body and hope that your report and recommendations to the Senate will be that the present rate of duty on dolls and toys shall be maintained.

All of which is respectfully submitted.

SCHEDULE A.—*Value of imports of dolls and toys.*

Rate, 35 per cent ad valorem:	
1890	$2,070,650
1891	2,270,121
1892	2,470,132
1893	2,883,010
1894	2,140,660
Rate, 25 per cent ad valorem:	
1895	1,889,628
1896	2,510,410
1897	3,205,057

SCHEDULE B.—*Imports of toys and dolls.*

[From publication of imports of merchandise for years ending June 30, 1908-1912, p. 344 of Foreign Commerce and Navigation of the United States, 1912, published by the Bureau of Commerce and Labor.]

Country.	1908	1909	1910	1911	1912
Germany	$6,517,631	$4,408,745	$5,908,092	$7,078,880	$6,981,129
Japan	177,720	127,184	195,302	240,641	324,430
Austria-Hungary	179,418	125,534	158,870	155,757	180,081
England (United Kingdom)	87,723	38,894	79,361	113,160	148,336
France	150,472	111,966	149,957	224,517	182,169
Total	7,112,966	4,814,323	6,511,582	7,831,935	7,816,145
All other countries	93,457	54,774	74,199	132,880	77,437
Total	7,206,423	4,869,097	6,585,781	7,964,835	7,893,582

SCHEDULE C.—*Exports of toys and dolls.*

[From Commerce and Navigation of the United States for year 1912, published by the Department of Commerce and Labor.]

Country.	1908	1909	1910	1911	1912
Germany	$56,119	$40,606	$238,475	$64,942	$34,704
France	23,974	28,628	93,903	37,369	10,789
Austria-Hungary	363	452	1,183	458	391
England (United Kingdom)	230,922	639,503	692,446	235,108	114,423
Japan	10,004	8,152	7,457	10,068	4,038
Total	321,382	717,343	1,031,464	342,837	164,345
All other countries	411,892	380,844	638,582	670,267	450,942
Total	733,274	1,098,187	1,670,046	1,013,104	645,287

SCHEDULE D.—*Dolls and parts of dolls, doll heads, toy marbles of whatever material composed, and all other toys, not composed of china, porcelain, parian, bisque, earthen or stone ware, and n. o. s. p. f.*

[Tariff Handbook (1913). Compiled by Daniel E. Roper, secretary to Ways and Means Committee.]

	Wilson tariff.	Dingley tariff.	1910	1911	1912
Imports:					
Value	$2,502,111.47	$4,927,482.95	$6,628,683.43	$8,159,244.45	$7,881,297.78
Duties	625,527.89	1,724,618.94	2,320,038.54	2,855,521.20	2,758,382.90
Rate (per cent)	25.00	35.00	35.00	35.00	35.00
Production		5,577,073.00	8,264,135.00		
Exports	143,390.00	596,638.00	1,670,046.00	1,013,104.00	645,287.00
Consumption		9,908,537.95	13,222,772.43		

SCHEDULE E.—*Excerpts from the Daily Consular and Trade Reports.*

Many toys are also the product of house industry, i. e., are manufactured in the homes, with only the family participating in the work. This class of industry is, however, not so common in Nuremberg as it is in the village of Erz Mountains, where most wooden toys are made, or the Thuringia village, where most German dolls are produced. (Report of Consul General Ifft, at Nuremberg, Germany, dated July 2, 1912, p. 13.)

This vast foreign trade is due rather to the low price of the goods than to their quality. (Report of Consul General Bywater, at Dresden, Germany, dated Sept. 27, 1910, p. 942.)

On account of the extremely low cost of labor in Germany this country is able to produce some articles at prices with which the American manufacturers can not compete.

Nuremberg steel and "tin" toys, however, are being supplanted more and more by American goods. Electric railways, machinery, trains, and all toys of that kind are being produced in the States. The American demands for goods such as Noah's arks, farm-yard sets, etc., from the toy-making district of the Saxon Mountains are rapidly falling off. The United States market for tin drums is now almost altogether supplied by the American manufacturers. (Report of Consul General Gaffney, at Dresden, Germany, dated June 30, 1911, p. 1422.)

In Thuringia in 1910, 1,495 boys and girls between the ages of 14 and 16 years were employed, and 10 boys and 8 girls between the ages of 13 and 14 years were also employed. The regulation working time was often exceeded, and the prescribed intermissions were not always observed; moreover, a large number of young children were put to work whose small earnings did not offset the injury they received from their industrial activity. It is the custom in certain villages, brought about by local conditions, to employ children till late in the evening in making toys, dressing dolls, stuffing plush animals, and weaving baskets, and it will take some time before an improvement in this respect can be brought about. There were 875 accidents during the year, as

compared with $20 in the previous year. (Report of Consul General Dillingham, of Coburg, Germany, dated Nov. 28, 1911, p. 1048.)

It is not unusual to find a factory in which, besides the proprietor and his wife and children, only two or three extra men are employed. * * * The wages of female employees are about 5½ cents per hour, much lower than those of the male workmen, who earn about 10½ cents per hour. In normal times the toy-factory employees work 9½ hours per day, with 1 hour less on Saturdays. (Report of George Nicholas Ifft, consul at Nuremberg, Daily Consular and Trade Reports, dated Aug. 31, 1909, p. 6.)

Par. 351.—CRUDE ARTIFICIAL ABRASIVES.

HERMAN BEHR & CO. (INC.), 75 BEEKMAN STREET, NEW YORK, N. Y., BY MILTON A. SNIDER.

NEW YORK, *May 28, 1913.*

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

SIR: What the abrasive factories in this country want is to have crude artificial abrasives, now provided for at 10 per cent ad valorem in paragraph 351, H. R. 3321, placed on the free list with emery and corundum. (Par. 487, H. R. 3321.) There have been different briefs placed before the Committee on Ways and Means, but the important points have not been included. The Norton Co., of Worcester, Mass., one of the two largest manufacturers who manufacture their own artificial abrasives in this country, have patented an artificial abrasive known as "alundum," their patent being No. 659926 and dated October 16, 1900, to a Mr. Jacobs. This patent gives them the complete monopoly on artificial abrasives made of clay. These abrasives will include at least 80 per cent of the imports under the paragraph, and there are 22 manufacturers out of 24 who must depend upon foreign imported abrasives of this kind, as the Norton Co. refuse to sell or allow any of their competitors to manufacture this kind of abrasive in America. Therefore the whole situation is that one large company is able under their patents to monopolize the manufacture exclusively in this country and at the expense of 22 smaller interests, which I represent.

Corundum from Canada is practically worked out, and the war in Turkey and Greece has reduced the supply of emery, and this has forced increased shipments of imports of crude artificial abrasives, and these imports will naturally gradually replace the emery heretofore used as the electrical-furnace product is constantly becoming cheaper and better, but the natural product which is being mined remains the same. The imports of crude artificial abrasives into this country during the fiscal year ending June 30, 1911, were valued at $49,646, and paid a duty of $4,964.80. For the same period 13,599 tons of emery ore, valued at $256,576, were imported and passed free.

Another reason why this paragraph should be on the free list with emery is because both products are received into this country in crude form and are milled into grains by the same mills and equipment and sold for the same identical purposes.

Another reason, the process of converting boxite clay by the electrical furnace into crude crystals as received here requires no more

labor than to mine the emery from the earth. The principal cost to manufacture crude crystals consists of the clay and electricity. Six men can manufacture as many tons of crude crystals as the number of tons of emery mined.

We recognize that the revenue to the Government on the above paragraph as it now stands is a small matter, but when distributed among 22 smaller wheel factories that must depend upon the imported material it is a great hardship to them, besides assisting to create a monopoly on this material for one large interest to benefit from.

The writer represents the following interests: Safety Emery Wheel Co., Springfield, Ohio; Dayton Grinding Wheel Co., Dayton, Ohio; Sterling Emery Wheel Co., Tiffin, Ohio; Detroit Emery Wheel Co., Detroit, Mich.; Star Corundum Wheel Co., Detroit, Mich.; Peninsula Emery Wheel Works, Detroit, Mich.; Waltham Emery Wheel Co., Waltham, Mass.; Superior Corundum Wheel Co., Waltham, Mass.; Vitrified Wheel Co., Westfield, Mass.; Adamite Abrasive Co., North Tonawanda, N. Y.; Herman Behr & Co. (Inc.), Brooklyn and New York; American Emery Wheel Co., Providence, R. I.; and two large interests who are neither for or against this paragraph being placed on the free list; and a few small abrasive interests.

STATE OF NEW YORK, *County of New York, ss:*

Milton A. Snider, being duly sworn, deposes and says that he has read the foregoing communication, and knows the contents thereof and that the facts stated therein are true of his own knowledge except as to the statistical matter, which is taken from the compilation issued by the Bureau of Statistics of the Department of Commerce and Navigation.

Sworn to before me this 27th day of May, 1913.

MILTON A. SNIDER.

[SEAL.] CHARLES T. ALT,
Notary Public, Kings County, No. 38.

Certificate filed New York County, No. 41; Kings County register's office, No. 5081; New York County register's office, No. 4102.

Par. 351.—EMERY GRAINS.

HOWARD HUNTER WILLIAMS (NO ADDRESS GIVEN).

[Memorandum with regard to section 351 of Schedule N of the proposed tariff bill, known as H. R. 10.]

As proposed, the section reads as follows:

Emery grains and emery, manufactured, ground, pulverized, or refined, 1 cent per pound; emery wheels, emery files, emery paper, and manufactures of which emery or corundum is the component material of chief value, 20 per centum ad valorem; crude artificial abrasives, 10 per centum ad valorem.

Two items of this section ought properly to be inserted in the free list as a portion of paragraph 491. The duty levied upon the articles named under prior tariffs has not been for the purpose of revenue, but simply for the purpose of protecting one favored manufacturer

residing in Pittsburgh but having the plant of the corporation controlling this industry at Niagara Falls. The tariff, which is almost prohibitive, is simply a tax upon the users of abrasive materials for the benefit of this individual. Abrasives, however, cut such a small figure in industrial life that it has not been possible for the consumers of these articles to organize and present the issue to the Ways and Means Committee, as has been done with articles of universal consumption like wool, sugar, and leather. There is involved no question of wages, and it remains only to determine whether Congress will enact this tax for the benefit of one favored personage.

Crude artificial abrasives were never mentioned in any tariff prior to the present. When the present tariff was being enacted the Finance Committee of the Senate placed crude artificial abrasives upon the free list as a part of the paragraph mentioned, but in the conference committee this was removed from the free list and placed in Schedule N. As a matter of fact, the only company in the country that would be affected by the change is the Carborundum Co., of Niagara Falls, which is owned by Mr. Mellon, of Pittsburgh, and his friends.

Four years ago the classification now urged was favored by Senator Kean, of New Jersey, and Senator Crane, of Massachusetts, among whose constituents were large users of such abrasives. It was also favored by Senator Proctor, of Vermont, for the marble cutters desire to have abrasive material brought into the country as economically as possible. Notwithstanding these powerful advocates, the arguments of the Pittsburgh representatives were sufficient to transfer these items from the free list to the dutiable class. Apprehending that no such arguments will have any weight with the new administration, it is respectfully requested that these items be moved from the class mentioned back to the free list, where they properly belong. As far as the Government is concerned it is hardly interested, as the duty obtained from the tax is negligible, the taxation being for the benefit of Mr. Mellon rather than for the country.

NEW YORK BELTING & PACKING CO., 91 AND 93 CHAMBERS STREET, NEW YORK, N. Y., BY J. H. COBB, PRESIDENT.

NEW YORK, *April 16, 1913.*

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

DEAR SIR: In connection with the announced reduction in tariff rates we are taking the liberty of placing our views before you in regard to ground emery, of which we as manufacturers are large users.

We note with regret that no reduction has been made in the duty on emery grains as in other lines less highly protected; the Payne-Aldrich tariff and the Underwood bill reading precisely the same and as follows:

Emery grains and emery, manufactured, ground, pulverized, or refined, 1 cent per pound.

Our information is that the cost of manufacturing or grinding emery, not counting the crude emery, is about $8 per ton, and on this

price there has been and is proposed to be a duty of $20 per ton, or something like 275 per cent of the manufacturing cost; also that the complete cost of manufacture of emery, including the crude emery, is about $50 per ton, consequently the duty proposed, as mentioned above, of $20 per ton would be 40 per cent.

We feel that such rates of duty are excessive and not justified, and our suggestion is that if any protection is accorded it should not be more than 50 per cent of the manufacturing cost, or about one-fifth of 1 cent per pound. There is in our minds no good argument for a greater protection than this, and if such an amount is given as stated above it must be with the view of excluding all foreign importations of emery; we might further state in this connection that foreign importations, in view of this duty, have been steadily falling off each year until same are practically excluded at the present time.

We trust that your committee may deem it wise to make this item in accord with the general tariff plan.

Par. 355.—MATCHES.

SALVATION MATCH CO., NEW YORK, N. Y., BY WARREN B. HUTCHINSON, PRESIDENT.

NEW YORK, N. Y., *May 3, 1913.*

To the chairman and members of the Committee on Finance of the Senate of the United States:

The reductions in the tariff on matches and materials used in match manufacture are to be commended. However, to equalize these reductions matches should be placed on the free list.

The reductions as proposed on materials used in match manufacture will principally inure to the benefit of the one monopolistic corporation that now dominates the match industry.

This corporation claims to own factories in foreign countries, but have always opposed reductions in the tariff on the manufactured article.

SOME OF THE REASONS WHY COMMON MATCHES SHOULD BE ON THE FREE LIST.

Common household matches are a necessity in every home throughout the land, and the cost per capita in this country is about 50 cents annually.

The common type of household matches made in this country has been a dangerous hazard, both from poison and fire. Imported matches are admittedly superior to the American-made product, and if placed on the free list would make possible a reformation of trade practices and also compel the American manufacturer to make matches of better quality than they have heretofore done in order to successfully compete with the imported article.

Exclusive of the duty, the import cost on household and safety matches per thousand is practically the same as the manufacturing cost in this country of the ordinary match in use.

Importations of matches are mostly made from Europe and have been practically confined to what is known as "safety" matches. Only about 4 per cent of the domestic consumption has been imported on account of the prohibitive duties that have been in effect for the last 40 years, during which period the industry in this country has been dominated, as it is to-day, by one concern, which is a glaring illustration of special privilege that has been fostered by an unjust tariff.

The price paid for matches by consumers in this country amounts to about $50,000,000 annually. The manufacturing cost is about 30 per cent of the retail price. The abnormal profit accruing to the middlemen is made possible by trade artifice, etc., together with abusive trade methods through the gift of free goods to the middlemen to crush competition, which in no way benefits the consumer or retail purchaser, and which free gifts amount to more than the tariff duty.

The Esch-Hughes regulations, incorporated in the act to provide a tax upon white phosphorus matches, and for other purposes (H. R. 20842, 62d Cong.), practically permit only importations of matches of the best quality.

The law incorporated in these regulations was enacted for the purpose of stamping out the vocational disease known as "phossy jaw" in match manufacture.

The loss of life and property due to the use of unsafe matches in this country is of much greater magnitude and importance than the evil that was corrected in the enactment of the Esch-Hughes law.

About 1,000,000,000 matches are used a day in the United States, or about a dozen matches daily per capita. The tremendous fire hazard involved in the use of unsafe matches would be reduced to a minimum if the match manufacturers were compelled by law, custom, or competition to impregnate the splints, as is done almost universally by European manufacturers.

A special dispatch to the Globe-Democrat, of St. Louis, reads as follows:

CHICAGO, ILL., *May 16.*

Matches cause $30,000,000 worth of property destruction each year in the United States alone and kill more people every year than all the dynamite manufactured in this country, according to the National Fire Protection Association, assembled in convention in Chicago, which went on record to-day in favor of legislation to curtail such losses.

The terrible Asch fire in New York, in which 147 lives were lost, and the destruction of the Equitable Building, January 9, 1912, were caused, it is alleged, by the careless use or throwing away of matches, probably after the flame had been extinguished but while still retaining the dangerous fire-creating spark or live-coal hazard.

Recognizing the fire hazard of matches, the city of New York enacted stringent legislation, which became effective January 1, 1913.

This law makes it a misdemeanor to manufacture, transport, store, or sell in the city of New York any matches in the manufacture of which white phosphorus enters as an ingredient, or any match of the type or kind known as "fuzees" or "wind" matches, or for a match

the stick of which has not been treated to a process of impregnation for the purpose of preventing an afterglow.

This law was vigorously opposed by the majority of American manufacturers of matches, but is now being complied with. The attitude of these manufacturers has always been antagonistic to any restrictive legislation pertaining to the match industry.

It will be noted that there is an absolute prohibition as to manufacture, transportation, storage, and sale within the city of New York of unsafe matches. Nevertheless, H. R. 3321, paragraph 356, reads as follows:

356 Matches friction or lucifer, of all descriptions, per gross of 144 boxes, containing not more than 100 matches per box, 3 cents per gross; when imported otherwise than in boxes containing not more than 100 matches each, one-fourth of 1 cent per 1,000 matches; wax matches, fuzees, wind matches, and all matches in books or folders or having a stained, dyed, or colored stick or stem, and tapers consisting of a wick coated with an inflammable substance, 25 per cent ad valorem.

On account of the danger from fire hazard the use of wax and other matches that are hard to extinguish are prohibited by many of the marine or ocean lines.

The fire hazard in unimpregnated matches is generally recognized. The elimination of this hazard, both by custom and law, is almost universally enforced in European countries. The objections of American manufacturers to make matches equal to the European product is the slight additional expense involved.

If, therefore, common household matches are placed on the free list, so as to make it possible to enter into competition on an equal basis with the American product, the consumer would undoubtedly secure more and better matches for what they have been paying at retail.

It is probable that the maximum imports would never aggregate over 15 to 20 per cent of the domestic consumption, even if household matches are placed on the free list, as the manufacturers in this country would meet this competition both in quality and in price, which they can readily do, and in this way the consumers throughout the country would ultimately gain the equivalent of $10,000,000 to $12,000,000 annually.

The duties collected on common household matches under the Payne tariff for the year 1912 was $440.22, and duties on matches imported in boxes containing not more than 100 matches each, which were mainly "safety" matches, $121,697.

The use of the word "lucifer" in paragraph 356 of the proposed tariff is meaningless. All matches used to-day can be classified under the general head of "friction" matches.

The suggestion is made that the Senate Finance Committee recommend as follows:

Free list: Matches, friction, of all descriptions, made with impregnated wood splints or sticks, and match splints or sticks for match manufacture.

In lieu of paragraph 356, H. R. 3321: Matches, friction, of all descriptions, made with unimpregnated wood splints or sticks, and matches made of paraffin paper, wax matches, fuzees, wind matches, and tapers consisting of a wick coated with an inflammable substance, 25 per cent ad valorem.

Par. 356.—BLASTING CAPS.

THE FORT PITT POWDER CO., 711 OLIVER BUILDING, PITTSBURGH, PA., BY R. T. LYTLE, GENERAL MANAGER.

PITTSBURGH, PA., *May 12, 1913.*

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

GENTLEMEN: I beg to call attention to the Underwood bill, paragraph 361, which sets forth the reduction of the duty on blasting caps from $2.25 per thousand to 75 cents per thousand caps.

We, as manufacturers of blasting caps, appeared on January 29 before the Ways and Means Committee and filed a brief setting forth our position in the business and the position in which we would be placed should this duty be materially reduced, and in order to protect both life and property in our country, it is absolutely necessary that we be given some protection to our business, so that we will not be compelled to manufacture a cheap, low-grade cap in order to compete with foreign-made goods. It may not be necessary to maintain the full $2.25 per thousand, but 75 cents per thousand would not give us protection to the quality of cap we are now placing upon the market, and you can readily figure from the prices charged in foreign countries as compared with prices in this country that even with a duty of $2.25 per thousand the foreign manufacturer was in position to place in this country high-grade caps at a profit.

The consumers are not complaining with regard to the prices they are charged for high-grade blasting caps at the present time, but the jobber, in order to secure more profit to himself, would like to see the cheap-grade foreign caps sold in this country, as by handling the cheap low-grade foreign caps he could readily sell them to the unthinking consumer and handler of blasting caps at a much greater profit than he could secure from the high-grade cap, and from the outward appearance of these caps it would be an easy matter to deceive the consumer with regard to the quality of cap he was securing. The cheap cap would give imperfect detonation to the dynamite or high explosives, the result of which would be loss of life and destruction of property.

The Bureau of Mines and Mining which our Government maintains is spending hundreds of thousands of dollars to minimize the loss of life in the mining districts, and if you make the radical change proposed in the Underwood bill and reduce the duty on blasting caps from the present duty to 75 cents per thousand, you will be undoing considerable of the work which has been accomplished in the past few years by opening our doors to cheap, low-grade foreign caps, as these cheap, low-grade caps will not perfectly detonate permissible explosives or high explosives recommended by the Bureau of Mines and the Bureau for the Safe Transportation of Explosives.

If we can not secure the protection of $2.25 per thousand caps we would be satisfied to have the change made to, say, $1.75 per thousand or an ad valorem duty of about 40 per cent. This would about place us in position to compete with foreign manufacture, providing they ship into this country high-grade caps such as are now being used

by the consumers throughout the United States and prevent the introduction into this country of the cheap, low-grade blasting caps.

The manufacture of blasting caps is a small business, yet a very essential one, as in case of war fulminate of mercury detonators, or blasting caps, are contraband of war, and if the blasting-cap industry in this country is destroyed or forced out of business it would place our War Department in a very serious position, also all industries, such as coal and iron mines, using high explosives, as they would be compelled to cease operation, for if we do not secure sufficient protection which will permit us to continue in business and compete with foreign manufacturers we will have to close our works.

We trust you will give this matter your serious consideration and not make the radical change in the duty as proposed in the Underwood bill, paragraph 301, but will protect this business from cheap, low-grade foreign caps by at least 40 per cent ad valorem duty.

HON. J. A. HOLMES, WASHINGTON, D. C., DIRECTOR UNITED STATES BUREAU OF MINES.

DEPARTMENT OF THE INTERIOR,
BUREAU OF MINES,
Washington, D. C., May 10, 1913.

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

MY DEAR SENATOR: Just before leaving Washington on a trip to the Pacific coast I noticed in a copy of the tariff bill as passed by the House of Representatives that the duty on all grades of blasting caps has been reduced from $2.25 to 75 cents per thousand. I respectfully ask the Senate committee to consider the adoption of a provision that will prevent any importation of the lower grades of blasting caps, as their use is a menace to safety.

I did not discuss this matter with members of the House committee; nor have I read or heard any of the arguments presented on this subject; nor have I considered the subject from the standpoint of "protection" or revenue. But I know that with this reduction in the duty it is likely that there will be extensive importation and use in this country of the cheaper and lower-grade blasting caps, and the use of these lower-grade caps will greatly increase the hazards of mining in this country.

By appealing to the manufacturers, the mine owners, and the State authorities we have been able to practically prevent the manufacture of these lower-grade caps in the United States, but only Congress can prevent their importation; and if once imported, it is exceedingly difficult to prevent their use because of the fact that our miners represent a mixture of all nationalities; a large portion of them can not speak English; they have little understanding of the problems involved, and they are suspicious of interference even in behalf of safety.

Instead of reducing I would recommend increasing the duty on these low-grade blasting caps, making it high enough to keep out even the odds and ends of shipments which otherwise may be brought in with the imports of the high-grade caps. With this in view, I

respectfully recommend the insertion in the House tariff bill, after the words fixing the duty on blasting caps at 75 cents per thousand, of the following proviso:

Provided, That on all blasting caps of less efficiency or less permanency than the number six caps or detonators which are now the standard of the United States Bureau of Mines for use with its permissible explosives the duty shall be $3 per thousand.

This standard, fixed by the Bureau of Mines three years ago, is now accepted throughout the country. It is as important for metal mining and quarrying as it is for coal mining, and the bureau will always be ready to make the needed tests for the customs officials in regulating these blasting cap imports.

The increased dangers that come from the use of these lower-grade blasting caps are due to the fact that they often either fail to explode or only partially explode the powder charge, leaving the unexploded charge or part of charge to be exploded by the miner's pick or other tools unintentionally and in a manner that may kill the individual miner or even cause a general mine explosion. These partial explosions also encourage the miners to use excessive quantities of powder and also give off excessive quantities of poisonous gases, which injure the health of the miners.

As against these disadvantages there are no compensating advantages to come from the use of these lower-grade blasting caps. I hope therefore that Congress will adopt this proviso, which appears to be the only means of keeping these low-grade blasting caps out of this country.

BRIEF OF CALIFORNIA CAP CO., OAKLAND, CAL., BY R. L. OLIVER, MANAGER.

The FINANCE COMMITTEE,
United States Senate.

GENTLEMEN: The California Cap Co., of Oakland, Cal., by Mr. R. L. Oliver, its manager, respectfully protests against the proposed reduction of duty on blasting caps from $2.25 per thousand to 75 cents per thousand, and it asks consideration of the following facts in connection with obtaining a fair adjustment of the duty:

Importance.—We have been in the business of manufacturing blasting caps for more than 30 years, and are the oldest concern now so engaged. The industry, while not large, is vitally and absolutely essential to the industrial development of the country. While the total sales of caps last year did not exceed $750,000, the business for which they were necessary to set in motion aggregated hundreds of millions of dollars in value.

Difference between blasting and percussion caps.—To the minds of those not familiar with the business, blasting caps are frequently confused with percussion caps. They are very different and should not be put in the same tariff classification. Blasting caps are small copper tubes one-fourth inch in diameter, varying in length from 1 to 2 inches, closed at one end, and partly filled with a fulminating explosive, to be ignited by means of fire from an attached piece of fuse or by electricity. The cap is embedded in a charge of dynamite or other explosive and its function is to communicate a shock sufficiently sudden and violent to effectively explode the dynamite.

"Percussion caps" are tiny primers placed in the firing end of every cartridge used in firearms and filled with a compound much less dangerous to handle. Five thousand of these are conveniently loaded by machinery at one operation with but little risk. Blasting caps, on the other hand, are exceedingly dangerous things to handle, and, although every modern device is used, they can only be loaded in batches of 100 each, just 2 per cent of the quantity of percussion caps handled, and even then men work at blasting caps from behind thick bulkheads, around which they must pass several times before the work is completed; hence their cost is considerably higher, and they are used only in connection with comparatively expensive work and materials, which makes their use and therefore their market very limited. "Percussion caps," on the other hand, require very much less labor, little risk in manufacturing or handling, and have an unlimited use and market for every firearm cartridge. Although no mining operation where explosives are employed can be carried on without blasting caps, only one cap is required for each blast, and a larger quantity would not be used if given away.

Domestic competition active.—There are four blasting-cap factories in the United States. Owing to the danger in transportation, high freight rates, etc., these factories are scattered from New Jersey to California. They are owned by entirely independent companies, who are active competitors.

Selling prices reduced.—Although there have been no radical changes in duties, the prices of blasting caps to the trade have been reduced 20 per cent in the past 10 years, notwithstanding the increased cost of labor and raw material. Consumers are satisfied with existing conditions, and no demand for a reduction in duty comes from the consumer.

Duties in previous tariffs.—Blasting caps have always had duty over $2, including the Wilson-Gorman Act. The Underwood bill proposes 75 cents per thousand, or about 15 per cent ad valorem.

Importers are interested in fostering the consumption of cheap, weak, foreign caps, as is developed by their own testimony in the hearings. Only three of these importers attacked this item. They asked 30 per cent ad valorem. Imagine their agreeable surprise and our disappointment when the Ways and Means Committee, evidently through misunderstanding of facts, made the duty equivalent to 15 per cent ad valorem, twice the reduction asked. Importers knew 30 per cent to their advantage or they would not have requested it.

Importers may have misled committee.—We venture to suggest that the committee made its fatal mistake by considering misleading testimony of these importers, who used as illustrations the foreign prices of underweighted, inferior caps, such as are not used and would not be tolerated in this country, hence are not typical. (See pp. 5298 and 5301, House hearings; also "Answers to interrogatories" herewith, p. —; also Finance Committee hearings.) The 30 per cent ad valorem on prices shown by importers figures nearly 75 cents, which is the specific duty proposed in the Underwood bill, whereas 90 per cent of all blasting caps consumed in the United States are higher grades, twice the price in Germany; hence 30 per cent ad valorem on such grades as are most used figures $1.62 specific, which is more typical, but not high enough yet, because German prices are for caps containing 10 to 20 per cent less explosives and

less efficient than corresponding domestic grades, so we respectfully urge that you remember these two jokers in adjusting the duty.

Canada allows 30 per cent ad valorem.—Canada is a low-tariff country but allows 30 per cent ad valorem on blasting caps. The existing duty in the Payne-Aldrich Act is $2.25, an equivalent to 45 per cent ad valorem. We are only asking a compromise between this and the 30 per cent which the importers asked, but we can not exist under the extraordinarily low duty proposed.

Consumers did not ask reduction.—There is no record of any consumers having asked for any reduction from the present equivalent of 46 per cent; on the contrary, we have indorsements from scores of consumers expressing themselves as being satisfied with existing conditions and not favoring such a reduction as will in any way affect the standard of quality or availability of supply, explaining that the present cost is inconsequential as compared with the infinitely more costly work in which the caps are indispensable. This expression was obtained by a canvass recently made by us to ascertain the attitude of actual consumers. Letters were mailed to operating companies whom we knew to be mining from $25,000 to over $1,000,000 worth of material per year. This is a wide range. Over 80 per cent of replies were received from the men who actually buy and use the blasting caps every day, hence the above expressions should be a fair indication of the general attitude.

Consumers have been educated to the strong cap, capable of getting full efficiency out of dynamite, thereby doing the work completely and assuring the miners of a reasonable degree of safety. If the proposed reduction in duty prevails, the trade will be induced to adopt the cheap, weak, foreign caps. And in proportion to the importations of these caps, so will accidents occur and the menace to human life increase.

Independent cap manufacturers can not exist.—Speaking for itself, the California Cap Co. will say that, if this duty as proposed goes into effect, the company will be forced out of business. Were this company and two of the other cap companies engaged in the manufacture of other explosives we can see how we would be able to distribute among the consumers of such explosives any loss we might sustain by reason of this reduction of duty on blasting caps. No such refuge, however, is open to us; if we can not make a profit in the manufacture of blasting caps alone we will have to close our factories and quit. The reduction as proposed is sure to limit the manufacture of blasting caps in the United States to one concern, namely, the du Ponts, not because they can manufacture any cheaper than the rest of us, but because blasting caps are only a side line with them, and they have sufficient other lines of profitable business and resources to protect themselves against what would be practically unrestrained foreign competition in caps.

The distribution of blasting caps is done at the present time largely through the powder companies, who buy from us the caps best suited to their dynamite and then urge their customers to buy the caps from them in order to be assured that the dynamite will develop its highest efficiency. Many of these powder companies turn these caps over to their dynamite customers at actual cost.

Du Ponts will have monopoly.—The importers advocating this reduction, apparently for this reason, charge that the blasting cap

manufacturing in this country at this time is in the hands of a trust. This is a base falsehood. We do assert, however, that the proposed reduction in duty will eliminate three independent factories now engaged in this business and it will thus give the Du Ponts a monopoly.

Independent dynamite manufacturers worried.—It would be distasteful to the independent dynamite manufacturers, of which there are many, to have to buy all their blasting caps from the Du Ponts, because it gives them a line on the dynamite business of their smaller competitors, hence these independent dynamite manufacturers look to us for their requirements in caps, and they are also worrying that if the tariff puts us out of business, it will leave them at the mercy of the Du Ponts or foreigners; in which latter even they would be dependable upon a foreign supply of caps of unknown quality and irregular shipments.

Blasting caps can not be shipped on vessels carrying passengers, so if forced to import caps, warehouses will have to be built for storage of this dangerous article, thus increasing and scattering the hazard. This additional ultimate cost and the loss in not getting the full efficiency out of the more costly explosives in which caps are used, would offset any possible advantage from this proposed reduction.

Policy of United States Bureau of Mines interfered with.—Encouragement of the importations of cheap, weak foreign caps also is at variance with the policy now pursued by the Bureau of Mines in advocating the use of less sensitive explosives calling for stronger caps. Importers emphasize the use of the cheap cap. There should be no question as to which of these two recommendations is advisable.

The average price in this country is $5.45 per 1,000 f. o. b. New York for No. 5 cap weighing 800 grams, which is the grade most used.

No importations and reasons why.—There are no importations in the United States and this fact is used as the reason why there should be a radical reduction of the duty. In answer to this we call attention to the fact that there are no exportations from the United States into Canada; neither are there any from the United States into Germany, or into any other countries which have blasting-cap factories of their own.

Jobbers and importers used to sell cheap, weak foreign caps here, as the report on the bill from the Ways and Means Committee shows, at the top of page 279, paragraph 357, third line, which reads: "Average unit, $2.34 per thousand in 1896." It will also be noted therein that the quantity of the importations has constantly diminished since 1905, when the duty was highest, namely, $2.36, and the importations were largest, namely, $20,776 worth. With this falling off of importations the average unit price has increased steadily to $4.83 in 1912. The duty was not prohibitive in 1905, when it showed an equivalent ad valorem of 88 per cent. Certainly it was not prohibitive in 1912, when the unit value had increased and thus made only half the ad valorem, namely, 46 per cent.

No importations a benefit to consumers.—This falling off of importations is due to the fact that the business of selling caps has been taken out of the hands of importers and largely out of the hands of us domestic manufacturers, for reasons benefiting the consumer. It was not done as a result of duty, but it was done by the numerous dynamite manufacturers in this country, and their action in the

matter was encouraged by the Bureau of Mines (see Explosive Circular No. 1, Bureau of Mines, U. S. Geological Survey) in an endeavor to maintain the integrity of the dynamite being used nowadays and to avoid the altogether too many appalling accidents to miners, which previously were caused by their innocently buying caps from "Tom, Dick, and Harry," frequently at cut prices, and then discovering after the harm was done that the cap was not adapted to the dynamite. The best dynamite ever made would fail if suitable caps were not used in conjunction with it.

The powder manufacturers and the Bureau of Mines took up the matter of stronger caps because dynamite, although as powerful as ever, was being made less sensitive to insure less danger to the miner, and being less sensitive required stronger caps, and, in some instances, special caps. (See Circular No. 2, published by the Bureau of Mines, entitled "Permissible explosives and precautions to be taken in their use.")

After this campaign of education, the miners soon discovered that they could save powder and improve obnoxious conditions by the use of the stronger, hence higher priced, caps recommended, and that this saving amounted to infinitely more than the differences in cost of caps. The result was that the consumers and jobbers themselves dealt directly with the domestic powder manufacturers for their supply of caps and ignored the importers, of whom there were only a few. This explains the increase in the average unit and the lack of importations as set forth in the report of the Ways and Means Committee and will also explain why the ad valorem equivalent of the present duty is 46 per cent.

Low duty demoralizing.—A low duty would reopen the trade again to that cheap line of caps sent by those who have no interest in their effect upon the other explosives, hence demoralizing conditions and menacing life and limb. It would be like offering a premium to importers to interfere with a harmonious and humane condition and to block the efficient work of one of your own Government departments, namely, the Bureau of Mines, which was created by Congress for the purpose of educating consumers in the proper use of explosives and other mining appliances, and otherwise throwing around them every safeguard possible.

Exports limited, not competitive in prices.—We do not export into any countries where caps are manufactured. Exportations of caps from the United States represent less than 8 per cent of the total production in this country and is a very small percentage of the foreign caps consumed in the same localities. We export principally to Mexico and to Central America, where no caps are manufactured and where European caps can be bought for less money than ours. We do not compete with them because we can not afford it. Our export trade is limited to American miners, operating in these foreign countries, who, knowing the character of our goods, prefer them, and pay prices which net us as much as we derive from sales to domestic points similar distances from our factory.

A highly dangerous occupation.—It may appear from all this that we have such a hold on the trade that we should not worry about tariff, but we do worry, because the powder manufacturers have such a hold on us. The reason that most of the dynamite companies do not manufacture caps is because the margin of profit is so small and

the risk is so great. Also because the requirements of any one of them, except the Du Ponts, would not be sufficient to warrant the maintaining of a blasting-cap plant of their own. A few have tried it, and know from sad experience that the cap business is more hazardous than dynamite, hence they all prefer to buy caps and resell them. They know that they can buy foreign caps now with existing duty for less money than they pay us, but they prefer to handle domestic caps, and we submit herewith letters confirming this from two of the oldest and largest independent powder manufacturers and the largest cap purchasers in the United States, the Aetna Powder Co., of Chicago, and the Giant Powder Co., of San Francisco. They are satisfied with present conditions and handle domestic caps without profit, because they know we can not fill their requirements at any less cost to them, and they also know that we are not making as large profits as such a hazardous business warrants.

Manufacturers' profits exceedingly small.—The profits average less than 16 per cent, which is an exceedingly low margin considering the hazardous nature of the business. We know that not one of us can operate with any profit under the proposed reduction. Importers will cut prices and start agitations which will demoralize existing conditions and be used as a club to force lower prices out of us, which as shown, we can not stand. We could not go to Germany to manufacture, because the syndicate over there is so highly organized that we could not compete, and as none of us, except the Du Ponts, have any other resources or other lines of business in which to distribute losses in caps it is quite evident that we go "busted."

Blasting-cap industry deserves consideration.—It may be claimed that if a manufacturer of dynamite will manufacture caps as a side line at a loss and in that way tend to supply the demand, that therefore the cap industry, as a separate industry, is not deserving consideration in the making of tariff duties.

Is it fair that one manufacturer, powerful and rich and highly organized, should be put in position by low tariff or otherwise to force all other manufacturers of an entirely legitimate product out of business and make his product, even though it entail a loss, be carried as a side line in the more powerful line?

Permit me to suggest that if the Du Pont company, that rich and powerful concern manufacturing dynamite, can do this—and it is the only dynamite manufacturer that can—it is no argument why the legitimate cap industry should be imperiled.

We claim that the manufacture of caps is important business and that the vast mining industries all over this country should not be made dependent upon one domestic factory, subject at all times to annihilation by explosion or fire; nor should the Nation be dependent upon a foreign supply of a contraband article controlled by a highly organized foreign syndicate; hence, for these and other reasons mentioned, it is a wise public policy that the present factories be encouraged to continue in their present legitimate way.

American miners get the best.—If there ever was a line of trade where consumers had and still have a square deal, it is the little blasting-cap business. The American miner gets the best that can be made at a price that carries a minimum of manufacturers' profit with practically no middlemen or dealers' profit added.

In conclusion.—We most respectfully but earnestly request this committee, before recommending a reduction in duty from the present law, to bear in mind that our product is a contraband of war; that it is a most hazardous and dangerous occupation, subjecting us constantly to the dangers of excessive financial burdens on account of explosion, loss of life, and injury to laborers. We most respectfully request that the committee consult the Bureau of Mines as to the policy of continuing to encourage the manufacture of a high-grade article of this product, such as independent concerns in this country are now placing on the domestic market, and not, by a radical reduction of the duty, permit importations into this country of a cheap but highly dangerous product to consumers. The present duty has resulted in the manufacture of a high-grade article, adapted to local conditions, and the use of which has a minimum of danger. Consumers are satisfied both as to quality and price. A radical reduction in duty will benefit no one and will do immense harm; in no event should the duty be less than 40 per cent ad valorem, or $1.75 per thousand caps. This would be a 20 per cent reduction from the Payne-Aldrich Act and previous tariffs, which reduction should be sufficient to be in keeping with the avowed policy of the present administration.

Tables are attached hereto showing answers to interrogatories of the Senate committee, also comparative costs of raw material and labor at home and abroad, and a report of American Consul General Skinner, of Hamburg, Germany, confirming reference to foreign costs and foreign-syndicate conditions.

CONSULAR REPORTS RELATIVE TO BLASTING CAPS.

American Consular General Robert F. Skinner, at Hamburg, Germany, in his report No. 945 to the Department of State, dated February 27, 1913, published in Daily Consular Report, April 16, 1913, gives data obtained from "reliable sources," showing costs of material and labor necessary for the manufacturing of blasting caps in Germany, and also gives a table showing the weights of charge in each grade of cap and selling prices to the German consumer.

The data from this report are segregated, compiled for comparison, and specifically designated in the accompanying answers to interrogatories of Senators. Data pertaining to imports and exports from Germany have been omitted because they constituted one set of figures combining blasting caps with ammunition, cartridges, and other explosives, hence misleading for the purpose of this report. We also direct your attention to similar conditions in studying United States statistical reports which combine blasting caps, percussion caps, firearm cartridges, ammunition, and the like in one classification. Blasting caps constitute only a small part of the general classification. They are the least used but most costly unit price; hence statistical data which combine blasting caps with other explosives are more likely to be misleading than to give even a fair idea of their relation in the general classification.

The consular report gives the following additional information, which is of interest, to wit:

"It is impossible to obtain absolutely correct figures relating to this special industry as a whole. In regard to one very important concern manufacturing blasting caps the following entirely dependable figures have been obtained:

Total number of employees (in one factory)	177
Number of men employed	96
Number of women employed	59
Number of boys employed	15
Number of girls employed	7

"It is quite impossible to state the German consumption of caps or the factory output in reliable figure. German official statistics of this make special mention of this industry. At the conclusion of this report will be found the names and addresses of substantially all the producing concerns, and certainly the most important ones in this country.

"The selling prices communicated to me from a reliable source on February 15, 1913, are identical with the prices quoted in a report from this office on March 18, 1909."

And in a subsequent report, No. 947, dated Hamburg, Germany, March 1, 1913, Consul General Skinner states:

"I am to-day in receipt of a communication from a person engaged in this industry, but who was unable to supply me with an estimate of the annual production of blasting caps in Germany, for the reason that the officers of the syndicate composed of all German manufacturers and their representatives have positively forbidden that any reports of this character be given out."

LETTER SHOWING MISLEADING STATISTICAL ERROR ON PAGE 107 OF SENATE DOCUMENT NO. 45.

WASHINGTON, D. C., *June 2, 1913.*

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee of the Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: Referring to Senate Document No. 45 of the Sixty-third Congress, first session, entitled "Comparison rates of duty levied by the tariff act of 1909 and H. R. 3321 as passed by the House of Representatives," presented by Mr. Smoot to the Senate, May 26, 1913, at the top of page 107, the last three columns on the extreme right give the following figures:

Production 1909, blasting caps	$26,053,000
Exports 1912	2,294,921
Consumption 1912	23,931,000

I respectfully beg to draw your attention to the fact that these figures are extremely misleading, inasmuch as they do not refer to blasting caps alone, but include in the total blasting caps, percussion caps, firearm cartridges, ammunition, mining blasting safety fuses, etc.

Report No. 5, House of Representatives, Sixty-third Congress, first session, to accompany H. R. 3321, shows on page 279 separate segregations of blasting caps, cartridges, cartridge shells empty, mining-blasting safety fuses, and percussion caps, and then shows the totals of all these combined, which totals correspond with those published by Senator Smoot on page 107 of the Senate Document No. 45 above referred to.

You will note also that the exports in 1912 of cartridges alone in the second table, page 279 of the House report, amount to $2,294,921, the same as Mr. Smoot has opposite blasting caps, so it would seem that these data in these three columns at the top of page 107 (S. Doc. No. 45) would belong more properly on the bottom of page 106 of that document, opposite percussion caps, cartridges, and cartridge shells.

Inasmuch as I am one of the four manufacturers engaged in the manufacture of blasting caps in the United States and have kept a close account of the production of blasting caps in this country, I am in position to say to you authoritatively that the totals for blasting caps alone did not exceed: Production, 1912, $810,000; exports, 1912, $60,000; consumption, 1912, $750,000.

This latter confirming statements made in my brief already filed with your committee.

I deem it important that you should have these figures in order that you may not be led to believe that the cap industry is one of gigantic proportions, as would be supposed from a reading of the statistics erroneously stated in the document above mentioned.

Yours, respectfully,

R. L. OLIVER,
Manager California Cap Co.

GIANT POWDER CO. (CONS.), SAN FRANCISCO, CAL., BY GEORGE A. MOORE, PRESIDENT.

SAN FRANCISCO, CAL., *May 13, 1913.*

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

GENTLEMEN: Relative to the proposed reduction in duty on blasting caps: While not manufacturers of blasting caps, we handle large quantities in conjunction with our dynamite business, but practically at cost to us, so are not directly interested in any change of duty, so far as our profits are concerned.

We have no exact data bearing on profits in the manufacture of blasting caps, but information thus far procurable has not encouraged us to consider entering this line ourselves, either here or in British Columbia, where we also operate explosives plants, and in which latter section prices average higher than in United States territory. From these conditions, considering investment and risk involved, we can not consider manufacturers' profits as unreasonable, an assumption supported by the fact of keen competition but limited number of manufacturers at present operating in our country.

We are, however, led to believe that the proposed reduction in the existing duty, now $2.25 per 1,000, to $0.75 per 1,000 will effectually open the doors to blasting caps of foreign make, of unknown quality, and manufactured under labor conditions which will permit of establishing such selling prices as will force domestic manufacturers either to reduce present standards or retire from business through inability to meet such prices. In furtherance of this impression we might state that even with existing duty, were we so inclined, we could import caps of foreign manufacture which would offer, from the point of profit alone, a better margin than we now enjoy on domestic makes.

The necessity of a plant manufacturing blasting caps on the Pacific coast, with its vast mining interests, is too apparent to require comment; yet labor conditions here, with cheap freights from foreign countries, make necessary some protection for continued operation other than can be given by powder manufacturers selling the product without profit, as indicated.

In the event of the proposed reduction in duty taking effect, we fear we shall face conditions to an aggravated degree which, in ourselves refraining from handling foreign caps at a promised profit, as outlined above, we have endeavored to avoid, and purely for the benefit of the consumer of explosives.

The evolution of dynamite from its primitive form of nitroglycerine carried in nonexplosive matter sensitive and dangerous to handle, having the strength only contained in its nitroglycerine, has been toward high explosives possessing increased strength, free from noxious gases in their explosion, and safe to handle. These improved explosives in their very nature have demanded a stronger blasting cap for their detonation under favorable conditions; while avoidance of misfires, with attendant possibility of danger to life and limb under working conditions, is further insured by the use of caps possessing strength more than requisite to obtain such detona-

tion. The importance of the use of strong caps and the slight difference in cost between effective and inefficient ones have been impressed on consumers by dynamite manufacturers for years past with results equally gratifying to both, and the Bureau of Mines, in its own direction, has been equally energetic along the same lines. All of this has been effective in gradually weaning the consumer from the earlier false belief of economy and safety existing in a cheap blasting cap.

Should our territory be thrown open to blasting caps of foreign make, paying a small duty only, we believe progress along the foregoing lines will come to a standstill and that, with the sale of foreign caps in the hands of dealers and jobbers seeking profits regardless of the fitness of the blasting cap for the explosive used, misfires and accidents are bound to occur in a ratio increasing along the line of decrease obtained through careful and intelligent education in the handling of explosives which explosive manufacturers, aided by various Government and State bureaus, have been so diligently furthering in recent years, and this at a gain in money either as revenue or saving to the consumer at large as could not be considered as other than paltry.

We therefore feel the keenest interest in the maintenance of the high standard of blasting caps established by our domestic manufacturers and for the reasons given above believe the proposed reduction in duty can show no desired gain in any direction with more than probable deterrent effects on the explosive-consuming public.

Very truly, yours,

THE GIANT POWDER CO. (CONS.),
GEORGE A. MOORE, *President.*

THE AETNA POWDER CO., OF CHICAGO, ILL., BY A. G. FAY, PRESIDENT.

CHICAGO, ILL., *May 14, 1913.*

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

GENTLEMEN: Relative to the duty on blasting caps, paragraph 357, in the Underwood bill, H. R. 3321: We do not manufacture blasting caps and are not financially interested in any way in the manufacture of such, but we require caps and are very much concerned about having this industry maintained because of its vital importance to ours and other industries in this country.

Our attention has been called to the fatal reduction proposed in the Underwood bill, so we earnestly request that, if the duty can not be entirely restored, it be adjusted on a more equitable basis than proposed. An amendment to 40 per cent ad valorem has been suggested, and we indorse this for the following reasons:

We manufacture and sell dynamite. We believe that when our product leaves our mill it carries with it that degree of perfection which the exercise of the highest degree of skill and the application of sound scientific principles can give it. But when it passes into the hands of the consumer its ability to do the work expected of it is dependent in some measure upon other elements, chief of which is the blasting cap. The best dynamite ever made will fail if used

in conjunction with a poor cap. Either the charges will not be set off at once, or the combustion will be incomplete or retarded, thereby failing to develop all of the disruptive force of the dynamite. In either event the average consumer condemns the dynamite, and the manufacturer thereof must contend with a criticism which is unjust and undeserved. We do not manufacture caps; the margin of profit is so small and the risk so great that we prefer to buy. We buy caps from domestic manufacturers and urge our customers to buy the caps from us, thus assuring ourselves, as far as we are able, that our dynamite will develop the highest efficiency.

Domestic manufacturers have given us an efficient cap at a reasonable price. In fact, the cost of the cap to the consumer, especially in view of the importance attached to the work it is required to do, is insignificant. The dynamite costs the consumer from twelve to fifteen dollars a hundred pounds, while 100 caps will cost him less than 75 cents.

Foreign blasting caps in this country are of a quality decidedly inferior to the domestic. We speak from experience. We have handled the foreign cap, have given it an extensive and thorough test, and know to our cost and injury that it is wholly unfit to develop the efficiency of the high-grade explosives now produced in this country.

It is proposed now to reduce the tariff on blasting caps. Domestic manufacturers tell us—and we believe we know enough about the manufacture of explosives to vouch for the accuracy of the statement—that if the tariff is reduced they will be forced either to retire and to leave the field to the weak and cheap foreign cap or to lower the standard of their goods to the level of the inefficiency that now comes from abroad. Either event would surely work serious harm to both the maker and the user of dynamite.

We feel the strongest interest in the maintenance of the present high efficiency of the domestic blasting cap. Necessarily, therefore, we are much concerned in the proposition now being advanced. We believe that such action on the part of Congress would have a most damaging effect. We are therefore taking the liberty of addressing this communication to you for the purpose of acquainting you with our views on the subject.

[Continuation of night lettergram.]

OAKLAND, CAL., *June 10, 1913.*

Senator CHARLES F. JOHNSON,
Chairman Subcommittee of Committee on Finance,
United States Senate, Washington, D. C.:

First print briefs, Schedule N, page 823, referring paragraph 356, blasting caps, Hon. J. A. Holmes, Director United States Bureau of Mines, suggests prohibiting importations of low-grade caps as precaution for safety to miners, and he accordingly recommends an amendment in nature of a proviso. His suggestion is excellent in many ways, but I respectfully desire drawing attention to fact that his proviso will neither save ruination home industry nor have effect which Director Holmes desires, but will leave importers ways of evading his intentions unless main part of that paragraph in Under-

wood bill be changed from 75 cents to $1.75, as suggested in my testimony. Please note that Director Holmes specifically mentions not having considered this subject from standpoint either of protection or revenue, therefore his letter should not be considered as an indorsement of Underwood rate even for high-grade caps. His letter may be misleading in this respect and damaging to our cause as well as his own. If your honorable committee and Director Holmes will kindly consider my testimony, also statements of other manufacturers, and especially my supplementary statement attached to report of my hearings before your committee on May 19, you will all see the fatal error made by the House committee, and now understand the justice of my recommendation to you therein for duty of $1.75 per thousand, or 40 per cent ad valorem, on high-grade caps, and $2.25 per thousand specific on low-grade caps. Three dollars, recommended by Director Holmes, is unnecessarily high for low grades, but we can not exist on only 75 cents for high-grade caps. Time is getting short and I am a long distance away. Please don't make a mistake. I left you an abundance of frank and honest data. Please consider it carefully. Our very existence hangs in your hands now. I have confidence in you and am trying to assist. Kindly acknowledge receipt of telegram at my expense.

R. L. OLIVER,
Manager California Cap Co.

Par. 357.—FEATHERS, ETC.

PETER WOLL & SONS FEATHER CO., PHILADELPHIA, PA., BY PAUL E. WOLL.

REQUEST FOR FREE ENTRY OF CRUDE BED FEATHERS AND DOWNS.

PHILADELPHIA, PA., *May 23, 1913.*

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

DEAR SIR: As one of the largest manufacturers of bed feathers and downs here in the East, and in anticipation of the Underwood bill, which will shortly be up for consideration in the Senate, we take the liberty of submitting to you our ideas as to the proper rate of duty to be fixed on importations of crude bed feathers and downs.

The Underwood bill reduces the rate on manufactured bed feathers and downs from 60 per cent to 40 per cent, but does not provide for a compensatory reduction in the duty on the raw goods. (Schedule N, p. 362.)

The domestic production of raw feathers is practically nil, making it imperative for manufacturers to obtain their supplies in foreign countries, chiefly China, Russia, Austria, and Germany.

Aside from the small revenue which the Government derives therefrom, the present duty of 20 per cent on crude feathers and downs serves no practical purpose. It does not protect any industry, but, on the contrary, is a positive hindrance to the development of the manufacturing interests, and likewise an unnecessary burden on the consuming public because of the increased cost of the manufactured article.

The reduction of 20 per cent on the manufactured article should be equalized by a corresponding reduction of 20 per cent on the raw goods, which would bring crude bed feathers and downs on the free list, resulting in a corresponding reduction in the price of the manufactured articles to the consuming public. Furthermore it would enable the manufacturer to compete with foreign markets, and would no doubt shortly swing the balance of trade in favor of this country because of the resulting large exporting business in which the manufacturer would be enabled to engage.

Free raw bed feathers and downs, therefore, would be a distinct advantage, first to the consumer, second to the manufacturer, and third to the country. Furthermore, the placing of these articles on the free list would be meeting the views of both the Democratic and Republican platforms—Democratic, cheaper goods to the consumer; Republican, there being no feathers growers to protect—and hence should be unanimously accorded free entry in the United States.

We attach hereto abstract of the Underwood bill covering feathers and downs, together with our proposed revision of same, to which we invite your support.

We shall be glad to furnish any desired information on the subject, and, awaiting a reply at your early convenience, remain.

[Inclosure.]

UNDERWOOD BILL.

Schedule N, paragraph 362: "Feathers and downs, crude or not dressed, colored, or otherwise advanced or manufactured in any manner not specially provided for in this section, 20 per cent ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, 40 per cent ad valorem."

* * * * * * *

Revised: "Bed feathers and downs when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, 40 per cent ad valorem."

Free list: "Bed feathers and downs, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section."

E. J. ARBIB AND OTHERS, NEW YORK, N. . . BY FEINER & MAASS, COUNSEL.

NEW YORK, N. Y., *May 14, 1913.*

The SENATE FINANCE COMMITTEE.

GENTLEMEN: We the undersigned importers and manufacturers of foreign bird plumage (excepting aigrettes), respectfully object to the following provision in Schedule N, paragraph 357, of the new tariff bill, H. R. 3321:

Provided, That the importation of aigrettes, egrette plumes or so-called osprey plumes, and the feathers, quills, heads, wings, tails, skins, or parts of skins of wild birds, either raw or manufactured, and not for scientific or educational purposes, is hereby prohibited: but this provision shall not apply to the feathers or plumes of ostriches, or to the feathers or plumes of domestic fowls of any kind.

As will be afterwards pointed out, this provision was not inserted for the protection of birds of this country, but is intended to protect the birds of all foreign countries by striking a blow at the American trade in bird plumage.

We deal exclusively in the plumage of birds of foreign nativity, totally dissimilar to any American birds, and, needless to argue, if the aforementioned provision is enacted this industry must come to an end.

The provision originated entirely in the suggestion of one man, Dr. William T. Hornaday, purporting to appear on behalf of the New York Zoological Society, whom he represented as being utterly opposed to the utilization of birds and mammals for commercial purposes (see p. 4123 of hearings before Committee on Ways and Means, Jan. 30, 1913), regardless of the nativity thereof, the character of such birds and animals, or of the conditions which may have made necessary the killing and subsequent economic use thereof. In other words, the position of this gentleman, if carried to its logical conclusion, would put an end to the commercial usage not only of the plumage of birds, but of furs and any other parts of the bodies of animals now utilized in all civilized countries of the globe. Such legislation stands without parallel throughout the world.

The position taken by this gentleman obviously fails to take into consideration that many of the birds whose plumage is now commercially used are either game birds killed for food purposes or are useless and pestiferous birds, noxious to and destructive of agricultural and other interests in the countries of their habitat. We need scarcely point out that if it is befitting that a bird or animal be killed as an edible or because of its noxious character, it would be most sinful to demand that anything remaining of the carcass of such birds and animals that might be commercially used should be wasted.

We beg to call your especial attention to the fact that this provision was not championed in the interest of protecting American birds. Nor did the bird-protection societies of this country appear before the Ways and Means Committee to ask this provision. The sponsor for the provision stated at the hearing that "we have the situation in regard to our (American) game birds so well in hand that the destruction of birds for their feathers is hardly to be considered." (See p. 4125 of hearings before Committee on Ways and Means.) We also call attention to the further fact that the hearing before the Ways and Means Committee was devoted entirely to the statements and arguments of Dr. Hornaday, who had full sway in the absence of a representative of the mercantile interests who would be so seriously affected by this drastic legislation. The trade had not the slightest warning or intimation that a matter so completely unrelated to the subject of tariff revision was to be taken up and formulated as part of a tariff bill. It should be borne in mind that the provision in question was not demanded as the result of any public or scientific investigation of the subject of universal bird protection, nor was it supported by an intelligent public sentiment based on a comprehensive understanding of the drastic scope of such a prohibition. The fallacious theory upon which it is founded seems to be that a blow at trade in this country will result in foreign bird protection, and the motive obviously uppermost in the mind of the sponsor of this provision was the preservation not of the birds of this country, as to which he admitted there was no need for protection, and not as to the birds that were useful to mankind, but to birds merely because they were birds and could not speak for themselves. Obviously such senti-

mentality should not prompt the destruction of an industry established throughout the length and breadth of the land and existing since the establishment of this country, especially when it is exercised in behalf of the useless wild bird life of the foreign countries of the world. This legislation in its very nature presumes either the indifference of these countries to the preservation of their wild animal life, or their lack of intelligence in formulating the necessary measures therefor, when as a matter of fact the most casual investigation of the subject will disclose the existence throughout the world of rational measures which have, from time to time, been found necessary or wise for the conservation of wild life, but which at the same time do not disregard the interests of the human family.

It is respectfully submitted that the only rational method by which the useful wild bird and animal life of the world may be conserved will be through the medium of an international commission, who shall make such recommendations to the various countries of the world as shall be based upon a full and fair scientific investigation of the subject.

As an evidence of how this subject is being elsewhere pursued, we respectfully submit the following extract from a letter dated April 23, 1913, recently received by one of the leading merchants of the plumage trade from a correspondent at London, showing the treatment of this subject in England:

In the meantime the trade on this side is not idle. It has entered into the question of bird protection in a manner that will soon astonish its learned opponents, for although our opponents have always aimed at prohibition of trade we have always studied the preservation of birds and prepared ourselves to discuss the question.

I have read with great interest that book Vanishing Wild Life, by Prof. Hornaday—a splendid book spoiled by an extreme and foolish prejudice against the trade in feathers.

While he has most thoroughly reviewed the causes of the disappearance and reckless slaughter of American birds, he can not refrain from advocating prohibition of trade, which had little, if anything, to do with the position in which American birds are placed to-day.

He has shown how the enormous immigration to the States resulted in the slaughter of birds for food and sport—a slaughter which probably was the means of the extraordinary development of the States during the past 50 years. The enormous quantity of birds which formerly existed was undoubtedly an asset which made that development possible—it was the food supply that permitted that immigration to succeed.

All of us in the trade know too well that the quantities of plumages and skins that came to the markets were but a fragment of the number that were annually killed. The proposition to prohibit plumages and skins of other countries is not going to make up for what America has lost. If America—through the Audubon Society and Prof. Hornaday—wishes to teach the world anything, they should base their proposals on what they have learned, viz, that what is necessary is protection to birds and not prohibition of trade.

In February last the chamber of commerce passed a resolution, of which I inclose a copy (appended below).

Since that date we have been joined by representatives of societies and scientists who recognize that what is wanted is protection of birds, and we are now formed under a "Committee for the economic preservation of birds" for the purpose of investigating the conditions of bird life. Upon these investigations we shall recommend the proper action necessary to preserve birds wherever they exist, and we shall claim through this committee that no matter for what purpose birds are killed, so long as they are not placed in any danger, the killing shall be permitted and regulated according to conditions as they arise.

The humanitarian, the scientist, the sportsman, and the trader all want birds; none want them exterminated. We are going to find the way to satisfy all who are prepared to be reasonable.

This movement is approved by many eminent men, and we hope within a few weeks to show the plumage-bill people that there is another and better solution of the question than any they have been able to invent.

[Resolution of London Chamber of Commerce, Feb. 19, 1913.]

That a subcommittee be appointed to confer with the representatives of scientific, zoological, ornithological, and other societies interested in the preservation of bird life for the purpose of prosecuting inquiries in all parts of the world with the object of ascertaining and recommending the necessary action for the economic preservation of species by domestication, establishment of close seasons and reserves, and such reasonable regulations whereby the trade may take a legitimate toll of desirable avifauna without inflicting on any species the danger of serious reduction.

We respectfully submit that the provision of the tariff bill to which we object, originating solely in the suggestion of one of the numerous societies existing throughout this country, presumably in the public good, but formulated without the requirements of the situation or without a careful consideration of the disastrous consequences thereof to a long-established mercantile industry of this country, is in the class of ill-considered legislation which a justice of the Court of Appeals of the State of New York so aptly condemned in the following language:

Statutes that are passed pro bono publico rarely sweep the country with such irresistible momentum, while much fantastic legislation has resulted from organized crusades upon legislatures by the advocates and supporters of special classes. (See Justice Werner's opinion In re Wright v. Hart, 182 N. Y., 343.)

It is scarcely necessary to point out that even if the importation of plumage into this country is prohibited the plumage industries will nevertheless continue in the other civilized countries of the world. If the Congress of this country heeds the demand of the reform society which stands as sponsor for this measure, we may well expect to find in the near future that the various liquor prohibition societies throughout this country, encouraged by the extraordinary recognition granted in this instance, will become ambitious to promote prohibition amongst the foreign peoples of the world, and to that end will endeavor to enlist the aid of the Congress of this country. These societies would consistently be entitled to ask for the prohibition of the importation of foreign liquors into this country upon the interesting theory that by exterminating the American traffic in such liquors Congress would kill off the foreign brewing industry therein and thereby prevent liquor consumption by the foreign peoples. Such an attitude on the part of prohibition societies and the fallacious theory prompting the suggested legislation are about on a par with the attitude and theory of the zoological society in the present instance, and the prohibition of the importation of bird plumage will fall as far short of its purpose as would a liquor prohibition measure in the illustration offered.

In conclusion we respectfully submit that as we are not engaged in the business of handling aigrettes we have no objection to the exclusion thereof from the importations of this country, if your honorable committee should deem such course wise or necessary. We are in entire accord with any rational movement to conserve the useful wild bird and animal life of the world, but we are utterly opposed to the destruction of any industry engaged in commercially utilizing such parts of wild birds and animals which, but for their commercial use, would constitute a vast economic waste.

(The following names were appended to the above: E. J. Arbib & Co., 53 East Ninth Street; French Feather Novelty Co., 53 West Thirty-sixth Street; Lehman Bros., 10 Bond Street; Ph. Adelson & Bro., 40 West Thirty-second Street; Tompkins & Kinsey, 729 Broadway; Gotham Feather Co., 3 Washington Place; F. Meuer & Co., 699 Broadway; Feiner & Maass, counsel, 100 Broadway; all of New York City.)

BOARD OF GAME COMMISSIONERS OF PENNSYLVANIA, BY JOSEPH KALBFUS, SECRETARY, HARRISBURG, PA.

HARRISBURG, PA., *May 23, 1913.*

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

MY DEAR SENATOR: My attention has just been called to the fact that an amendment has been offered by Senator Clapp, of Minnesota, to that clause of the tariff bill advocating the suppression of the introduction of all wild birds' plumes, excepting ostrich plumes, for millinery purposes. (See p. 89, line 15, of the tariff bill.) This amendment is to the effect that the feathers or plumes of birds usually killed for food purposes and birds which are usually killed as pests may be introduced.

We have just gone through a strenuous battle in Pennsylvania regarding the importation of feathers taken from wild birds anywhere in the world that are of a kind belonging to the family of wild birds found in a wild state in this Commonwealth. In this battle were arrayed upon one side those without hope of profit, who were trying to preserve and perpetuate our wild life. Upon the other hand, were those whose only purpose was to secure profit through the destruction of the birds and the sale of their feathers. The purpose of the bill was to prevent the killing of egrets not only in the United States but throughout this hemisphere, in the hope that these birds, once plentiful in many of our States and also in Pennsylvania, might increase and return to this State. A careful investigation of the habits of many of our birds that are by the ordinary man considered injurious is demonstrating beyond question the fact that instead of being injurious and harmful these birds are extremely beneficial. The heron family, to which the egret belongs, while possibly destroying some fish, destroys very many snakes, many rodents, and many harmful bugs and insects, and on the whole does far more good than it does harm through the destruction of a few fish. In Pennsylvania we have returned to the protected list the member of the heron family, the eagle, the shrike, that recent investigations have demonstrated is the one bird that is in any way keeping the English sparrow in check, this bird also being a great destroyer of insects and of rodents. Many would consider the herons and the shrike pests, and if left to exercise their will uncontrolled by direction of those in authority, who have studied and understand conditions, will, through the killing of these birds, bring untold trouble not only to Pennsylvania but to the Nation. Experience teaches me it is frequently extremely hard, except for a scientist, to distinguish the feathers of one wild bird from the feathers of some other wild bird, although of a different family, and that it would be absolutely impossible to distinguish the feathers of a heron killed in South America, where it might be considered a

pest, from the feathers of a heron killed in Pennsylvania, where it is given absolute protection. This same condition applies to the feathers of birds that might be killed for food purposes.

Speaking for the game commission of Pennsylvania, I sincerely hope that this amendment, as offered by Senator Clapp, will not be made a part of the bill. I beg of you to use your influence to have this feature stricken out.

EDWARD BENNECHE & BROS., 43 GREAT JONES STREET, NEW YORK, N. Y., BY EDWARD BENNECHE.

NEW YORK, *April 28, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Chairman Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: As merchants of the city of New York who have been doing business in feathers for many years we appeal to your most sincere and earnest consideration to kindly consider the new addition to the tariff bill which prevents the importation of feathers taken from any wild bird.

The bill, if it becomes a law, will annihilate a business which has been legitimately conducted for many years and employs thousands of working people, mainly women, most of whom are experts in this line and who would be totally unfitted for any other kind of work.

The bill was inserted without the knowledge of the millinery merchants, who have consequently not received a hearing, and we believe that you will agree with us that an established business should be given consideration.

We can not impress you enough with the importance of this matter and hope that you will give this your attention.

HOEHN & DIETH, NEW YORK, N. Y.

NEW ORLEANS, LA., *April 23, 1913.*

Senator JOSEPH E. RANSDELL,
Washington, D. C.

DEAR SIR: The House bill No. 10, now up for your consideration, almost prohibits the sale of what we are now selling in fancy feathers, which, if said clause now stands, Schedule N, section 362, "*Provided*, That the importation of aigrettes, egret plumes, or so-called osprey plumes, and the feathers, quills, heads, wings, tails, skins, or parts of skins, of wild birds, either raw or manufactured, and not for scientific or education purposes, is hereby prohibited; but this provision shall not apply to the feathers or plumes of ostriches, or to the feathers or plumes of domestic fowls of any kind," means great loss to all dealers in artificial feathers with no advantage to anyone that we can see, and we respectfully solicit your influence to expunge this unjust attempt at legislation without knowledge of actual conditions on a one-sided hearing.

A large part of the millinery trade have been cooperating for years and years (with actual loss to themselves) with the bird lovers

by absolutely refraining from selling aigrettes and song birds, and they have a right to object to legislation, prompted undoubtedly by humane motives, that provides for the entry of the flesh of certain birds for food, yet prohibits the importation of their plumage in any shape, thus being inhumane by depriving worthy people, mostly women, of a legitimate occupation, injuring neither humanity nor the birds.

This sweeping paragraph was put into the bill with no hearing from the trade.

We respectfully ask you to have the above paragraph removed from the tariff bill, where it does not belong, and give both sides hearings, and the trade will certainly welcome prompt action.

LUDLOW GRISCOM, SECRETARY OF THE LINNÆAN SOCIETY, OF NEW YORK, 21 WASHINGTON SQUARE NORTH.

NEW YORK, *April 29, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Senate Chamber, Washington, D. C.

DEAR SIR: I am instructed by the Linnæan Society, of New York, to say that we are most heartily in favor of the feather proviso in Schedule N of the tariff act.

This organization, composed of scientific men, is well aware of the fact that the surest way to exterminate the wild-fowl life of this or any other country is by permitting the importation of their feathers for millinery purposes, thus making the killing of the birds a profitable employment.

We wish respectfully to urge that you use your utmost efforts to secure the passage of this most excellent measure, which is being opposed solely by those who profit by the wholesale slaughter of the birds, who are blind to their great economic importance, and who care nothing for their educational and esthetic value.

HENRY OLDYS, SILVER SPRING, MD.

SILVER SPRING, MD., *April 3, 1913.*

Hon. F. M. SIMMONS,
United States Senate.

MY DEAR SIR: The pending revision of the tariff may be made a very effective means of saving from extinction a dozen or more of the most beautiful birds of the world, including gulls, terns, and other birds that are so interesting to travelers on lake and ocean and so useful as scavengers of lake and sea ports. A simple amendment prohibiting importation of the plumage of wild birds will accomplish this result, and will not be opposed by any but a handful of importers, who can easily accommodate their business to the change.

This amendment will probably be included in the bill as reported by the House Committee on Ways and Means. Will you not give it your support when it comes before your committee?

[Inclosure.]

KEEP BIRD PLUMAGE OUT OF THE UNITED STATES.

REASONS WHY SCHEDULE N OF THE TARIFF ACT SHOULD BE AMENDED SO AS TO PROHIBIT THE IMPORTATION OF THE PLUMAGE OF WILD BIRDS.

1. Bird slaughter is greater than ever before in the history of the world. In 10 years more, if this slaughter be not checked, a dozen or more of the most beautiful species will have been completely exterminated. Like the passenger pigeon, the dodo, the great auk, the Labrador duck, Pallas's cormorant, the Eskimo curlew, and several of the parrot tribe of the West Indies, they will be merely a fading memory. Many more will be well on the road to extinction.

2. This slaughter can be stopped only by closing the market for plumage. The number of regions ravaged makes it practically impossible to secure laws prohibiting killing everywhere; and in the remote wildernesses where the work of destruction is conducted it is impossible to enforce such prohibitory laws as are enacted.

3. More plumage is sold in the United States than in any other country. To cut off this great market would heavily diminish the demand for plumage of dead birds and so would decrease the supply. England and Germany are trying to close their ports to wild-bird plumage. Such action by the United States will aid them to accomplish their purpose.

4. London, Paris, Berlin, and New York are the distributing centers of plumage for the world. The closing of the New York distributing market is likely to be followed by the closing of those of London and Berlin. With these three put out of business, that of Paris will alone be left; and the damaging effect of loss of trade, combined with the coercive influence of example, will quickly place that of Paris in the limbo of discarded evils.

5. The action is not a new venture. Australia, in March, 1911, by edict of the governor general, cut off the importation of the plumage of a large number of species that are approaching the danger line. England's four attempts to pass a similar law led to a parliamentary investigation that was satisfactorily searching and indicated clearly the beneficial effect that would follow such action.

6. Equally attractive hat trimming will be substituted that will satisfy both women and milliners. Hats will still be trimmed, and ostrich plumes, fancy feathers (of domesticated fowls), artificial flowers, and other trimmings that the art and ingenuity of milliners will devise will leave no room for dissatisfaction, especially as these substitutes will not involve the cruelty and vandalism involved in the present custom of wearing the feathers of birds whose lives must be sacrificed to supply the trimming material. Substitutes must soon be found in any event if the present war of extermination be not checked.

7. The passage of such a law will excite little opposition. Thousands of citizens will be gratified by the abolition of the plumage-wearing custom in the United States. Many women have voluntarily abandoned the wearing of wild-bird plumage, and of those who still retain the custom the vast majority are indifferent to what they wear provided it is fashionable (plumage will become unfashionable very soon after it becomes impossible to obtain fresh supplies). Many milliners are opposed to the destruction of flying birds for the trimming of hats, and most of them are ready to welcome a law that will end the opprobrium their business now excites and place all on an equal footing regardless of location. They would prefer a nation-wide law to variant State laws under which so great inequalities of opportunity exist. The main opposition will come from a handful of importers.

8. The manufacture of "fancy feathers" in the United States will be greatly stimulated. This is a growing and very profitable industry, which has more than doubled in the past five or six years. With the withdrawal of the competition with wild-bird plumage now sustained, it will meet with a suddenly increased demand that will necessarily bring a great stimulus. The trade in ostrich plumes will likewise be much benefited.

9. Every nation is interested in preserving the beautiful and interesting things of the world. In the present age of travel and invention no nation has a monopoly of the natural objects of interest found within its borders. The destruction of the Riviera would curtail the pleasure of Americans no less than that of Italians and French. Switzerland is the playground of the

entire civilized world, not of the Swiss alone. The maintenance of law and order in Mexico is necessary to the good of American and English interests as well as Mexican. The preservation of the world's resources affects the well-being of all nations, whose various interests are now so intermingled and blended that they can not be disengaged. Whatever is useful or valuable, wherever found, can be enjoyed by the whole world; for enterprise and ingenuity bring such fea ures to those who are unable to go to them. Thus we are enabled to accompany Peary and Amundsen to the poles, and explore the jungles of India and the plains of Africa with Kearton and Rainey. In zoological gardens we can find living examples of beasts and birds from every quarter of the globe, while aquariums show us the different forms of life that inhabit the waters of the world. The near future will bring to us vivid representa·ions of the wonderful and beautiful evolutions of exotic birds that will yield delight to millions, provided we refuse to allow these birds to be sacrificed to the single use of hat trimming. Instance the lyre bird of Australia, a bird of magnificent plumage, which, besides possessing an attractive song of its own, mimics the songs of o her birds, human speech, the varied noises of the barnyard, the sawing and chopping of wood, the creaking of wagons, and many other sounds with a skill that makes our own mockingbird seem the veriest amateur. It is probable that before long photographic and phonographic reproductions will bring these interesting features to us from the islands of the Pacific, to be a perpe ual delight to the whole world. Shall we permit this source of possible enjoyment to be obliterated in a few years (in 5 or 10 years the lyre bird will be exterminated at the presen: rate of destruction) solely to allow a few mercenary men to make a profit out of its feathers?

But there is a higher viewpoint than that of self-interest. The world, with all its wealth and beauty, is ours only in trust. It is committed to our keeping to use, not abuse, and we must hand it down to our heirs unimpaired or be guilty of a breach of trust. We received as our heritage a world filled with noble forests, teeming with game of all kinds, rich in fertile soil, abounding in useful, beautiful, and interesting birds. If we exploit it for our own temporary benefit and turn it over to our successors denuded and stripped, posterity will not hold us guiltless but will brand us as grossly ignorant or unprincipled vandals utterly unworthy of the trust imposed on us.

Par. 358.—FURS.

GORDON & FERGUSON AND OTHERS, ST. PAUL, MINN.

ST. PAUL, MINN., *April 30, 1913.*

Senator F. MCL. SIMMONS,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: We, the undersigned, fur merchants and manufacturers, of St. Paul and Minneapolis, respectfully desire to protest against the imposition of a duty on raw furs, proposed in the pending tariff bill.

We base our objection on the following grounds:

First. Since the establishment of this Government raw fur skins have always been free of duty.

Second. Raw fur skins are imported free of duty into all other countries, Russia alone imposing a very small specific duty by weight.

Third. A number of United States fur merchants have built up a considerable international business in raw furs with all fur-using countries on the basis of free raw product.

Fourth. The placing of any duty, no matter how small, upon raw furs will seriously curtail, if it does not entirely destroy, all international business in raw furs of other than United States origin.

Fifth. Canadian fur manufacturers supply a good part of their wants in raw furs in United States markets, a portion of which are furs of Canadian origin, resold by United States merchants.

Sixth. It is not practicable to keep raw furs in bond nor to reimport raw furs of United States origin after they have once been exported; in the first place, raw furs must be constantly looked after and handled and kept clean to prevent damage by moths, worms, etc. In the second place, because the nature of fur skins requires that the whole lot or the bulk be shown in order to transact business, as skins vary much in size, quality, color, and condition.

Seventh. Outside of the Hudson's Bay Fur Co., United States merchants are the largest buyers of Canadian raw furs in Canada. A duty, no matter how small, will wipe out this trade without increasing the value of the United States collection of raw furs. The reason for this is that the domestic collection is much larger than the domestic consumption; and we would still have a large surplus of raw furs to export, the same as heretofore.

Eighth. Throughout a large part of the United States the use of furs in winter is necessary for the comfort of our people, both those of small means as well as of the well-to-do. There are only comparatively few varieties of furs that could be strictly classed as luxuries.

Ninth. The supply of fur skins is becoming smaller in all parts of the world, and for that reason prices are constantly advancing. To still further raise the price by a tax would work a hardship on the users of the commoner kinds of furs and render the business of manufacturing and selling them more difficult.

Tenth. The revenue to be derived from the proposed duty on raw furs would not be very large. The total value of raw furs imported the last fiscal year was about $17,000,000. This amount will be decreased by about $3,000,000 value of raw furs for hatters' use now on the free list. It will be still further decreased by the imports of dog, goat, and sheep used for fur purposes, also on the free list, in addition to which there will be a shrinkage of imports of such raw furs as are generally resold in other markets, and this will still further lessen the total value of raw furs importations.

Eleventh. We were asked by some members of the Ways and Means Committee of the House of Representatives, as well as by a United States Senator and other Members of the House of Representatives, to prepare a list of furs which in our opinion should be classed as articles of luxury and also a list which should not be so classed.

We have classified the furs to the best of our knowledge and belief.

We class as articles of luxury: Russian sable, marten, ermine, mole, lynx, black fox, silver fox, sea otter, fisher, fur seal, blue fox, white fox, chinchilla, polar bear, and grizzly bear.

The following are not made into articles of luxury, but are used by people of small means: Marmot, hare and rabbit, wolf, raccoon, red fox, kitt fox, pony, house cat, wild cat, opossum, muskrat, Japanese mink, Chinese weasel, kangaroo, dog, goats, sheep and lamb, hair seal, wool seal, wombat, and wallaby.

The following is a list of articles that are used by people of moderate means whenever prices are low, but which sometimes are

fashionable and then are higher in price: Squirrel, black and brown bear, badger, civet cat, beaver, kolinsky, mink, fitch, nutria, skunk, wolverine, otter, and cross fox.

We urge in the interest of our business and of fairness that in a bill the purpose of which is to facilitate our foreign commerce and to make articles in use by large numbers of our people easier to get and lower in prices that we be not discriminated against, and that our business, which is a legitimate one and which has been built up on the basis of free raw materials, be left on that basis.

(The signatures of the following were appended to the above: Gordon & Ferguson; Joseph Ullmann; Lanpher, Skinner & Co.; McKibbin, Driscoll & Dorsey; E. Albrecht & Son; D. Bergman & Co.; H. Harris Co.; E. Slawik Co.; E. Sundkvist Co.; T. W. Stevenson Co.; G. H. Lugsdin Co.; B. R. Menzel & Co.; McMillan Fur & Wool Co.; Northwestern Hide & Fur Co.; Berman Bros.; Andersch Bros.; Mack May Co.)

FUR MERCHANTS' CREDIT ASSOCIATION AND ASSOCIATED FUR MANUFACTURERS (INC.), OF NEW YORK, BY ROSENTHAL & HEERMANCE, COUNSEL.

PROPOSED AMENDMENTS.

The following shows omitted portions of the present sections in brackets and the proposed amendments in italics:

359. Furs and fur skins of all kinds not dressed in any manner, except undressed skins of hares, rabbits, dogs, *and* goats, [sheep,] and not specially provided for in this section, 10 per cent ad valorem; furs dressed on the skin, not advanced further than dyeing, *including fur waste and mats and plates of dogs and goats*, 30 per cent ad valorem; manufactures of furs further advanced than dressing and dyeing, when prepared for use as material, joined or sewed together, including plates, linings, and crosses, *except mats and plates of dogs and goats*, and articles manufactured from fur not specially provided for in this section, 40 per cent ad valorem; articles of wearing apparel of every description, partly or wholly manufactured, composed of or of which fur is the component material of chief value, 60 per cent ad valorem. Furs not on the skin prepared for hatters' use, including fur skins carroted, 15 per cent ad valorem.

608. Skins of hares, rabbits, dogs, *and* goats [and sheep], undressed.

BRIEF.

This brief is submitted in place of the one previously prepared and which dealt with the fur and skin duties as they appeared in the tariff bill as originally introduced.

[Par. 359.]

(1) The omission of "sheep." "Sheep" are omitted here, as otherwise the section is open to the interpretation that it is intended to admit free of duty the undressed skins of Persian lamb, baby lamb, broad-tail lamb, astrakhan, krimner, caracul, baby caracul, and other sheep the fur skins of which are used exclusively in the manufacture of high-grade furs. The cheap sheepskin with the wool thereon used in the manufacture of coats in the West still come in raw free of duty under section 653.

(2) "Fur waste" is added, as there nowhere appears any provision for this article, and in previous tariff bills it has been classified at the same rate as dressed and dyed skins.

(3) "Mats and plates of dogs and goats" are added to the 30 per cent classification and omitted from the 40 per cent list, inasmuch as we have been informed the exemption of "undressed skins of dogs and goats" from duty was intended to favor the consumer of great-coats lined with dog or goat skins. This exemption, however, fails of its purpose, as dog and goat skins are rarely, if ever, imported in the raw state. Following the oriental custom, dog and goat skins are dressed and made up into mats or plates, oblong in shape and varying according to standard sizes. As section 359 now reads, such dog or goat skin mats or plates which are used to line coats retailing at about $11.50 would be dutiable under the 40 per cent classification, and would be on the same basis as plates, linings, or covers made up of the luxurious and valuable squirrel, kid, astrakhan, and dyed seal muskrat skins, which are used in coats retailing at from $100 to $350. Certainly, if by the exception of dog and goat skins from the 10 per cent duty it was intended to favor the western consumer to whom the cheap-lined coat is a necessity, some provision should be made which will actually favor him. This, we submit, would be accomplished by classifying the goat and dog mats and plates the same as "furs dressed in the skin, not advanced further than dyeing," dutiable at 30 per cent.

(4) "Sixty per cent" on manufactured goods is suggested to maintain the differential between dressed and dyed skins, skins to be used as material, and the finished product that has heretofore existed. The increase in the bill as introduced of the duty on dressed and dyed skins from 20 per cent to 30 per cent, and of the skins to be used as material from 35 per cent to 40 per cent, calls for a proportionate increase of the duty on the finished product. Substantially all of the 500,000 of manufactured furs brought in during the year 1912 were imported by individuals for their own use. Such importations would not be decreased by a 60 per cent duty. On the other hand, the increase in the cost of furs to the American manufacturers, which must inevitably follow from the new tariff bill, without any increase in the duty on the manufactured fur, will certainly induce some manufacturers to make up standard articles abroad.

[Par. 608.]

"and sheep" is omitted from this section for the same reasons assigned for the omission of sheep from section 359. In addition to these it should be noted that sheepskins with the wool thereon are already on the free list under section 653.

PURPOSE AND GENERAL EFFECT.

The sections as amended leave no room for construction or interpretation. The articles are classified and defined in a manner that admits of no other classification or definition under preceding sections of the act. In its present state the bill would admit of the construction, as an illustration, that the most valuable of the lamb and sheep skins in a raw state are free of duty under the exception of section

359 and under section 608, whereas other cheap raw furs are compelled to pay a duty of 10 per cent ad valorem.

If adopted they will remove unjust discrimination, obviate construction and litigation, and carry out the intent of the framers of the proposed act, without essentially interfering with any of its fundamental provisions.

The importers and manufacturers of furs understand that the increase in duties in the fur schedules has been made to produce more revenue on the theory that, speaking generally, furs are a luxury. With this increase maintained generally on raw furs, on furs dressed and dyed, and on furs prepared for use as material they are in accord. The elimination, however, of the duty on raw furs, without a corresponding decrease in the duty on dressed and dyed furs and furs for use as material, besides depriving the Government of the revenue on $12,000,000 to $13,000,000 of importations ($17,000,000 less about 25 per cent of American furs exported and thereafter brought back), would likewise be of no benefit to the consumer. The 30 per cent duty over the cost of the furs would in most instances make the importation of foreign dressed and dyed skins prohibitive, and put the American manufacturers at the mercy of the American dressers and dyers, who would take for themselves the additional 10 per cent. Experience has shown that a duty of 20 per cent on dressed and dyed fu. over the cost of landing them in America is the proper differenti between the cost to land furs in their raw state and the cost to l them dressed and dyed.

ASSOCIATED FUR MANUFACTURERS (INC.), OF NEW YORK, BY EDWARD FILLMORE, COUNSEL.

I.—The Proposed Duty of 10 Per Cent on Raw or Undressed Furs Should Not Prevail.

The proposed section 359 of Schedule N provides as follows:

> Furs and fur skins of all kinds, not dressed in any manner, except undressed skins of hares, rabbits, dogs, and goats, and not specially provided for in this section, 10 per cent ad valorem * * *.

To the best of our knowledge, no civilized country imposes a duty on raw furs, with the possible exception of Russia, and even Russia only imposes duty on furs according to weight and according to the value of furs imported. Raw furs have always been free in this country, and we believe that this is the first time in the history of this country when a duty is sought to be imposed on raw furs.

The value of the raw furs exported by this country greatly exceeds the value of those imported and the revenue sought by this country by the imposition of the 10 per cent duty on raw furs imported would be nominal, because of the approximate amount of $17,000,000 raw furs which were imported in 1912, about $2,500,000 were furs for hatters' use, such as hares or rabbits, which it is proposed to exempt under the new tariff law. Of the remainder, more than $5,000,000 are goods of domestic origin which would be readmitted. The raw furs brought into this country from China, Japan, and Australasia are largely articles of international commerce, and but few of them

are retained and manufactured in this country; most of them are reshipped to other countries in their raw condition.

After deducting from the $17,000,000 of imports of raw furs the amount which would be admitted free as skins of hares and rabbits, also the amount of furs that would be readmitted free, as goods of domestic origin, and the Asiatic and Australasian goods shipped into this country as articles of international commerce, and which would unquestionably remain in bond pending reshipment, also the very valuable sheepskins which would be exempt under the proposed exception, it is our opinion that the $17,000,000 of raw fur would be reduced to one-third of that figure for tariff purposes and included in this remaining one-third would appear the cheapest furs that are imported in the raw condition into this country and raw furs imported from Canada.

Under the provision of the proposed law exempting raw sheep from the 10 per cent duty, it would be possible to bring into the country the sheep of every country, which would include the valuable undressed skins of Persian lamb, baby lamb, broadtail lamb, astrakhan, krimmer, caracul, and various other sheep, the amount of which is very considerable, and would tend still further to lower the dutiable amount of furs.

II.—Our Relations With Canada.

The imposition of a 10 per cent duty on raw furs will greatly affect and hurt the relations of the fur industry of this country with Canada.

A very large portion of the raw furs that would be dutiable would be Canadian goods, which are brought into this country both for manufacturing purposes and in the course of international trade. It will thus be seen that the direct effect of this proposed 10 per cent duty would fall largely upon the Canadian raw goods. Canada, as well as supplying us with a large amount of raw furs, is practically our only foreign customer for manufactured furs. The industry has enjoyed the most pleasant relations in the past with Canada and the Canadian Provinces, and the proposed rates would have a tendency to interrupt the pleasant relations that have existed commercially in the industry.

The raw furs that are brought into this country from Canada are brought through various sources and but a very small percentage of them find their way through established business channels. The trappers along the border line bring their goods into American markets without the formality of shipping according to the regulations provided by the customs authorities. The imposition of a duty upon their collection would have a tendency to promote smuggling. The merchants who buy their goods through legitimate sources and have them shipped in the ordinary course of trade, in paying a duty upon shipments would be at a disadvantage as compared with the merchants accumulating or receiving goods purchased direct through the trade with the hundreds of little villages and trading posts that exist immediately adjacent to the border line. It is a fair assumption that a large part of the trapper's catch will

never pay any duty, as it would be impossible for the Government to maintain regulations sufficient to provide for the collection of same.

Canada is a large purchaser of raw European furs in this market. It will be impossible to provide such goods for the Canadian market with an imposition of a 10 per cent duty on our imports. In other words, goods heretofore imported from Russia or other countries free and sold to Canadians would surely be shipped direct to Canada in preference to paying a 10 per cent duty in this country before being offered for sale to Canadians.

The proposed duty of 10 per cent on raw furs is in conflict with the policy of this administration, as the burden of the duty must necessarily fall on the cheapest class of furs, as it has been shown above that only one-third of the amount of raw furs imported into this country would be subject to a duty of 10 per cent, and of this one-third the greater amount is composed of the cheapest and lowest-priced furs and are used only by the masses.

Under the proposed law the very valuable lambskins mentioned previously, capable when manufactured of being produced into garments reaching as high as $1,500 each, would be admitted free, as sheepskins and many of the lower grades of furs capable of being manufactured into articles that would retail as low as $2 would be subject to a duty of 10 per cent.

III.—Conservation of Natural Resources.

The proposed duty of 10 per cent on raw furs would be contrary to the policy of the administration to conserve the country's natural resources.

If the present administration proposes to conserve the natural resources of this country, it may be well to bring to its attention the fact that the imposition of a 10 per cent duty upon raw furs by excluding the raw furs of other countries would result in an increased demand for those raw furs which are the product of our own country. The increased demand would mean rapid diminution and ultimate extermination of the native fur-bearing animals. This subject is of vital interest to our people, and the admission of furs of foreign countries free of duty is absolutely essential to the conservation of our native wild life. (See Report No. 5, p. VII, H. R. 3321.)

Furs have been the origin of more wealth to this country than all other resources, agricultural, mineral, or otherwise.

Before the cultivation of a single field or the opening of a single mine or the construction of a single railway or highway was ever attempted in this country the only sources of revenue were the fur-bearing animals, which were sought by the entire world, and which led to the colonization of this country, and through the pursuit of which the farthest ends of our country have been reached. It was the trapper who blazed the trail for the first highway. It was the trapper's furs that formed the first cargo that was ever freighted on any of the inland waters of this country. It was the trapper's catch that brought the first foreign wealth to this country, and for 300

years this flow has been continuous. No other of our natural resources have been productive for so long a time or have yielded such an aggregate wealth as the fur-bearing animals of this country. It would seem, then, that this industry deserves more careful attention with a view to the conservation of its natural resources than has been accorded to it in the preparation of the present paragraphs affecting the industry.

IV.—THE PROPOSED 10 PER CENT INCREASE ON DRESSED AND DYED FURS SHOULD NOT PREVAIL.

We have previously alluded to the disadvantage the American manufacturer will have in competing for the Canadian trade by reason of the imposition of an additional duty of 10 per cent upon his raw material. The same may be said of the proposed increase of 10 per cent on the dressed and dyed furs. It will be a matter of impossibility for the American manufacturer to pay the increased duty upon this class of his raw material and still maintain his supremacy in the Canadian markets.

Many of the lower grades of furs that are brought into this country are brought in the dressed and dyed condition. Included in this classification may be found the various kinds of conies, rabbits, hares, etc. In this class of goods the manufacturer produces the lowest-priced furs placed on the market. This proposed increase would fall direct upon the mass of people using popular and low-priced furs.

V.—MATS AND PLATES OF DOGS AND GOATS SHOULD BE PROVIDED FOR AND ADMITTED EITHER FREE OR AT A LOWER RATE OF DUTY THAN MATS AND PLATES OF OTHER MATERIALS.

Evidently it was the intent of the framers of the proposed law to show favor to dog and goat skins, for the reason that this class of furs enter into the manufacture of the lowest-priced fur coats that can be produced. The dogskin coat is an article that is worn largely by the cattlemen, lumbermen, teamsters, and ranchmen of the West and Northwest. These coats are a necessity for those people using them for the purposes mentioned before. No other article of wearing apparel will resist the cold and wet like a fur coat. It is nature's protection against such elements and is absolutely necessary in the pursuit of the various industries mentioned above. A coat of dogskin can be made to retail as low as $12.50, and such a coat affords as much protection against the elements as one costing ten times that amount.

If it is the intent of the framers of the proposed law to favor the wearer of articles made from the skins of dogs and goats, the wording of the proposed law must be altered. This material is rarely brought into this country in skin form. It is almost always imported in the shape of mats or plates. The long-established custom of the countries of origin makes it impossible to bring in any appreciable quantity in any other shape. These mats consist of pieces of skin loosely and temporarily sewn together for the purpose of making

mats of standard sizes. The joining of the various pieces composing these mats does not in any way constitute them an article of manufacture. It is impossible to work them without again ripping them apart.

As it was the evident intention of Congress to exempt this class of material from duty, a special provision should be made admitting dog and goat mats free or at a lower rate of duty than mats and plates of other materials.

VI. The Duty on "Manufactured Goods" Should Be Advanced to 60 Per Cent.

The framers of the new proposed tariff law have increased the rate of duty on dressed and dyed furs 10 per cent, and partially manufactured material 5 per cent, but the proposed duty on manufactured furs has not been proportionately increased, and remains the same as in the former tariff act. It is respectfully submitted that in the event that our pleas do not prevail and that the duty on furs be not restored to the rates now existing, then the interest of the American fur manufacturer demands the increase of duty on manufactured furs to the same extent that it has been seen fit to increase the duty on the raw and dressed and dyed material entering into the manufacture thereof.

The labor, skilled and unskilled, employed in the manufacture of furs costs about 50 per cent more in the United States than in England, France, and Germany, who are our chief competitors in manufactured furs. Of the half million dollars' worth of articles of fur manufacture that were imported into this country last year, a large percentage of them were imported for the use of people of wealth, and if the skins entering into the manufacture of low-priced garments for the use of people of moderate means shall pay an increased duty of 10 per cent it would be but following out the proposed policy of this administration that articles of luxury imported for the use of people of wealth should pay at least an equal increase in duty.

The spirit of the proposed income tax is the taxation of larger incomes and larger wealth and lessening the burden upon smaller incomes. The proposed fur schedule of the tariff bill is in direct opposition to this principle, inasmuch as the duty has been increased upon that class of furs used by the masses and manufactured in the popular-priced articles, but has not been increased upon the manufactured furs which are brought into this country for our wealthiest classes.

Conclusion.

This brief is submitted to the Senate and House of Representatives by the Associated Fur Manufacturers (Inc.), of New York, composed of nearly 100 members of the largest fur manufacturers in the United States, in the hope that same will receive the careful consideration of Congress in its deliberations on the proposed tariff act and materially assist them in the passage of a tariff law that will do justice to the fur industry, to the people, and to the country.

JOSEPH ULLMANN, 18–22 WEST TWENTIETH STREET, NEW YORK, N. Y.

NEW YORK, *April 19, 1913.*

Senator SIMMONS,
Chairman Senate Finance Committee,
Washington, D. C.

DEAR SIR: Referring to the courteous interview had with you this week and pursuant to your request, I herewith respectfully submit in writing the reasons why the placing of any duty on importations of raw furs would be unfair to the United States fur merchant and ultimately to the country at large.

Before going into the details you may not take it amiss or consider it immodest if for the purpose of lending credence to my statements I should say that my firm has enjoyed an honorable existence here and abroad for nearly 60 years.

The writer has been in the fur business for over 30 years.

Further reference can readily be obtained from any reputable fur house or bank in New York or St. Paul, Minn.

In making any statements or quoting figures to you I shall lean to conservatism to the best of my knowledge.

Aside from the United States customs statistics all other figures are based on estimates as there are no other statistics obtainable in the fur line.

First. Since the establishment of this Government raw fur skins have always been free.

Second. As far as I know raw fur skins are free in all foreign countries, for instance, Canada, England, Germany, France, Italy, Holland, Belgium, Switzerland, etc., Russia alone having a very small specific duty by weight.

Third. United States fur merchants have built up a very considerable international (exclusive of United States product) business of importing and of exporting raw furs with practically every fur-bearing country.

Fourth. The placing of any duty, no matter how small, will, in my judgment, absolutely and completely destroy this international and very formidable part of the fur trade.

Fifth. Canadian fur manufacturers purchase approximately 50 per cent of their entire supply through United States merchants. Much of this supply comes from the various European countries, while a considerable portion is Canadian-grown furs passing through the hands of the United States merchants.

Sixth. This Canadian trade or the other foreign business could not possibly be handled in bond for the following reasons:

(A) Raw furs must be constantly looked after and kept clean to prevent damage by worms, etc.

(B) While the above-stated reason is obviously sufficient in itself, a further valid reason is that by nature fur skins are not all of the same size, quality, or color, and therefore can not be traded in solely on description or samples, nor by measurements or weights, like staple goods.

(C) Different countries, also different manufacturers, require different grades of skins—by which is meant dark, medium, or pale color; large, medium, or small in size; best, medium, or inferior quality. There are rich and poor countries, buying according to their

respective wants. There are high-class manufacturing furriers. There are manufacturers of medium or cheap furs. There are practically none using all classes. That is why the fur merchants are the distributors.

Seventh. Outside of the Hudson Bay Fur Co., the United States merchants are the largest buyers of Canadian raw furs in Canada. A duty, no matter how small, would wipe out this trade without in the least increasing the market values of the United States collection of raw furs. The reason for this is that the United States collection is many times larger than the United States consumption, hence our surplus raw fur skins would be same as heretofore.

Eighth. A duty on foreign raw furs would place the United States fur merchant in a class by himself—as competitors against the balance of the world. For instance, the United States merchants importing raw fur skins from China, Japan, Australia, or any European country, would not be handicapped by the amount of assessed duty in competing for foreign trade with those who own the same goods free of any duty, always keeping in mind that these raw skins can not be dealt with in bond for the reason stated in paragraph 6.

Ninth. As stated in paragraph 5, the Canadian manufacturers are also large customers of the United States merchants for furs grown in the United States as well. Most likely the Canadian Government would retaliate with a similar duty on United States raw furs, causing a still further contraction of trade with the United States without loss to themselves, as they could supply their wants from abroad to our detriment.

Tenth. Under the most favorable circumstances the estimated amount of revenue from raw furs, which the Ways and Means Committee put at $1,400,000, will, I believe, fall decidedly below one-half of this amount, to the detriment and destruction of the international feature of the trade, which has taken the United States merchants generations to establish, for the following reasons:

(A) Loss of foreign raw furs sold to Canada	$2 000,000
(B) Loss of Canadian raw furs resold to Canada	1,000,000
(C) Loss of other foreign trade in foreign raw furs with other countries, including export of foreign goods to country of origin	1,500,000
(D) Estimated shrinkage of importations of raw skins for United States consumption on account of duty	1,500,000
Total loss	6,000,000
All importations, including hatters' furs, are, I believe, according to your statistics	14,400,000
Less hatters' furs (hares and rabbits)	2,500,000
	11,900,000
Less total shrinkage of raw-fur importations	6,000,000
Will leave net importations	5,900,000

I believe my estimates are quite conservative and that with a further allowance for the return from abroad of raw furs of United States production free will reduce the net balance very materially. The loss of added wealth to the Nation's resources by virtue of curtailed trade should several times over offset the probable revenue to be derived. In addition the probable estimate of increased revenue from this raw-fur tax would also be very much reduced by the cost

of the collection of such duty, as many very competent expert examiners or appraisers would have to be employed at all the various ports of entry along the Canadian border.

Eleventh. In compliance with your request for a list of high-priced furs, or so-called fur luxuries, I beg to mention the following:

[Values as to quality, size, and color.]

Russian sables	$15.00-	$600.00
Marten:		
Canadian	5.00-	40.00
Baum	3.00-	10.00
Stone	3.00-	8.00
Ermine	1.00-	3.00
Moles	.10-	.20
Lynx	2.00-	25.00
Black foxes[1]	50.00-	1,000.00
Silver fox[1]	25.00-	750.00
Sea otter	75.00-	1,000.00
Fisher	5.00-	60.00
Fur seal	15.00-	50.00
Blue fox	3.00-	18.00
White fox	5.00-	50.00
Chinchilla:		
Real	10.00-	25.00
Imitation	3.00-	15.00
Bear:		
Polar	10.00-	125.00
Grizzly	5.00-	50.00

On account of the frequent and sometimes enormous fluctuation in values, caused by supply and demand, it is almost impossible for any one man to keep fully posted on all market changes, and therefore easily opens the door to fraudulent declarations.

Par. 361.—HUMAN HAIR.

THE ASSOCIATED IMPORTERS AND MANUFACTURERS OF HUMAN HAIR, BY AUGUST L. MARTIN AND ADOLPH FREYER, COUNSEL.

STATEMENT.

The present tariff bill permits the importation of raw hair free of duty, while the proposed tariff bill imposes a duty of 10 per cent and 20 per cent on the importation of such hair.

POINTS.

I. The phraseology of paragraph 362 is ambiguous, and its interpretation would cause endless controversy between the importers and examiner, due to the improper classification of raw hair.

The classification generally understood in the hair trade by both importer and examiner is as follows:

1. Human hair, raw, cut, or combings, drawn or undrawn, but not turned (rooted).
2. Human hair, turned (rooted) or bleached.
3. Human hair, manufactured, or articles of which human hair is the component material of chief value.

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[1] Are the same species.

As classified in paragraph 362 you interweave subdivisions 1 and 2 of the foregoing classification, which naturally will cause dispute.

II. The imposition of a duty on raw hair of 10 per cent and 20 per cent provided for in paragraph 362 will actually result in imposing a duty of 20 per cent and 40 per cent.

The hair as it is cut from the human head contains various lengths, ranging from 6 inches to 36 inches. A large part of this hair, in fact almost 60 per cent thereof, is what is called "short hair," and is of little commercial value, and if a general duty of 10 per cent and 20 per cent is levied upon all such hair, it naturally results in the imposition of a duty never intended.

III. The differential between the duty on raw hair and prepared hair, as proposed by the new tariff bill, is not large enough.

The new tariff makes no change in the amount of duty imposed on the importation of prepared and manufactured hair, the only effect of it being to impose a duty of 10 per cent on what heretofore was a free commodity. Under this arrangement the general scheme of the tariff seems to have been abandoned, as it has always been the policy to permit raw articles to enter free. Should the Congress impose a 10 per cent duty upon the raw hair which heretofore entered free, the prepared and manufactured hair, which has always been considered in luxury class, has not borne the proper proportion of increase to which other luxuries have been subject.

IV. The imposition of a duty on raw hair, while not raising the duty on prepared hair, will force the importers to import the latter, to the detriment of the workmen and the serious injury to the retail trade.

According to the statistics of the Department of Commerce there was imported into the United States in the year 1911, 1,115,895 pounds of human hair, uncleaned, representing a value of $1,454,115, and there was imported in the year 1912, 1,231,896 pounds of human hair, uncleaned, representing a value of $2,403,053.

From July, 1911, to January 1, 1912, there was imported in value $95,938 of human hair, cleaned and manufactured, and during the year 1912 there was imported in value $205,492 of human hair, cleaned and manufactured.

It will be easily seen in looking over these figures that the proportion of human hair uncleaned that was imported against the human hair cleaned and manufactured which was imported under the old tariff was at 10 per cent to 1. The proposed tariff would place a premium upon foreign labor, and it would be an inducing cause to the importer to have the manufactured hair brought in rather than to expend time, money, and detail upon the raw and uncleaned hair if the duty of 10 per cent is imposed upon the raw hair and the corresponding duties of 20 per cent and 35 per cent on the manufactured hair are not increased. There are employed in this country in this industry thousands of workmen who are converting raw hair into so-called prepared and manufactured hair, and it will necessarily follow that these workmen will be thrown out of employment. It would also follow that the selling price to retailers will have to be materially increased.

V. The imposition of a duty on raw hair would be a violation of the principles enunciated in the platform of the Democratic Party, namely, that all raw materials be admitted free of duty.

Under the present tariff all raw materials are permitted to enter free of duty, and no valid reasons exist in the mind of your petitioners why a distinction should be made as to human hair.

VI. The impression seems to prevail in the minds of the Congress that in the obtaining of human hair from abroad the purchasers thereof have been unscrupulous as to how same was gotten, and that in many instances the peasants have been robbed and murder almost committed.

The fact is that the possession of hair by the female members of the peasant class has been a source of revenue for the family, and instead of being reluctantly given up they go out of their way to seek a purchaser therefor.

There is also a false impression that the gathering of human hair is kindred to that of the aigrettes, whereas, in fact, the two are entirely dissimilar, and the importation of human hair is an industry quite apart from the feather industry.

RÉSUMÉ.

VII. We respectfully submit from the foregoing:

(A) That the classification adopted in paragraph 362 be changed to the classification as heretofore, namely:

1. Human hair, raw, cut or combings, drawn or undrawn, but not turned (rooted).
2. Human hair turned (rooted) or bleached.
3. Human hair manufactured, or articles of which human hair is the component material of chief value.

(B) That the duty of 10 per cent proposed in paragraph 362, Schedule N, H. R. 3321, should be omitted, and raw hair be imported free of duty, as heretofore, or

(C) That if a duty of 10 per cent be imposed upon raw hair that a duty of greater amount than 20 per cent be imposed upon hair turned (rooted) or bleached.

(The above was signed by the following: Joseph Hyman, B. Frankenfelder, G. Kimpel, H. Glemby, committee, and August L. Martin and Adolph Freyer, of counsel.)

Par. 363.—HAIRCLOTH.

AMERICAN HAIRCLOTH CO., PAWTUCKET, R. I., BY E. T. DOLAN, AGENT.

PAWTUCKET, R. I., *May 20, 1913.*

To the honorable the members of the Finance Committee of the United States Senate.

DEAR SIRS: Believing that it is the intention of your honorable body to deal justly with all existing industries when in receipt of satisfactory information pertaining to same, we beg to present the following particulars regarding the haircloth industry of this country. By haircloth industry we mean cloth woven from regular lengths of weaving hair, with cotton or wool, as against the term "mohair."

Material.—First. The component parts of this article are made up of (*a*) weaving horsehair and (*b*) cotton, woolen, or other warps,

with which are incorporated the necessary finishes, comprising starches, glues, dyestuffs, gums, and other articles of a similar nature.

Labor, etc.—Second. (*a*) Labor and incidentals toward the production and marketing of same.

In regard to the material (hair), 90 to 95 per cent of either the raw hair in the unprepared or prepared state used for weaving is bought abroad, usually in the open market, consequently we in this country have no preference as to purchases, but rather are placed at a disadvantage as against our foreign competitors by reason of their being on the spot.

COTTON, ETC.

The cotton warps, the other prime essential—we understand there is no material difference between the prices quoted on the warps used here and abroad in the different cotton exchanges, so that in this particular neither have we any advantage.

Then, as to the dyestuffs for the finishes of these goods. Where imported into this country there are, as we understand it, various duties in connection with the same; and whereas there is a 20 per cent duty imposed upon weaving hair other than raw—that is, hair that has received any special treatment as to dyeing, coloring, etc.—when the haircloth in the manufactured state is imported into this country, the specific duty only on the manufactured article is imposed, the fact evidently having been overlooked of the dyeing process with which we have to contend when manufactured here from the raw stock.

LABOR.

As to labor, while we have no authentic consular reports on this item, but consider that we are fairly conversant with the situation through various outside channels we come in contact with, where our average wage for weavers is approximately rather over than under $10 per week, we understand the wage abroad does not approximate more than a maximum of $3 to $3.75 per week. Our loom fixers, the other important item in the labor, where we average $16 per week our foreign competitors run about $7 to $9; and so through the other items of labor connected with the necessary production of the finished article, making, as we understand, a minimum difference against us in the labor item alone of not less than 50 to 60 per cent.

The foregoing, as we firmly believe, certainly puts us in a critical position should the anticipated change of from 8 cents per square yard to 6 cents per square yard advocated be put into effect.

We also wish to protest against the specific as against the ad valorem duty, for the reason that the specific duty has a tendency to incline our American manufacturers to run to the cheaper goods as against the higher class, which may be explained as follows: In the first place, the specific duty says per square yard, whereas there are not, we believe, more than 2 per cent of the looms connected with the haircloth industry in the United States making crinoline haircloth wider than 30 inches, for the reason that it is practically impossible to get an adequate supply of hair to make goods wider than 30 inches, the unfinished product calling for hair from 2 to 4 inches longer than the actual width of the goods when in the process of weaving.

The following illustration may be more to the point in explaining our contention as to the discrimination against the various goods on the specific duty which does not regard quality. On the 18-inch 28-pick goods (meaning 28 hairs to the inch) the price is 16 cents per yard. With the 6 cents duty, would mean a protection on this of 3 cents on the half-yard, or 18.75 per cent. On the 18-inch 84-pick goods (meaning 84 hairs to the inch), one-half yard, the price is 37 cents per yard, the duty being exactly the same—6 cents per square yard—meaning 3 cents on the half-yard, or 8.10 per cent, as against the former 3 cents on the 16 cents, or 18.75 per cent. This, honorable sirs, to us simply means entire prohibition of the better classes of goods.

We think with this illustration in hand, which practically runs through the various numbers of our production, it can readily be seen that we stand no show whatever of competing with our foreign competitors when the difference in labor costs is taken into consideration, so much so that while the agitation of this tariff has been going on our receipts have dropped within the last four months, January 1 to May 1, 1913, as compared with the previous four months, September to December, 1912, approximately 24¾ per cent, and as against the first four months of 1912, approximately 27¼ per cent. We are of the honest opinion that an ad valorem duty of 30 per cent on various widths, grades, and styles would be an equitable adjustment of this matter, not creating any privilege, but simply protecting our American industries as against unequal foreign competition, and we trust your honorable body will see the matter in this light and give our petition your valued consideration.

We think the records of importations of hair cloth during 1896, when the duty was 6 cents per square yard, and prior to the act making the duty 10 cents per square yard, will bear out our contention.

Par. 364.—HATS.

FELT HAT MANUFACTURERS' TARIFF COMMITTEE, BY MARTIN LAWLOR, SECRETARY UNITED HATTERS OF NORTH AMERICA, AND JAMES MARSHALL, REPRESENTING FUR FELT HAT MANUFACTURERS OF UNITED STATES.

The FINANCE COMMITTEE OF THE SENATE.

GENTLEMAN: We are absolutely barred from extending our trade "beyond the seas." Two-thirds of the population of the earth either wear a turban, a fez, or some similar headgear as part of their religious belief.

Of the remaining one-third, most countries have a prohibitive tariff that prevents us exporting any of our hats to them. Even Canada has a 25 per cent preferential duty against us.

We have a further disadvantage because all our material originates abroad and the foreigner has on material alone, under the new House bill with all its reductions, an advantage of $1.86 per dozen, leaving us a handicap of just this much before we start manufacturing at all.

Naturally you will ask why the new rate—40 per cent—or even the old rate, does not enable us to compete with foreign manufacturers for our home trade.

We do not get 40 per cent; only 11 cent cent is left, for in the last analysis the 40 per cent on the average import price of $9 is $3.60.

Deducting the difference in material of $1.86 only leaves us $1.74, or about 11 per cent of the average American selling price, $16 per dozen, to equalize the difference in labor.

The difference in labor is $4.49 per dozen. This, added to the advantage the foreigner has in material, namely, $1.86, makes a total of $6.35 per dozen that we have to overcome with a duty of 40 per cent on the foreign value of $9 per dozen, which is only $3.60.

Statistics show that the average selling price of the American hat is $16 per dozen. The foreigner can lay down a hat at the custom-house at $9 per dozen equal to anything we can produce in this country at $16 per dozen. Both of these hats were shown the Ways and Means Committee.

From time immemorial piecework prices have prevailed in the hat business both here and abroad. In fact the trade-unions insist that everything shall be piecework that can be reduced to piecework. Therefore the argument that the increased efficiency of American labor makes up the difference does not hold good in our case, for our comparisons are all on the piecework price.

Anyone knows what a tremendous advantage it is to have raw material right at his door, to have first choice, and not have to cart it three or four thousand miles. This, together with the higher price of labor, makes it absolutely impossible to compete, although we are exercising all the brains and ingenuity that we and our workmen possess to overcome the handicap we are under. It is not within the range of human possibility.

The United Hatters of North America and the manufacturers of fur felt hats can not conceive by what process of reasoning it was arrived at—that fur felt hats deserved a cut.

They were told that no honest industry need fear Democratic revision. They have repeatedly proved their industry is absolutely honest.

The men engaged in it are not earning living wages and the manufacturers are not getting even a legitimate profit.

They were told that conditions must be competitive, and have shown that importations are doubling every four years—not spasmodically, but year by year, and this certainly means a competitive condition.

Also, that the total importations must reach a certain percentage of the domestic consumption, and yet by this doubling-up process it is only a question of a few years when you can have any percentage coming in from abroad under the present duty that you so desire, and increasing, too, as fast as any reasonable person would want.

They were told that revenue must be raised, and importations doubling, as they are, certainly show that revenue is coming from the fur-felt hats in increasing volume.

Finally they were told that all articles of necessity must receive a cut, and they have proved that, while at first glance a hat might be considered a necessity, when it is possible to buy a hat for $1, $1.50, or even $2—the best hat anyone could want, either soft or stiff—when $3 or $5 is paid for a hat, whoever pays it is indulging in a luxury; and it is these very high-priced hats where the greatest increase in importations is taking place.

It would be just as reasonable for a person to go and buy a diamond ring as to go and pay $3, $4, or $5 for a hat when he can get one that will answer every purpose at $2 and wear him fully a year.

Under these circumstances, and particularly as the industry has been crying for work for the past two or three years, and the importations have been doubling in the meantime, we desire to know why we deserve a cut under Democratic platform and Democratic promises.

Importations of fur-felt hats for fiscal years ending—

1905	dozen	8,143
1906	do	14,536
1907	do	19,194
1908	do	21,892
1909	do	32,714
1910	do	42,940
1911	do	46,009
1912	do	55,311

First quarter of 1913 shows 24,065 dozen; at this rate the fiscal year will show 96,000 dozen.

Doubling every four years does not require much of a mathematician to figure where American manufacturers are coming out.

From 1909 on is the present tariff.

Almost 600 per cent increase in 10 years.

At the time of the Payne-Aldrich bill, in order that there might be no question concerning the actual cost of labor at home and abroad, we sent abroad at great expense the very best expert we could find, having with him letters of introduction from the then Secretary of State, the Hon. Elihu Root, to the various United States consuls, and his orders were, having ascertained exact condition and prices in each hatting district, to then go to the nearest United States consul and have them verified, so there would not be the slightest question about them.

This he did, visiting the consul in Manchester, in Paris, in Milan, and we present to you the following comparison of the average popular-priced hat, the one selling at retail for $2.

These prices have not varied greatly in the last four years, and we have brought them right down to date:

	Foreign hat made in England and delivered in the United States, duty, etc., paid, at $14.40 a dozen net.	American hat sold at $16.50 per dozen, less trade discount of 10 per cent, or $14.85 per dozen net.
Labor	$2.74	$7.23
Material:		
Fur	1.71	1.98
Leather	.52	.80
Band and binding	.53	1.07
Satin	.50	1.10
Shellac	.37	.40
Alcohol	.18	.18
Dyestuff	.07	.09
Chemicals	.03	.04
Wire	.06	.06
Boxes and cases	.50	.70
Miscellaneous	.12	.22
	4.59	6.64
Overhead charges	.40	.61
Factory cost	7.73	14.48

SUMMARY OF THE CHANGES THAT THE NEW HOUSE BILL MAKES FOR AND AGAINST US.

Changes against us.—This grade of hat received 58 per cent ad valorem. The new bill allows 40 per cent. This, therefore, reduces us 18 per cent on $9 per dozen, or a total of $1.62.

Changes in our favor.—They have reduced the item of fur 5 per cent, making a difference of 9 cents per dozen.

Reduced the item of band and binding 10 per cent, making a difference of 5 cents per dozen.

Reduced the item of satin 10 per cent, making a difference of 5 cents per dozen.

All the other items remain the same, so it makes a total in our favor of 19 cents.

Schedule N.—Paragraph 446.

Hats, bonnets, or hoods, for men's, women's, boys', or children's wear, trimmed or untrimmed, including bodies, hoods, plateaux, forms or shapes for hats or bonnets composed wholly or of chief value of fur of the rabbit, beaver, or other animals.

	Quantity.	Value.	Duties.	Foreign value per dozen.	Duty reduced to actual ad-valorem.
$1 to $4.50; rate of duty, $1.50 per dozen and 20 per cent:	*Dozen.*				*Per cent.*
1910	0.149	$0.492	$0.324	$3.34	65
1911	.020	.066	.044	3.15	68
1912	.529	1.865	1.167	3.52	63
$4.50 to $9; rate of duty, $3 and 20 per cent:					
1910	17.616	143.732	82.495	8.02	57
1911	15.308	123.696	70.164	7.88	58
1912	15.218	119.927	69.640	7.88	58
$9 to $18; rate of duty, $5 and 20 per cent:					
1910	13.043	176.608	105.085	12.67	59
1911	15.410	215.098	120.671	13.96	56
1912	22.942	339.542	182.629	14.80	56
$18 and up; rate of duty, $7 and 20 per cent:					
1910	8.646	221.898	104.901	25.66	47
1911	10.261	258.040	123.438	25.15	48
1912	16.619	413.881	199.114	24.90	48

You will note that the first two brackets, the foreign value of which is from $3 to $8 per dozen, could be called necessities of life.

The last two paragraphs, the foreign value of which is from $12 to $25, with the duty added, these could not be sold at retail at less than $3 to 6 per hat, and are a luxury, not a necessity.

Particular attention is called to the second bracket from $4.50 to $9, showing that at an ad valorem of 57 per cent to 58 per cent the importations still come in, in practically the same volume, year after year, showing that this is exactly where the balance between ourselves and the foreigners comes in, and where we would have an equal chance to compete.

Particularly note that when the ad valorem goes under 55 per cent the volume increases very rapidly.

Now, what we claim is, by reducing all of it to 55 per cent would be cutting down the tariff on articles of necessity, retaining it on articles of luxury, and giving us an opportunity to compete on the better grades.

Therefore, we feel that 55 per cent is the very least that could be given us under a scientific revision.

THE FELT HAT MANUFACTURERS' TARIFF COMMITTEE.

What's the use of being honest? Our paragraph No. 446, Schedule N, has received a cut.

Our help not working three-quarters of the time—the foreigner working overtime—increasing quantities coming in year after year is enough to cause anyone to fear results.

If there is an industry that represents an ideal, the fur-felt hat business is that one.

Don't gouge the public—every dollar the consumer gives us, divided, 6 cents to the manufacturer, 40 cents to labor, balance for material.

Wages paid—the highest ever. Prices of hats, the lowest ever.

No trusts—no agreements—no hats sold abroad at a less price than home.

No absentee ownership—every owner still working.

No watered stock—what money they have are the savings of years of hard work.

Not confined to any locality—scattered over 38 States are over 400. Don't you want to give them a pat on the back, encourage them to grow? Give them a chance to compete?

We appeal to you to right this wrong and stand by an industry that represents the conditions that you would like to prevail in all.

Yours, very truly,

JAMES MARSHALL,
Chairman.

Read carefully the following data compiled from the Census Office reports:

CONCERNING CENSUS FIGURES.

It is always risky to select out just the bottom line or totals without also paying attention to the qualifying remarks that go with them. In the instance of fur felt hats, the census distinctly states there is duplication in value on account of hats being sold in the rough by one manufacturer and finished by another. For instance, A sells a body in the rough ready to finish at $6 per dozen, and he returns his gross sales to the Census Department as $6. B buys this hat and sells them at $12 per dozen and makes his return to the Census Department $12, as being his gross sale. Thus, one dozen hats only worth $12 goes into the census figures as $18. B, of course, returns $6 of his $12 as material used.

In all my briefs it is plainly shown that there is a cash discount of 10 per cent; besides this most manufacturers figure an additional 5 per cent for selling and guaranteeing. Now, then, when manufacturers return their gross sales to the Census Department they do not take off this percentage; therefore the gross sales should be, on this account alone, 15 per cent less.

To the amount mentioned as wages should properly be added the amount paid for salaries, because salaries are paid to the office force, engineers, superintendents, etc., and the amount mentioned in the census report does not include salaries paid to owners.

Before making the three statements above I consulted W. M. Steuart, chief statistician for manufactures, the gentleman who prepared the bulletin giving the data used in making up the census report, and he confirms this view.

Concerning the labor cost given in my brief, to make assurance doubly sure I wrote to several manufacturers of this grade without either of them knowing the other was answering, and when these figures came in they did not vary enough to speak of from what I have given; and I have had them confirmed since by the secretary of the United Hatters of North America as being correct according to the bill of prices agreed upon between the union and the owners. Finally, let me say there is absolutely no question but what the labor on this grade of hats is 50 per cent or more of its cost and the census figures properly corrected will show this.

BILL & CALDWELL, 588 AND 590 BROADWAY, NEW YORK, N. Y.

NEW YORK, *May 26, 1913.*

Hon. HOKE SMITH,
Washington, D. C.

DEAR SIR: As importers we desire to present for your consideration a few facts in connection with the revision of the duties on men's fur-felt hats, Schedule N, paragraph 446, of the present law.

Please note the value of manufactured fur-felt hats for the year 1910, $46,000,000. The value of imports for the fiscal year of 1912 (the largest year), $875,000.

These figures were acknowledged by the representative of the Fur Hat Manufacturers' Association before the Ways and Means Committee January 29, 1913.

Allowing for the slight duplication claimed a most liberal construction of these figures indicates that the importations were only about 2 per cent of the manufactured product.

There are 452 hat manufacturers in the United States, and there are not more than 10 or 15 concerns whose importations of men's fur-felt hats amount to $5,000 or more a year.

We submit that an importation of such small magnitude should not be penalized by the increased duty of the Payne bill.

During the last year, from among the few concerns in the United States who have been importing hats, at least two or three have dropped the business as being entirely unprofitable.

During the last six months the importations of men's hats have decreased to a very marked degree. Figures are not available to prove this statement, but it can be substantiated by inquiry of the collector of the port of New York or any other port through which hats have previously been brought in.

These conditions show that the importing hat business is not in a healthy condition.

The domestic manufacturer is protected beyond all question, for he makes hats fully 20 to 30 per cent better than can now be imported when compared value for value. This is readily proven when the hats are shown up side by side.

Incidentally it should be noted that one of the largest hat manufacturing concerns in the United States is reported as paying dividends from 25 to 40 per cent. It also exports hats in large numbers to all parts of the world in spite of this reported "dangerous foreign competition."

The importing hat business is a fluctuating one, subject to many changes of fashion and style. The reason a few imported hats can be sold is simply because of some inexpensive but marked excellence of finish or peculiarity of style or fad of fashion, and not for any other reason whatever.

Allow us to respectfully suggest that the present involved compound duty, with the increased duties of the Payne tariff, should be changed to the more logical straight ad valorem duty of 40 per cent of the so-called Underwood bill.

Even though that would figure a slight increase in some of the higher priced grades over the present tariff, the advantages of a straight ad valorem duty are so marked as to make that increase of minor consideration.

Par. 367.—DIAMONDS AND OTHER PRECIOUS STONES.

BENNET & COOLEY, 60 WALL STREET, NEW YORK, N. Y., BY WILLIAM S. BENNET.

MAY 10, 1913.

Hon. HOKE SMITH,

Senate Office Building, Washington, D. C.

MY DEAR SIR: After the interview which you courteously offered to us on Friday, May 9, we called upon Mr. Wilkie, chief of the Treasury special agents, to obtain his opinion as to the highest rate on cut diamonds which would produce the largest revenue. His views coincided completely with the views which we expressed to you personally and in the brief. Mr. Wilkie states that the total importations of diamonds into this country during the past two years would not fill a peck measure. He called attention to the possibilities of transcontinental smuggling either on the northern or southern borders, and remarked that any or every Pullman sleeper could very well be the means of bringing quantities of cut diamonds into this country, and that it would be impossible to turn every sleeper inside out to detect the presence of the dutiable goods.

We also interviewed Mr. Curtis, Assistant Secretary of the Treasury, who said that he was in a minority of one in his department with respect to the duty. He said that all those in the department who come in closest contact with the collection of the revenue were opposed to an increase over 10 per cent, but that he personally thought that a slight increase would be safe, but not a higher rate than 15 per cent. This is merely his opinion, and we respectfully submit that it is safer to rely on the actual experience of those who come in closest contact with the matter, viz, men like Mr. Wilkie, Mr. Halsted (Chief of the Customs Division), and Mr. Loeb, collector of the port of New York.

In order that you may be completely advised with respect to the statistics of the importation of cut diamonds, we annex hereto a statement giving the importations from 1867 to 1912, both inclusive.

Year.	Value.	Per cent.	Year.	Value.	Per cent.
1887	$1,317,420.00	10	1892	$13,229,300.55	10
1888	1,060,544.00	10	1893	14,740,929.00	10
1889	1,997,262.00	10	1894	4,511,385.44	25
1890	1,708,324.42	10	1895	2,180,737.00	25
1871	2,349,482.25	10		2,201,173.84	25
1872	2,839,155.00	10	1896	2,768,449.63	25
1873	2,917,216.38	10	1897	625,467.00	25
1874	2,158,172.00	10		300,144.38	25
1875	3,234,318.75	10	1898	7,480.00	25
1876	2,409,215.75	10		4,386,616.00	10
1877	2,110,215.35	10	1899	8,459,016.00	10
1878	2,970,458.97	10	1900	7,819,822.00	10
1879	3,841,335.07	10	1901	11,011,240.87	10
1880	6,080,911.89	10	1902	12,737,000.02	10
1881	8,320,315.45	10	1903	10,557,690.36	10
1882	8,377,200.39	10	1904	10,070,092.38	10
1883	7,598,175.51	10	1905	16,684,678.33	10
1884	8,712,314.77	10	1906	24,28[illegible],847.16	10
1885	5,628,916.10	10	1907	23,933,309.00	10
1886	7,915,460.37	10	1908	9,322,418.00	10
1887	19,[illegible],997.22	10	1909	19,278,814.00	10
1888	10,473,728.55	10	1910	29,407,[illegible]95.70	10
1889	10,720,704.16	10	1911	24,390,057.46	10
1890	11,73[illegible],991.95	10	1912	24,511,823.60	10
1891	12,368,947.00	10			

COMMITTEE ON TARIFF SCHEDULE, BY LUDWIG NISSEN, CHAIRMAN, 182 BROADWAY, NEW YORK, N. Y.

NEW YORK CITY, *May 8, 1913.*

Hon. FURNIFOLD M. SIMMONS,
Washington, D. C.

DEAR SIR: The man who has been bitten by a particular variety of snake knows that that particular variety of snake bites.

If he be a wise man, he will not be bitten twice in the same place by the same variety of snake; he may receive a second bite through being pushed in the snake's vicinity by an unfriendly hand or by a hand unaware of the true nature of the reptile.

During the operation of the Wilson tariff bill certain importers of and dealers in diamonds, pearls, and other precious stones were badly bitten by a human reptile known to a slight extent in court and jail circles as a smuggler; this individual is a by-product of a high tariff; he waxes fat and prosperous in proportion to the height of the tariff rates, and as he accumulates riches the friends of good government—those who would pay duties and thus obey the law, but can not by reason of his activities—lose riches; his ideal field of operation is a branch of trade where commodities are of great value but of small bulk; he does not attempt to smuggle bales of hay or hair mattresses, or even pins and needles; he chooses an article such as diamonds, a pound of which may easily be worth $300,000; or pearls, which may be valued at $500,000 and concealed in the crown of his hat, in his walking stick, or, peradventure, in my lady's stocking.

Now, the Wilson tariff bill, aforesaid, was instituted by a Congress actuated by the laudable desire of increasing the revenues of the Government, which such Congress had sworn to serve to the best of its ability.

The Members of Congress evidently reasoned in this wise: If a duty of 10 per cent on precious stones produces $1,238,000 (which it did prior to the adoption of the Wilson bill), a duty of 25 per cent

will produce two and one-half times as much revenue; almost anyone could calculate that, and as precious stones are a luxury and "the rich are getting richer," the plan looked good to everybody, especially to the smuggler, for class legislation is what he thrives on, for the reason that he is in a class by himself. Here are the results of increasing the rate from 10 per cent to 25 per cent:

Year.	Rate.	Imports through customhouse.	Duties collected.
	Per cent.		
1892	10	$12,882,000	$1,238,000
1895	25	4,725,000	801,000
1896	25	6,791,000	1,076,000
1897	25	2,608,000	418,000

Two years after the act of 1897, when the duty on precious stones had been reduced again to 10 per cent and the duty on uncut stones had been removed, on which basis such items now stand in the schedules, the imports rose to $17,200,000 and have now risen to about forty millions.

It was through such an experience that our trade realized that the higher the rate of duty the less the revenue to the Government, with the incidental enrichment of illegitimate and unscrupulous dealers and the impending ruin of the honest importers. In the words of one of our largest importers, "During the period of the life of the Wilson bill I could only sit down and look out of my window; I could not sell my goods on which duty had been paid in competition with goods on which no duty whatever had been paid."

Now, Congresses have come and gone, and probably few, if any, Members of the present Congress have had the actual experience recited above, but there are many importers in business to-day who have managed to survive the well-meaning but disastrous mistakes of past legislation, and it is such merchants who are alarmed, and with reason, at the proposal of the Democratic caucus of the House of Representatives to levy a duty of 20 per cent on cut stones. History will repeat itself, the same causes will produce the same effects, for there is no evidence that human nature has changed for the better during the past few years and we are living in the present, though with keen memories of the past.

In fact, the amount of smuggling at the present rate of 10 per cent is so serious in its effects on the business of legitimate importers that for several years our trade at its own expense, at a cost of many thousands of dollars per annum, has maintained an association (now the American Jewelers' Protective Association), whose efforts are directed solely to cooperation with the special agents employed by the Government to detect and apprehend smugglers, and yet it seems practically impossible to catch in the act of smuggling individuals whose methods of business are such as to afford strong grounds for suspecting the integrity of their relations with the Government. Mr. Curtis, Assistant Secretary of the Treasury; Mr. Halstead, Chief of the Division of Customs of the Treasury Department; Chief Wilkie, of the United States Secret Service; and Mr. Wheatley, special agent United States Treasury Department, in charge at New York City,

are all on record that not more than 10 per cent duty on precious stones is collectible.

Again, foreign travel is continually increasing in popularity, especially with women, and they are the principal buyers of the retail world; they are naturally free traders and bargain hunters; and experience shows that the average woman, having no respect for a statute that interferes with what to her is an inalienable right to buy where she will, has no conscientious scruples whatever against the practice of smuggling, and it will probably be a long while before even the most strait-laced and zealous collector that the port of New York may obtain will not hesitate to strip and search the women of America on their return from abroad. Yet such a desperate course is the only possible solution of the problem, and even then it will fail to stop the practice of smuggling in its entirety, for the ingenuity of those who are determined to get the better of the Government is beyond description.

It should also be noted that the position of our trade is unique in the following respect: Ours is the one business wherein the interests of the Government and of the importers are identical; the Government wants revenue, and we desire to have levied a rate of duty which will enable us to pay such duty and thus create the revenue desired by the Government. Smugglers pay no duty, create no revenue, and the honest importers, the only source of such revenue, are to be legislated out of business.

Again, if 20 per cent duty or 50 per cent duty or any higher rate than 10 per cent was really collectible, we would from self-interest alone be in favor of the highest collectible rate, for under normal conditions the higher the rate the less the competition, for our smaller competitors, who in the aggregate do a large volume of business, would be materially reduced in number through inability to command the necessary additional capital.

Finally, our good faith is evidenced by the fact that while some of our number carry stocks of goods valued at a million dollars and over, which stocks under ordinary conditions would be automatically enhanced in value in the same percentage as that of the increased duty, yet are we unitedly opposed to any higher rate than 10 per cent on the cut stones; and if the usual differential of 10 per cent is to be maintained between the cut and the uncut stones, as it should be, in order to enable the cutting industry and the numerous lapidary establishments in this country to survive, then we respectfully request, in view of the facts herein set forth, that the present schedules, Nos. 449 and 555, be retained in the exact form and substance as they now stand in the statutes.

AMERICAN GEM & PEARL CO., 14 AND 16 CHURCH STREET, NEW YORK. N. Y., BY MEYER D. ROTHSCHILD, PRESIDENT.

NEW YORK, *May 7, 1913.*

Hon. F. M. SIMMONS,
Senate Chamber, Washington, D. C.

SIR: We wish to call your attention to the proposed changes in the diamond, precious stone, and pearl schedules, known as Nos. 449 and 555, of the present tariff act. The duty now is 10 per cent on all cut

diamonds, precious stones, and pearls, while all rough diamonds and rough precious stones are on the free list. The proposed tariff under the Underwood Act is 20 per cent on cut diamonds and precious stones and pearls, while rough diamonds and precious stones are taken from the free list and 10 per cent duty is placed on them.

We fully appreciate the reasons given by the Ways and Means Committee for doubling the duty on cut gems and pearls and taking rough gems from the free list and scheduling them at 10 per cent. Theoretically we are entirely in sympathy with this move. In fact, it would seem no more than just to make articles of such extreme luxury replace some of the revenue which will be lost to the Government by reason of the reduction in the duty on necessaries of life. We say "theoretically" advisedly, because practically it has been fully demonstrated that 10 per cent is the limit at which any appreciable amount of duty can be collected on precious stones and pearls. Even at that small rate, smuggling is quite rife, and it requires strong efforts on the part of the Government, with the most earnest cooperation of precious-stone importers, cutters, and dealers, to prevent smuggling from increasing. Such a thing as absolutely stopping smuggling even on a 10 per cent basis for cut gems and pearls is deemed by the best posted Government officials to be an impossibility. Our thousands of miles of coast and border line make it an easy task to smuggle gems which, because of their small bulk, can be hidden in many different ways; and where a dollar's worth is smuggled to-day under 10 per cent duty, it is safe to assume that many dollars will evade the customs if the duty is raised. Under the proposed 20 per cent duty it is probable, if this schedule should be enacted into law, that a reoccurrence of the happenings under the act of 1894 will take place.

The act of 1894 increased the duty on cut precious stones from 10 per cent to 25 per cent, leaving pearls, however, at 10 per cent. It also took uncut precious stones from the free list and scheduled them at 10 per cent ad valorem.

The disastrous effects of these increases in duty, both on the revenue and on the business of reputable dealers, is a matter of record.

In 1892, two years before the passage of the act of 1894, customhouse reports show that precious stones, cut and uncut, were imported amounting to $14,521,851; two years after the passage of that act the imports through the customhouse dropped to $4,618,991. Two years after the act of 1897, when the duty on cut precious stones had been reduced to 10 per cent ad valorem and uncut stones had been put back on the free list, the importation rose to $17,208,531.

Probably as many gems as ever will be sold in this country, but the Government will receive practically no revenue at all, and reputable importers and dealers will be forced to retire from business to make places for men who will welcome this opportunity to drive honest men out of business and thrive at the expense of the public revenue. Surely Congress will not do this thing if it fully understands the situation, especially as every statement and conclusion in this communication can be readily verified. So much for the cut precious stones and pearls.

Assuming that we have made out an absolutely unanswerable case for the retention of the 10 per cent schedule on cut precious stones and pearls, we come to the question of the rough gems, which are in

every sense raw material and under all reasonable conditions should remain on the free list. Gem cutting is done by skilled workmen, who receive high wages in Europe, and because of the higher cost of living in this country receive higher wages here. The increased cost of cutting diamonds in this country solely because of the wages paid is estimated to be from 7½ to 8 per cent, while the increased cost of cutting other precious stones is even greater.

The differential of 10 per cent should therefore be maintained by leaving rough gems on the free list unless Congress proposes to drive this industry out of the country.

As a lifelong Democrat I am particularly anxious that a proper tariff law should be enacted, and I am not at all unmindful of our platform pledges and of the desire the leaders of the Democratic Party to show the people of the country that we do not favor a tariff only on the articles used by the poor, but are equally desirous of taxing the rich. The conditions surrounding these gem schedules, however, are peculiar and unique for the reasons we have referred to, and we believe that the leaders in Congress should be manly enough to face those conditions; and if, after making inquiries (which can be readily made of proper Treasury officials), they come to the conclusion that the statements contained in this letter are correct, every effort should be made to treat these schedules fairly and in a businesslike manner.

To sum up, the only proper reason for increasing the tariff on precious stones and pearls is to increase the revenue.

The amount collectible under a higher schedule is probably less than that which can be collected at 10 per cent.

The injury to importers, lapidaries, jobbers, and retailers in the gem business will be serious and lasting, while the Government will put a premium on smuggling and help dishonest men build up their business at the expense of reputable dealers.

The Government has not been able to stop the smuggling of precious stones and pearls with every possible effort and through the expenditure of large amounts of money.

The Government will be obliged to spend more money and make greater efforts in the future without probable compensatory results.

We are ready to answer any questions and give any further information or data which you may desire.

DIAMOND TRADE TARIFF LEAGUE, BY WILLIAM I. ROSENFELD AND OTHERS (NO ADDRESS GIVEN).

BRIEF RELATING TO TARIFF ON CUT DIAMONDS.

MAY 7, 1913.

The Diamond Trade Tariff League respectfully presents what it deems controlling reasons why the present duty of 10 per cent on cut diamonds should not be increased.

The House Committee on Ways and Means reported in favor of 15 per cent on cut diamonds and 10 per cent on rough diamonds; the caucus approved a change in the rate on cut diamonds to 20 per cent, and this has now been adopted by the House.

This brief is in support of a reduction of the House rate of 20 per cent to the present rate of 10 per cent.

At no time since the foundation of the Government has the rate on cut diamonds exceeded 10 per cent, except in the Wilson bill. The result of the 25 per cent rate in the Wilson bill was that the importations of diamonds through the customhouse fell off enormously. The following table of cut-diamond importations affords suggestion as to the danger of attempting at this time to levy a duty in excess of 10 per cent and give the experience of the Government under different rates of duty:

Imports.	McKinley tariff, 1892.	Wilson tariff, 1896.	Dingley tariff, 1905.	Payne tariff, 1912.
Value	$12,882,784.00	$2,768,469.03	$16,684,709.33	$24,511,823.00
Duties	$1,288,417.00	$692,117.27	$1,668,470.30	$2,451,182.30
Rate (per cent)	10	25	10	10

The foregoing figures are taken (other than those for 1892) from the report accompanying the Underwood bill, at page 283.

The figures for 1892 and 1896 both include other precious stones, although not great in amount, whereas the figures in the other years relate only to cut diamonds.

It may be contended that all importations fell off after the Wilson bill. This is true, but they did not fall off in anything like the proportion that diamonds fell off. This can be verified either at the Treasury Department or at the Bureau of Statistics. Every branch of the diamond trade and that portion of the Treasury Department which is intrusted with the duty of collecting the revenue firmly believe that while the Wilson bill was in force the value of diamonds smuggled into this country far exceeded the value of diamonds which paid duty.

The figures hereinbefore given show that when the rate was increased the result in revenue was less in dollars and cents than when the rate was continued at 10 per cent, and that importations through the customhouse fell with the increase of the rate and rose with the subsequent reduction of the rate. Ten per cent therefore produces more revenue than 25 per cent. The proposed increase, it will be seen, is not an experiment.

The tables accompanying the Underwood bill show the loss of revenue because of reduction of the rates on necessaries at about $85,000,000. The revenue on cut diamonds is certain and stable at about $2,500,000, and in the judgment of the entire trade and of the Treasury Department an increase in the rate will jeopardize this certain income. In view of the reduction in the revenues already alluded to and which must be made up by an increase in the rates on luxuries and the income tax, is it not the wiser course to keep this certain income of $2,500,000 on a luxury rather than fix a rate which both past experience and the present judgment of both those who pay and those who collect indicates would result in a great loss of revenue?

We can not ignore the temptation to smuggle. Neither can we ignore the fact that an increased rate coupled with an increased temptation to smuggle will compel the Treasury Department to spend

very much more money in the attempt to detect smuggling. We have consulted the Treasury officials with respect to these matters and they agree, putting the matter even more forcibly than we, and we suggest that they be invited to express their opinions. It is no answer to say that if our argument were applied to other articles, that the raising of duty thereon would reduce revenue from the importation of such articles. For instance, an increase of duty on iron would not result in smuggling; an increase in duty upon whisky would not induce smuggling to an appreciable extent, for the reward is small and the bulk is large, and so with countless other items, and the Treasury Department agrees on this subject as well. The Treasury Department realizes the possibilities that we set forth in this brief and we respectfully urge that the opinions of those in the Treasury Department having actual experience with this subject and based upon that experience, be obtained.

A great inducement to smuggling these goods is that so much value is contained in so small compass. The knot of a necktie can conceal thousands of dollars in value, and a fortune may be concealed in a match box or within the wrapper of a cigar, and a thousand and one ways difficult to detect. No other article of great value can be so easily concealed as a precious stone. Only recently in the city of New York $18,000 of diamonds were attempted to be brought in through the post office in a small picture frame. Diamonds are on the free list in Canada and under a rate of $1 a pound in Mexico. The possibility of a woman crossing our border lines at night in a Pullman sleeper and bringing in a half million dollars in diamonds is apparent. The fact that diamonds are on the free list in Canada and substantially so in Mexico also greatly facilitates smuggling, as the merchants of Antwerp, Amsterdam, or London can sell to persons going to Canada or Mexico, make legitimate and proper entries in their books, and the buyer can bring his diamonds to Canada or Mexico and send them across our border at such times and in such quantities as are most secure. Even with a 10 per cent rate smuggling is now going on. A smuggler was caught yesterday at the port of New York with $15,000 worth of diamonds and jewelry in a small chamois bag under his armpit, and was only detected after going through all his baggage, all his clothes, and finally stripping him naked. Men now smuggle and take the chances of detection, confiscation, and imprisonment under a 10 per cent duty. If men such as these take the chances, which it is proved that they do at 10 per cent, what chances would they take with a larger duty? The smugglers who have been caught have not been the ordinary thieves, but have been theretofore respected men of business; the trade and the Treasury Department believe that much more smuggling is going on even now than is detected, and it is a fair opinion, for we all know that only a small portion of the offenders are caught. In addition to that there is now substantially no tourist smuggling, but the increase to 20 per cent would encourage tourists to the attempt, and thus injure the business of every retail jeweler throughout the country.

A 20 per cent rate would make it absolutely impossible for the honest importer to compete with the smuggler, and the honest im-

porter would therefore be driven to the expedient of either abandoning business until the 10 per cent rate was restored or of buying cut diamonds over the counter with "no questions asked."

The change made from the rate proposed by the House Ways and Means Committee to the rate of the caucus, viz, from 15 per cent to 20 per cent on cut diamonds, is enormous, and would prove destructive of the revenue. We confidently assert that the Treasury Department will say from its actual experience that a change from 10 per cent to 15 per cent, as proposed by the Ways and Means Committee, would be an enormous increase, and one which went the very limit; 5 per cent additional, as added by the caucus and adopted by the House, is terrific. It is a hundred per cent increase over the increase proposed by the Ways and Means Committee. The rate on diamonds to be appreciated should not be estimated in percentage, but must be measured in its equivalent in dollars and cents, which is very great because of the exceedingly large value of the article.

The administrative features in the Underwood bill will not prove a barrier to smuggling. The smuggler neither needs nor keeps books, as such. The books of the foreign merchant will simply disclose the fact of the sale, the amount received, and the name of the purchaser as given to him, but the article is identical with thousands of other articles of the same class, bears no marks, and is incapable of precise identification. There are several instances in the history of the United States Secret Service of the tracing of stolen diamonds, but these instances are noteworthy, and the stories of them are like the tales of Sherlock Holmes, and have only resulted after expenditure of countless effort and untold money. Such tracing may be indulged in occasionally, but can not be undertaken by the Government as a practice or a business.

Those who say that a high rate on diamonds could be enforced are respectfully referred to the Government's experience with the opium traffic. The importation of smoking opium is absolutely forbidden under heavy penalties. The Government spends annually some $200,000 to enforce this law; nevertheless smoking opium gets into this country despite the best efforts of the Government, and the Government knows that much more gets into the country without detection than is detected. The proportion between bulk and value of opium is nothing as compared to diamonds, for a can of opium could contain a million dollars' worth of diamonds.

The entire diamond industry is united in the opinion that the duty on cut stones ought not to exceed 10 per cent.

To sum up, any proposed increase in the rate above 10 per cent endangers the revenue, increases the cost of collection, encourages and increases smuggling, places the honest importer who is willing to pay his part of the burden of taxation at the mercy of the smuggler, and either drives the importer from business or makes him an actual but unwilling supporter of the smuggler by obliging him to buy the smuggled goods.

For these reasons we trust that no rate higher than 10 per cent will be placed on cut diamonds.

OMAHA JEWELERS' CLUB, OMAHA, SOUTH OMAHA, AND COUNCIL BLUFFS, NEBR., BY HARRY E. RYAN, SECRETARY.

MAY 8, 1913.

Hon. C. O. LOBECK,
House of Representatives, Washington, D. C.

DEAR SIR: The retail jewelers of Omaha, South Omaha, and Council Bluffs as an organization wish to protest against the proposed tariff increase on diamonds, pearls, and other precious stones.

Experience has proven the higher the duty the less the revenue to the Government. We refer to the Wilson tariff bill when there was a duty of 25 per cent. In addition to that, the honest importer was practically driven out of business, and the entire trade, importer and dealer alike, was demoralized.

Even to-day, with as low a duty as 10 per cent, smuggling is practiced extensively. Our extreme international boundaries and coast lines make this possible and almost inviting to those who lack both patriotism and business morality.

History will repeat itself if more than a 10 per cent duty is levied on cut stones with no duty on rough stones.

Another item worthy of consideration: If a 10 per cent duty is levied on rough diamonds, practically all of the American cutters will return to the other side.

We feel sure that after careful consideration you can conscientiously vote to maintain the present duty with no increase.

TIFFANY & CO., FIFTH AVENUE AND THIRTY-SEVENTH STREET, NEW YORK, N. Y.

NEW YORK, *May 10, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

Mr. CHAIRMAN: We venture to address you direct upon the subject of the proposed increase of duty on precious stones, as indicated in section 368 of the Underwood bill, and to solicit your aid and interest in having it remain as it is under the tariff act of 1909.

The important considerations in the settlement of the rates to be adopted are:

First. At what rate will the Government receive the largest revenue which can be collected from these goods?

Second. At what rate will the industry of cutting and polishing in this country receive the greatest possible protection? and

Third. Shall the business be carried on by reputable merchants or allowed to revert to smugglers?

It is our conscientious opinion, based upon long experience and intimate knowledge of the precious-stone market, that a tariff of over 10 per cent is largely uncollectable, for the reason that the value of the merchandise affected is so enormous that any advance whatever over the rate of 10 per cent places so great a profit upon smuggling that it will be simply impossible for the honest importer to meet the

competition. Furthermore, because pearls and precious stones are so small in bulk and so great in value they are the most easily smuggled articles.

Facts and figures prove that with the duty at 10 per cent a large amount of revenue has been collected, and that a higher rate of duty can not be collected. We submit practical examples for the year 1893, under the McKinley bill, with a rate of duty at 10 per cent, and for the year 1896, under the Wilson bill, with a rate of duty at 25 per cent:

	Value of cut stones imported.	Rate of duty.	Duty collected.
		Per cent.	
1893	$14,740,929	10	$1,474,092
1896	2,768,469	25	692,117
This shows a loss of revenue to this Government of (With as many goods in this market.)			781,975

Immediately afterwards in 1898, when under the Dingley bill the rate on cut stones was reduced to 10 per cent, the importations for the first year amounted to $12,934,752, and they have steadily increased in value up to the present time, and in 1912 they amounted to approximately $31,016,389.

Any duty upon rough or uncut diamonds is impracticable, for the reason that there is no one in the Government employ or available to the Government capable of valuing uncut stones. This, in our opinion, will lead to wholesale undervaluations.

Par. 367.—ROUGH DIAMONDS, ETC.

LOUIS LEVY, 116 BROAD STREET, NEW YORK, N. Y.

NEW YORK, N. Y., *May 27, 1913.*

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

DEAR SIR: I understand that your committee will receive briefs from interested parties concerning paragraphs in the proposed tariff bill now before the Senate.

I quote, as per separate sheet herewith, the paragraph in which I am interested. This refers to rough diamonds (bortz) as well as carbons (black diamonds) used in tools in factories, as well as in diamond drills for exploratory work. If the proposed duty of 10 per cent is for the purpose of revenue there can not be, according to my idea, any objection to such an assessment. If, however, the duty was proposed as a result of pressure brought about by importers who have considerable stocks on hand and who might reap a benefit by its passage, reconsideration is advisable. I am amongst the importers who have considerable stock, but if it is proven that the consumers will be benefited by the free entry of these rough diamonds, I should be willing to sacrifice my personal profit in this respect.

The consumers' rights to free raw material not produced in the United States of America is one ground on which rough diamonds of this particular class should be admitted free of duty.

The factories use this material for polishing steel and grinding emery wheels and many other purposes, for which no substitute has yet been found. It is therefore a necessity in advancing the progress in the industrial life of the people of the United States of America.

An ad valorem duty would give rise to considerable confusion and injustice. The price of bortz (rough diamonds for industrial purposes) and carbons (rough black diamonds for tools and diamond drills) is a matter determined by the ability of the buyer in Europe, as a speculator, to buy them at a low or high figure, without reference to any special designation as to quality. The determination of the appraiser is likely to be dependent upon information from one of the importers of the said class of goods whose judgment might be erroneous, either designedly or from lack of a basis for such judgment. Judging the matter of rough diamonds for ornamental purposes might be a more exact science. I would therefore advocate either free entry of carbons and bortz or a specific duty.

A serious impediment to traders is likely to ensue as a result of the tariff law's lack of provision to enable merchants to carry on this business with our Canadian friends. If we import these rough diamonds and pay duty on them we may find difficulty in exposing them for sale in Canada and then bringing back the unsold quantities, because no provision in the tariff law makes it clear that we are not obliged to pay duty a second time on the same goods. Can you make such a provision?

If there are any specific questions you wish me to answer, I shall be pleased to render such information as may guide you to do justice in this matter, even though the item may be a small one.

[Inclosure.]

MAY 27, 1913.

Mr. LOUIS LEVY, *New York.*

DEAR MR. LEVY: As per your request, we quote from the tariff section of the Journal of Commerce dated April 8, 1913, which we understand is taken from the official text of the new tariff bill, H. R. 10, as offered by Underwood, of the House of Representatives, April 7, under Schedule N, sundries, paragraph 372, reading as follows:

"Diamonds and other precious stones, rough or uncut, and not advanced in condition or value from their natural state by cleaving, splitting, cutting, or other process, including glaziers' and engravers' diamonds not set, miners' diamonds, whether in their natural form or broken, and bort; any of the foregoing not set, and diamond dust, 10 per cent ad valorem."

Yours, very truly,

MICHELSON & STERNBERG.

Par. 368.—EMBROIDERIES AND EMBROIDERED LACES.

ASSOCIATION OF MANUFACTURERS OF LACES AND EMBROIDERIES, ETC., BY DUDLEY FIELD MALONE.

To the honorable Members of the Finance Committee of the United States Senate:

Presentation submitted in behalf of the association of manufacturers of laces, embroideries, etc., of the New York trade organization composed of upward of 50 firms and companies, including importing and domestic manufacturing interests.

OBJECT OF THE SUBMISSION OF THIS MEMORANDUM.

1. To urge the reduction of the duties on embroideries and laces to 45 per cent.

2. To demonstrate the advisability of including in a separate schedule and a single paragraph, at a fixed and uniform ad valorem rate, the several provisions relating to tariff duties on laces and embroideries, instead of scattering such provisions through four different schedules as was done in the tariff act of 1909.

Paragraph 349, Schedule J, embodies in substance almost all that will be required in a new schedule.

I.

REASONS FOR REDUCTION.

A. The matter of revenue.—Governmental revenue from foreign lace importations will be completely cut off unless the tariff on such importations is reduced.

(1) *General importations.*—In 1907 the aggregate value of laces and embroideries into the United States was $16,403,404; in 1912 the aggregate was $44,949,058.

Instead of an increase there is a decrease, although the normal increase should have been 10 per cent to correspond with the increase of population since 1907.

(2) *As to Lever goods.*—In 1907 importations of Lever goods from England and France was $19,344,824; in 1911 such importations decreased to $13,230,234.

(3) *Nottingham lace industry.*—The lace-curtain industry, the importations of which in 1903 were $236,171, are to-day practically nil.

(4) *The situation in St. Gall.*—(*a*) In 1912 such decrease was over 9,000,000 francs.

(*b*) In 1912 the United States purchased of St. Gall 32 per cent of their output. In 1907 the United States purchased 45 per cent of such output.

(*c*) The imports of embroideries from St. Gall to the United States in the three months ending March 31, 1913, as compared with the same three months in 1912, shows a falling off of 5,312,000 francs.

(*d*) The decrease in exportations from St. Gall in the year 1912, as compared to the year 1911, was 10,000,000 francs; and this decrease, as the figures above show, continued in 1913 in the same proportion. If the proportion goes on the revenues from the St. Gall industry must in time be obliterated, more especially as the working hours of 75 per cent of the machines in the St. Gall and Placien districts have been curtailed by 25 per cent.

In this country the machines are not only working their full quota per day, but are also being operated by additional means of night shifts. The revenue must inevitably feel the effects of such startling decreases, unless these conditions are changed. The importation of laces, embroideries, etc., one of the important sources of revenue to the Government, is rapidly becoming nonexistent as a revenue-producing factor. A large quantity of importations at moderate revenue

produces a bigger total than does a moderate and ever-vanishing quantity at high revenue.

B. The labor situation in the United States and in Europe and its bearing on foreign manufactures.—(1) Labor laws of Germany and Switzerland prohibit the use of machines in factories there for more than 9 or 10 hours per working day. No such restrictions obtain in this country.

(2) *Wages.*—The difference in wages between operatives in this country at St. Gall is not so great as has been stated. This is due to the establishment of American standards. The salaries of designers run from $2,000 to $5,000 a year, and of enlargers from $12 to $15 a week. A weaver in Nottingham and Calais is paid by piecework as in this country, and earns about $20 a week instead of from $6 to $20, as was stated on behalf of domestic manufacturers.

3. It is evident that such submission gives the minimum paid in foreign factories and the maximum paid in domestic factories.

C. Results of decrease in available markets.—(1) Owing to the falling off in the United States supply, foreign manufacturers in the Nottingham and Calais districts are maintaining idle machines; (2) therefore, a large number of foreign manufacturers are contemplating transference of their plants to this country; (3) hence, an increase among internal producers is to be expected; (4) such increase among home producers means absence of revenue and heightened competition of a kind disastrous to the home industry.

D. Change in the situation since the McKinley Act and its relation to foreign manufacturers.—The tariff bill of 1908 was designed to protect infant industries. At the time of its passage there were only 700 embroidery machines in the United States. To-day there are double that number. In October, 1912, there were 3,190. The "embroidery machines" that are set up in the United States to-day have a capacity for manufacturing $16,000,000 worth of goods a year—more than three times the amount of the year 1908.

The total importations of goods in the year 1912 were about $37,000,000 duty paid.

American manufactures of laces and embroideries amounted to about 10 to 20 per cent of the total output of such industry in 1908. They now amount to about 30 per cent, even though the duty of machinery, which at the time of their origin was duty free, has now been reestablished. More than this, this industry is about to be more firmly reentrenched by the introduction of patented automat embroidery machines, whose makers are already freely contracting for immediate delivery of these machines in this country. The reason for the establishment of a high duty on embroideries and laces which began with the McKinley Act no longer exists. The protection afforded by the tariff in the introduction of labor-saving machinery obviated the necessity for further protection.

E. The tariff act taxes necessities rather than luxuries.—This act of 1909 raised the duty on articles which had never been higher than 40 per cent to 60 per cent and as high as 70 per cent on articles made by the Lever or Gothrough machine. But, nevertheless, this act of 1909 did not apply to any hand-made laces which are alone true articles of luxury. The majority of the articles dealt with by the

tariff are to-day, thanks to our higher standard of living, necessities for almost all of the population, and the general demand for them on the part of the consumers steadily goes up with the evermounting standard of living. It is therefore imperative that such articles be within reach of the mass of consumers of all classes. To tax embroideries which have come to be public necessities and to omit to tax hand-made laces which are admittedly luxuries for the few is to legislate in a way that is discriminating and undemocratic.

But although real laces are admittedly luxuries, their volume is so comparatively insignificant that for convenience of classification and to avoid danger of smuggling we favor their inclusion in the proposed new general schedule of laces and embroideries, rather than their segregation.

Let it be remembered, too, that such reduction in tariff will permit of the bringing in of certain classes of imported goods at prices for which they can be sold here, which goods at present are, because of their prohibitive duty, not imported at all. Under the proposed reduction the consumer will get better value for his money and a better class of goods will be imported for our own market.

F. The duty rate in reality higher than it appears.—(1) Such duty is imposed not on the basis of foreign cost of production, but on the basis of foreign market price. In other words, the ad valorem duty is applied on the foreign manufacturers' profits as well as on the foreign cost of production.

Example: An article costing $1 to produce with a 20 per cent profit on sale price makes the foreign market price $1.25. Seventy per cent of this $1.25 is 87 cents which is 87 per cent of the foreign cost of production. Add to this duty on boxes, coverings, ocean freight, marine insurance, etc., which totals at least another 3½ per cent, and we have a total of 91 per cent enjoyed by the domestic manufacturer over the imported article. Now, a 45 per cent rate which is the maximum we suggest would really amount to a 60 per cent protection over the foreign cost of production to be compared with domestic cost of production. Sixty per cent of protection is ample for fair and suitable consideration to the domestic industry.

G. The "revolutionary automat."—The embroidery industry operates ever increasingly upon a machinery basis. And such basis is extending rapidly with the recent inventions and improvements. Thus the labor item in the total cost of production is fairly negligible and must in the development of this industry as in every other industry become more and more so. It is the cost of labor in this country in contrast to its cost in European countries which has been the prime consideration for the additional protection which the tariff gives.

Example: An illustration of the decreasing value of the labor factor in the production of this line of goods is furnished by the automat attachment to the embroidery machine—one of many inventions which has revolutionized manufactures of embroideries and laces. The automat reduces the amount of skilled labor necessary and therefore enormously reduces the cost of production of the article. By use of the automat the workmanship of a skilled stitcher can be duplicated without limit. One stitcher (or puncher) can keep

15 automat machines supplied with work, and inasmuch as one of these machines can produce $15,000 worth of merchandise in a year's time, one puncher can make sufficient cards to produce $225,000 a year, every dollar of which will be of equal quality and workmanship. Without such automat attachment the machines now in general use in this country would require 25 equally skilled men to produce a like amount. Up to date there have been only 188 of these machines in operation in this country in contrast to 2,000 operating in Europe. This machine has been kept out of this country on account of the patent rights owned by one concern. These patent rights are now about to expire and the Robert Reiner Importing Co., the agents of the Zahn automat embroidery machine, are offering their machines to the public, and other manufacturers are now working for their immediate delivery, so that their use is rapidly becoming more widespread. Such machines do away with the highly paid labor of the stitcher who is earning from $27 to $35 a week.

It is interesting to note that in spite of the use of this wonderful cost-saving invention by European manufacturers and its neglect hitherto by American manufacturers, the latter were nevertheless able to successfully drive the total consumption in the United States of imported laces and embroideries down from 90 per cent in 1908 to 70 per cent in 1912.

When the automat becomes a machine of general use in America the foreign manufacturer must of necessity go out of business, unless to offset the advantage which the automat supplies to the domestic manufacturer a reduction of tariff be offered to the foreign manufacturer. Conditions under which the domestic article can be sold at a profit for less than the foreign article comes to before any profit is made are neither fairly competitive nor equitable to the mass of consumers of all classes, within whose reach on fair terms these articles ought to be kept, for let it be steadily remembered that these articles are to be regarded to-day as necessities and from every standpoint it is desirable that the Government should enable them to remain so.

II. The possible reduction of duties upon cotton yarns and other raw material and its effect in the foreign embroidery trade.—Cotton yarn used in the United States and abroad in making the embroidered articles is of Egyptian cotton. If any reduction on yarns is to be made it has a bearing on the situation, for the reason that the home manufacturers argue they are entitled to high protective duty because they are compelled to pay on the raw material entering into their products. The use of imported material, however, is confined to a portion of home manufacturers. The foundation cloth on which most of the embroidery is made is almost entirely of domestic manufacture. The yarns are the only raw materials entering into the manufacture of these goods on the Lever machine, which are imported and on which a duty is levied by the United States. It is a matter of common knowledge that your committee proposes to materially reduce the duties on this item. That will mean that home manufacturers will in the future have comparatively nothing to pay in the way of duty on raw material.

II.

THE REASONS FOR A FIXED AD VALOREM RATE AND FOR A SINGLE SCHEDULE.

(1) As to differing rates for goods made on different machines.

Such method of fixing duties in accordance with the particular machine upon which the article was made was inserted in the tariff of 1909 and is unprecedented and most confusing. It raises unnecessary questions as to the character of the machine involved and opens the door to colorable changes in the names and characters of the machines in order to prevent the product under more favorable paragraphs of the law than was contemplated by the lawmakers. On whatever machine the article is made the product remains lace or embroidery and they are used essentially for the same purposes.

(2) The necessity for fixed and uniform ad valorem rates.

It is to the interest of fair administration of the law to do away with confusion and complications and to enable those engaged in this business to know what duties they should count on. Hence the desirability of fixed ad valorem rates on these embroidered articles, regardless of the material of which they are composed. Under the present law laces and embroideries furnish 10 per cent of the total revenue collected from import duties in 1910 and 1912, and are, therefore, entitled to conscientious attention. These articles pay rates which depend upon the materials of which they are composed; that is, those rates differ if the product is composed wholly or in chief of cotton, flax, or other vegetable fiber, or if it be composed of silk or contain metal threads or imitation silk or horsehair, etc. There is always the possibility of difference of opinion as to what is the component material of chief value. The same lace or embroidery may contain metal threads, cotton, silk, imitation silk, or horsehair. Endless confusion results and the importer frequently can not know definitely under what classification the particular article he is bringing in is going to be put.

In addition to the facts above stated, it is worth noting in connection with the Department of Commerce and Labor that this country is doing active business with Canada in American made embroideries. If, therefore, American made goods can be sold by Canada in competition with foreign articles where they pay the same ad valorem rate of duty and where the American made goods therefore enjoy no protection whatever as against foreign made goods, it is obvious that a duty of 60 per cent is uncalled for here and must tend to the final elimination of the foreign article.

Therefore, in order to maintain fair conditions of competition; to prevent the elimination of foreign production in laces and embroideries, and hence to prevent annihilation of very profitable sources of revenue; to make available to all consumers, rich and poor, a class of goods which have come to be looked upon as necessities; and to deal fairly by an important class of revenue contributors, namely, the manufacturers of foreign embroideries, it is important, progressive, and in line with the policy laid down by Mr. Underwood when he said that the purpose of this tariff bill was not to disturb legitimate industries but to keep them on a competitive basis, so that profits should not be protected and revenues should be collected for the Government, that such revision of the tariff relating to laces and embroideries be adopted.

ALFRED M. BARBE AND ALEXANDER JAMIESON & CO., BY C. B. BRETZFELDER, NEW YORK, N. Y.

NEW YORK, *May 22, 1913.*

Hon. CHARLES F. JOHNSON,
Committee on Finance, United States Senate:

I would respectfully present to your honorable committee a memorandum of the possible effect and scope of the provision of paragraph 368 (H. R. 3321), reading:

Woven fabrics or articles from which threads have been omitted, drawn, punched, or cut, leaving open spaces in which figures or designs are formed by threads other than the threads of the fabric, alone or in combination with the threads of the fabric not including hemstitching or spoke stitching.

The reason that this memorandum is presented is that suggestion has been made that the above descriptive language is applicable to Scotch madras, a loom-woven article of cotton in which extra filling threads are introduced in the process of weaving and clipped or cut for the purpose of forming figures or designs. It is the opinion and understanding of some of the experts and customs officials in New York that the manner of its construction would cause duty to be assessed on such madras muslin under the said paragraph 368, if enacted as it now reads, although all are of the opinion that it is not intended to include this article.

For this reason there should be a change in the wording of this paragraph, so as to clearly exclude from the purview of this provision, which is intended to cover drawn work, all figure-woven fabrics, such as madras muslin and dotted and figured swisses. If this matter is not cleared up, it is clear that endless litigation would follow and undue hardship will be imposed on the importers of this class of merchandise. As it is very clear that it is not intended to cover this merchandise, we are quite certain that your honorable committee will not be averse to amending it so as to clearly exclude same.

Madras is a cotton material used by people of the middle class to decorate their homes and takes the place of the more expensive lace curtains. For years it has been subject to classification as cotton cloth, subject to aditional rate of duty for having extra threads, and the average duty has been below 40 per cent. The duty carried by paragraph 368 is 60 per cent, so that if brought within this paragraph, there would be an increase of duty of 50 per cent on this class of merchandise.

Paragraph 368 is meant to cover, as I understand, drawn-work articles. No attempt has ever been made to class the madras material with drawn-work articles, and no valid reason could now be advanced for so treating this class of merchandise. The figures or designs in madras articles are not formed by the introduction of threads to take the place of threads drawn or cut from the fabric, but are integral parts of a madras muslin fabric as it is woven and are threads of the fabric.

Although it is very clear that it is not intended to include this merchandise in paragraph 368, and although the foregoing reasons would seem to clearly show this, still it seems the opinion of some of the experts that because the madras material has been subject to duty as containing extra threads, and because these extra threads

are cut in order to form the designs and figures, that, therefore, it may be included within the descriptive language of paragraph 368. In this connection, attention is called to Claflin *v.* United States (114 Fed. Rep., 259), in which case it was held that—

cotton cloths ornamented with figures produced in the process of weaving with the aid of the Jacquard, swivel, drop-box leno, or other loom attachment fall within the provisions of paragraph 313, act of 1897, as cotton cloth, "in which other than the ordinary warp and filling threads have been introduced in the process of weaving to form a figure."

In the report in this case the following syllabus is found:

Tariff act of 1897, paragraph 313, imposing an additional duty on "cotton cloth in which other than the ordinary warp and filling threads have been introduced in the process of weaving to form a figure," applies to cotton goods known as "madras" or "damask" goods, which are "ornamental, with spots or figures woven in by independent filling threads introduced for that purpose," the threads not being an integral part of the fabric, and the portions not needed to make the figure being cut off after the weaving process is concluded.

In this connection a decision of the general appraisers, numbered 4808, is interesting, and a synopsis thereof is here given:

Cotton cloth containing figures in various designs produced in the process of weaving, by means of the Jacquard, swivel, drop-box, leno, or other loom attachment, with threads introduced in the warp or filling of the character following are dutiable under paragraph 313, act of 1897 (323, act of 1909): (1) such as have threads which float loose between the figures on the back of the fabric, or which have been clipped off after weaving; (2) such as have figure threads which pursue a zigzag, wavy, or serpentine course, whether partly clipped or not; (3) such as have threads running parallel to the ordinary warp or ordinary filling, but which lie wholly or mostly on top of and additional to the warp or filling; (4) such (in either case) as have figure threads which are not necessary to the integrity or stability of the fabric, or where the fabric would have been perfect if they had not been introduced. G. A. 4808 (T. D. 22604).

From this it will be seen that the Scotch madras has been considered by the department as merchandise having extra threads, and the figures and designs of which are made by the clipping of these extra threads after weaving. For this reason there is just sufficient justification for the opinion that it may be within the descriptive language of the present paragraph 368, and for which reason we respectively ask that that paragraph be amended so as to clearly exclude this merchandise and put it in the competitive class with similar grades of cotton goods.

We suggest that the paragraph might be amended by the addition of the words:

Nor cotton cloth figured in the process of weaving by means of Jacquard, swivel, drop-box, leno, or other loom attachment, with or without clipped threads.

ASSOCIATION OF AMERICAN EMBROIDERY AND LACE MANUFACTURERS (INC.), BY A. H. KURSHEET, PRESIDENT (NO ADDRESS GIVEN).

Embroideries and embroidered laces are pure luxuries.

To make clear our conception of the real necessities of life and the luxuries, we suggest the following classification:

Absolute necessities: Plain food, shelter, and clothing.

Semineccessities: The more varied food and such shelter as is commonly enjoyed by civilized nations.

Semiluxuries: Articles used or worn because of the rigid customs of a community, which also serve purposes of utility, such, for instance, as kid gloves.

Pure luxuries: Articles of adornment which serve no purpose of utility, such as embroideries and laces.

Any woman may be well and fashionably dressed for any occasion without the use of embroideries or embroidered laces as a decoration; nevertheless, there are several million dollars worth of cheap embroideries made in the United States, such as are used by the masses as luxuries, which are sold on a basis equivalent to 30 or 45 per cent duty because of keen domestic competition.

We advocate an increase in duty from 60 to 70 per cent ad valorem on embroideries and embroidered laces and kindred articles, the product of the shuttle and hand-embroidery machines, as contained in paragraph 349, Schedule J, under various designations, for the following reasons:

The competition among the domestic manufacturers has already caused the foreign manufacturers to lower their prices materially on the very limited line of competitive goods which the present inadequate rate of tariff permits to be manufactured in this country.

More competition would hold in check such enormous advances as obtained in 1906, when the importers demanded and received prices in many cases 50 per cent higher than those of to-day. It would cause a reduction in the foreign prices of competitive goods to the extent of fully one-half of a 10 per cent advance in duty, taken from the profits of the foreign manufacturers and importers; and the greater domestic production, operating in accordance with the laws of supply and demand, would cause a general lowering of prices for the benefit of the consumer. Several million dollars worth of the cheapest class of embroideries are being made and sold in this country on a basis of less than 45 per cent duty. The additional duty would affect almost exclusively the finer and most luxurious embroideries and embroidered laces.

A higher duty would cause further progress to be made by the American manufacturer and would cheapen the cost of production for the benefit of the consumer.

All of the important inventions to improve the embroidery machine within the past 20 years have originated in the United States and have been developed by American capital in this country. The foreign manufacturers have profited by these inventions to undersell us in our own market on fully four-fifths of the competitive goods.

During the period prior to 1891, when the duties imposed were only 35, 31½, and 40 per cent, competition with foreign countries was impossible. Almost the entire industry depended upon what is known in the trade as "job work," "special-order work," or "fashion fads." Parties were tempted to engage in this industry when fashions were favorable; when unfavorable, many manufacturers failed or abandoned the business. Of the first hundred a few only are left.

Since 1891 American inventions have changed this condition of affairs to a limited extent, and we are thus able to make some of the coarser grades of embroideries requiring a minimum amount of labor. The labor cost here is about three times the rate prevailing in Europe.

Eliminating embroidered handkerchiefs as an article of manufacture, there is about $14,000,000 total production in this country, of which $5,000,000 is "job work," etc. Three million dollars' worth is embroideries sold on a basis of less than 45 per cent duty, because the material is the chief part of the cost, the labor in proportion being insignificant. Adding together the $5,000,000 and the $3,000,000 and deducting this sum from $14,000,000 leaves $6,000,000 of competitive embroideries that are manufactured in this country. Of these competitive goods there are $18,000,000 imported foreign value (equal to $28,800,000 domestic value), plus the $6,000,000 domestic production, equals $34,800,000. Thus we are making a trifle more than one-sixth of these competitive goods, while nearly five-sixths are imported.

With a 10 per cent advance in duty the foreign manufacturers could easily reduce their prices 5 per cent or more, and as the domestic goods of a better quality would require finer yarns and finer cloths, for which a high duty or an equivalent higher price must be paid, there would remain only a net advantage of about 4 per cent.

The advantage of the remaining 4 per cent would enable us to manufacture an additional $2,000,000 worth of foreign value of embroideries and embroidered laces, or $3,200,000 worth domestic value.

This amount would furnish the equivalent employment to labor of $4,000,000 worth of such goods as we now produce, because of the increased proportion of labor entering into the cost of these finer goods.

The figures submitted by an importers' association are $24,000,000 importations, $16,000,000 domestic production. Deducting the $5,000,000 worth of "job goods," etc., and the $3,000,000 worth of goods sold under the 45 per cent rate, we have $8,000,000 domestic production of competitive goods. The $24,000,000 plus 60 per cent equals $38,400,000, and adding this to the $8,000,000 domestic production makes a total of $46,400,000 domestic consumption of competitive goods. This shows that the domestic industry manufactures a trifle more than one-sixth and the foreign manufactures nearly five-sixths of our total consumption.

These figures are confirmed by considering the following facts: A corporation with capital of 50,000,000 francs ($10,000,000) has, in Switzerland, the largest embroidery-manufacturing plant in the world, and also has the largest plant in the United States. The product of both plants is practically all for our home consumption. This concern has had embroidery machines here since 1894, and has owned the patent rights on the automatic embroidery machine both in Europe and in the United States for over five years. In order to gain by their investments in the patents before their expiration, it was necessary for this corporation to erect the greatest number of machines that could be operated profitably in the United States. They therefore erected 89 ten-yard machines here; but they operate in Europe, to manufacture almost exclusively for this country, the equivalent of 432 ten-yard machines. This corporation has 83 per cent of its machines in Europe, and only 17 per cent in this country. It has in use every known improvement for making embroideries, and the controlling officers of this corporation are United States citizens. It has no royalties to pay; having built quantities of automats, they can own them at lowest cost, while other parties pay machine builders' profits and royalties, amounting to about $2,500 per machine.

This is conclusive proof that we need a higher duty to establish proper competition between the United States and foreign countries, and that all the improvements in machinery known of to-day will not materially change the ratio between imports and domestic production.

The next largest embroidery house imports more than four-fifths of its embroideries and embroidered laces, and buys and manufactures here less than one-fifth of these goods.

Further confirmation of the fact that embroideries and embroidered laces can not under present conditions be made in this country to compete with foreign made goods is that whereas several American citizens who are engaged in the industry in Europe and have erected large plants to furnish employment to foreign labor have become millionaires, to our knowledge no one of the many people who have endeavored to build up the industry under the United States flag has become rich. Many of them have become bankrupt.

The consumer has enjoyed a material reduction in prices through American improvements in machinery, and because of keen domestic competition. The work people earn more than average wage. The industry has been established in many States.

The desired 70 per cent duty would be far from placing the domestic industry in a position to compete on equal terms with Europe in the United States, and there is no indication that there will be any change in the proportion of wages between the United States and those paid abroad.

If the entire revenue for the Government could be obtained from a few luxuries through fixing rates as high as 200 or 300 per cent that would be the ideal form of taxation. There can be no such thing as a high price for articles which do not enter into the cost of living. A pearl weighing a small fraction of an ounce brings a price equal to the earnings of a skilled workman during a lifetime. As luxuries have no high price their rates of duty can never be considered high.

In 1873, 1884, and 1893 many manufacturing establishments reduced salaries and wages. There was a general revision downward. Nevertheless, in some instances, in spite of hard times, advances in salaries were made, showing that in practice the best business principles indicate that when readjusting salaries, wages, or duties, no arbitrary rule should be followed. The rate should be fixed in accordance with the facts covering each individual case.

What would one think of a merchant who, when reducing salaries, did not recognize the value of the few selected people, and by reducing their earnings force them to accept employment with competing houses?

Legislation has forced United States citizens to build, organize, and operate embroidery factories in Europe. Should not tariff legislation give at least an equal chance to the United States citizen to develop the embroidery industry in this country rather than compel him to build it up in a foreign country for the benefit of foreign labor?

A higher duty will prove a great uplift to the industry, as a better class of goods could then be made, thus furnishing opportunities to the work people to perfect their skill, earn better wages, and obtain more regular employment.

There are 350 domestic manufacturers using shuttle embroidery machines, competing with each other. Any pecuniary advantage to the manufacturers will, because of this keen competition, revert to the consumer.

When we consider further that the labor included in the cost of imported goods is in very much larger proportion than in the cost of the domestic output, we find that from the standpoint of employment of people the total consumption of competitive goods furnishes about 12½ per cent of employment to labor in this country and 87½ per cent in foreign countries.

In the long struggle to build up the domestic industry, American manufacturers spent hundreds of thousands of dollars in the development of inventions to cheapen the cost of production, and for the past 20 years all the essential and important inventions to improve the embroidery machine have been made by American citizens.

The introduction of these machines into Europe has benefited the foreign manufacturer, enabling him to produce embroideries cheaper and to continue to undersell us to the extent of at least four-fifths of the domestic consumption of competitive goods. United States citizens who invested their money in making these experiments and improvements have not realized the aggregate amount of money expended.

There never has been, nor can we see any possibility of there being, any monopoly or combination in the embroidery business to maintain prices, as a thrifty workman can save, within a couple of years, sufficient to start and carry on a successful business. A large portion of the manufacturers of to-day have so commenced.

The increase of domestic production does not indicate that importations are lessened. On the contrary, while the embroidery business grew in the United States, importations were increased through the original ideas evolved in the domestic industry being often appropriated by the foreign manufacturer, who copies the articles for import into our country. The importations last year would have been much greater had it not been for that freak of fashion—the narrow skirt—which reduced the size of embroidered undergarments to about one-half their accustomed size or eliminated them altogether.

We appreciate the existing disinclination to increase tariff rates, but we can not admit the possibility that the Government, while reducing the tariff to promote competition for the benefit of the consumer, would arbitrarily refrain from raising the tariff in an instance where it furthers alike the interest of the consumer and of home industry and assures additional revenue to the Government. An advance in rates will show that the action of Congress is not inimical to the interests of domestic industries, but that each case is judged on its merits.

The 10 per cent advance in the tariff which we advocate will not only help the domestic industry, but it will benefit the consumer and will bring to the Government an increase in revenue.

It is of great importance that the provisos in paragraph 349 be retained.

Par. 368.—COACH LACES.

THE BRIDGEPORT COACH LACE CO., 805 WOOD AVENUE, BY W. W. NARAMORE, PRESIDENT.

BRIDGEPORT, CONN., *June 10, 1913.*

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

DEAR SIR: We are inclosing a copy of a letter recently received from the Cadillac Motor Car Co. which we received in reply to a letter requesting them to assist us in influencing the buyers of limousine automobiles to use American-made cloth and lace. This verifies the claim we made in our brief (a copy of which we are also inclosing) submitted to the Ways and Means Committee.

The foreign manufacturer has an absolute monopoly of the American market for these laces under the present rate of duty. (Schedule K, par. 383.) In the Underwood bill (Schedule N, sundries, par. 369) the duty of 50 cents per pound is the only reduction made. While this seems very slight, it is nevertheless 15 per cent, as 100 yards of lace weighs 16 pounds, and the reduction of 50 cents per pound makes $8 on 100 yards, which is equal to 8 cents per yard. As this lace sells for 55 cents per yard, this makes a reduction of 15 per cent, which is entirely unnecessary, as for the past four years we have had the severest kind of competition until at the present time, as stated above, the foreign manufacturers have monopolized the American market (refer more especially to automobile laces).

Considering the words of the Cadillac Motor Car Co., "The buyers of inclosed bodies absolutely insist on getting imported cloths and laces," why is it necessary to cut the duty on this most extravagant luxury, which is sold only to the high-salaried and wealthy people? If it is for a matter of competition, that point has already been reached under the present rate of duty, and there is no doubt in our minds that if the duty was twice what it is at the present time it would only check the importation of cloth and lace to a very small extent, as the duty on the lace used in one limousine automobile is about $10. To a buyer of a car costing $5,000 this would be a very small item, but it means a great deal to American capital invested in looms, as well as to the 200 families that are represented by the weavers of this lace made in the United States.

[Inclosure.]

MAY 29, 1913.

THE BRIDGEPORT COACH LACE CO.,
Bridgeport, Conn.

GENTLEMEN: Your letter of the 23d instant addressed to our Mr. W. C. Leland has been handed to the writer for reply.

With reference to the materials which you are manufacturing, these are not suitable for our use owing to the fact that the buyers of inclosed bodies absolutely insist on getting imported cloths and laces. Under these conditions we are compelled to purchase imported goods.

While we would like very much to patronize home industries, at the same time we have to find a market for our product, and if we do not buy something that

is wanted by the purchasing public, there is no use manufacturing something they do not want and store it in our warehouses.

If the Bridgeport Coach Lace Co. can convince buyers of inclosed bodies in which these goods are used that the American goods are as good, if not better, than the imported, we would be only too glad to purchase same, as it would be money in the automobile manufacturers' pocket, as we can not ask any extra profit on the car itself when using foreign makes.

We would be only too willing to cooperate with your good selves in educating the American public to use American goods, but up to the present time we have failed to do so.

Yours, very truly. CADILLAC MOTOR CAR CO.,
J. H. MAIN, *Purchasing Agent.*

[Inclosure 2.]

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee.

DEAR SIR: I submit the following brief accompanying indorsements of other manufacturers:

COACH, CARRIAGE, AND AUTOMOBILE LACES AND GALLOONS.

I am here in the interest of three of the four manufacturers of coach, carriage, and automobile laces, or galloons, of the United States. By referring to Schedule K, paragraph 383, you will notice all of the items are apparently common commodities consumed by the poor and the millionaire alike, but under the heading of gallons and laces in this paragraph coach, carriage, and automobile laces are imported.

Coaches and carriages are certainly luxuries of a higher class than diamonds, silk dresses, gloves, etc., not only on account of the first cost but the maintenance of same. But these conveyances are a thing of the past; the limousine automobile has displaced them. My reason for referring to the limousine and not runabouts, touring cars, etc., is because the limousine is the only style of automobile in which our laces are used. It is a well-known fact that the limousine automobile—the cheapest at $2,000, ranging up to $6,000 or $7,000—is a luxury of the highest class, and owned only by the very high-salaried and wealthy people.

Under the present duties these laces are being imported in large quantities and have preference over domestic laces offered at a lower price. The wife or daughter, in picking out the color and style of trimmings for the new limousine, insists upon the imported materials for name only, even stating they are willing to pay a bonus for the imported—cite "Columbia" lavender and white show limousine. Now, a reduction in the duties on coach, carriage, and automobile laces or galloons will not only be a loss of revenue to the Government but a subsidy to the importer and a reduction in cost of the most extravagant luxury known. Is it not possible to remove these laces from paragraph 383 and insert them in a paragraph by themselves, as there is not another item in the entire list of imported articles in the same class?

These laces are made on special looms that can not be used for weaving any other kind of textile fabric, and is used especially for the upholstering trimming for closed carriages, coaches, and limousine automobiles, and are not and never have been used for individual consumption, as are all the other articles in paragraph 383, and by inserting same in a separate paragraph it will be possible to allow the duty to remain as it is at present; and even if the duty was raised it would be a hardship to no one and practically an income tax.

Par. 369.—GLOVE LEATHERS.

LOUIS DEJONGE & CO., NEW YORK, N. Y., BY NORVIN R. LINDHEIM, COUNSEL.

BRIEF SUBMITTED BY THE FANCY-LEATHER MANUFACTURERS.

The undersigned include the largest manufacturers of fancy leathers and represent a total investment of over $3,000,000. This

industry has nothing to do with the manufacture of shoe leather of any kind or harness or belting leather. The leather which we make is known as fancy leather and is used for the manufacture of ladies' handbags, expensive pocketbooks, high-class traveling bags, leather fittings of all kinds, and fine bindings for books.

Our leathers enter into the manufacture of articles of luxury and fashion almost exclusively, and represent the principal value of the finished articles.

We recognize that since boots and shoes are on the free list in the present tariff bill that the articles out of which they are made must also be placed on the free list; but the converse is equally true, and where the finished articles have a protection the manufactured products forming their principal value should be likewise dutiable.

In the fancy-leather business, under section 371 of H. R. 3321, the articles manufactured from fancy leather have a 30 per cent protection. Under section 370 of H. R. 3321 glove leathers are dutiable at 10 per cent, presumably upon the theory that gloves are likewise dutiable.

If boots and shoes are on the free list and boot and shoe leather free; if gloves are dutiable and glove leathers dutiable, then why, if fancy articles of manufactured leather are dutiable, should not fancy leathers be likewise dutiable?

We ask that a duty be placed upon fancy leathers. This is based not upon any theory of protection, but in order to give this industry the guarantee in the Democratic platform in which the party promised that by its system of tariff taxation it would not "injure or destroy legitimate industry." One of the main tenets of the Democratic theory of a tariff is to make "the luxuries of life bear their proper portion of the tariff responsibility." (Rept. of the Committee on Ways and Means, H. R. 3321.)

There is no combination nor any trust in this industry. There exists only unlimited, free competition; but the fancy-leather manufacturers are totally unable to compete with the foreign manufacturers upon equal terms.

Under the McKinley, Wilson, and Dingley bills there was an ad valorem duty of 20 per cent. Under the Payne-Aldrich bill there is an ad valorem duty of 15 per cent.

There is an additional duty upon gauffre leather. (Payne bill, sec. 451.) Gauffre leather was a term which came into the history of tariff legislation under the Payne bill. It was not a trade term, and was finally defined by the Treasury officials and the courts as any leather which was artificially embossed or grained.

(U. S. *v.* White, 2 Ct. Cust. Appls., 80, May 22, 1911; Treasury Decisions, 31632, 32505; General Appraisers, 7362; Treasury Decisions, 33040.)

A large proportion of the leather manufactured by this industry comes within the classification of gauffre leather, as so defined, and is subject to this additional duty of 10 per cent, or a total duty of 25 per cent.

The present tariff bill (H. R. 3321) proposes to wipe out this 25 per cent and places the articles on the free list.

When the bill was originally drawn (H. R. 10) the obvious intention was to make these fancy articles dutiable on a 15 per cent basis (H. R. 10, sec. 374). There was, however, some difficulty of classi-

fication between this section and section 538 of H. R. 10, and finally in H. R. 3321 the entire leather schedule was redrawn in the existing sections 370 and 535.

There is no industry nor faction opposing putting fancy leather upon a dutiable basis. The difficulty is wholly one of classification, and the Treasury experts assigned to the Senate Finance Committee have stated that they are able to couch the leather schedule in such a form as to put boot and shoe leather upon the free list and fancy leather upon the dutiable list.

We are unable to compete with Europe, mainly because the wages of the American laborer are more than twice as much as those of the European laborer (Tariff Hearings, Schedule N, p. 5471), and in this industry labor is the controlling and chief element in the cost of production. These fancy leathers require a highly skilled labor and expensive machinery. The labor supply is limited. The machinery is dutiable 25 per cent ad valorem.

In addition, these articles are dyed into fancy colors. The aniline dyes used by the fancy-leather manufacturers are dutiable at 30 per cent ad valorem.

While vast quantities of upper and sole leather have been exported during the past few years, practically no fancy leathers were shipped out of this country, due to the fact that such a large proportion of the cost of production in the manufacture of fancy leather is the labor cost. The difference in cost of labor between Europe and this country must be admitted. We respectfully call to your attention the Treasury statistics appended to the report of the Committee on Ways and Means, H. R. 3321.

The cost of freight offers no protection, as the fancy-leather manufacturers have to purchase the skins out of which these articles are made abroad and pay the freight on the original bulky raw materials, greater than any freight on the finished articles.

An important part of this industry consists in the manufacture of what is known as seal leather. This leather is manufactured from skins of hair seals, an entirely different animal from the fur seal; and in this connection we desire to call your attention to the fact that under the proposed tariff bill furs and fur skins of all kinds, excepting undressed skins of hares, rats, dogs, goats, and sheep, come in upon a 10 per cent ad valorem basis. (Sec. 359.)

The skin of a hair seal is not properly a fur nor a fur skin, and is used solely for manufacture into leather. There is no question about the distinction between hair seal and fur seal, as the two animals belong to entirely different orders zoologically, and, in addition, they are found in totally distinct localities. These raw hair-seal skins have always come in free, and it is obviously the intent that they should so continue; but in order to prevent any misunderstanding and avoid any possibility of protracted or expensive litigation we respectfully ask that section 609 of H. R. 3321 be amended by inserting, after the word "raw," on page 122, line 23, the words "including skins of hair seals."

We respectfully suggest the following wording of the leather schedule:

SCHEDULE N.

370. Seal, sheep, goat, chamois skins, bookbinders' calfskins, and other skins and leather, dressed and finished, not specially provided for in this section, 15

per cent ad valorem; pianoforte, pianoforte-action, and glove leathers, 10 per cent ad valorem: *Provided*, That leather cut into forms suitable for conversions into manufactured articles not specially provided for in this section shall be subject to a duty of of 5 per cent ad valorem in addition to the rate imposed by this paragraph.

FREE LIST.

"538. Sole leather, leather board or compressed leather, grain buff and split leather, patent, japanned, varnished or enameled leather and dressed upper leather, all of the foregoing for boot and shoe manufacturing purposes; and leather cut into vamps or other forms suitable for conversion into boots and shoes; boots and shoes made wholly or in chief value of leather, leather shoe laces, finished or unfinished; harness, saddles and saddlery, in sets or parts, finished or unfinished, composed wholly or in chief value of leather; belting leather; harness and saddle leather; skins for morocco, tanned but unfinished, and rough leather of cattle hides of the bovine species not specially provided for."

Under this proposed wording all leather used in the manufacture of boots and shoes would come in on the free list, whether the same be of the bovine or other species.

(The above communication was signed by the following: Louis Dejonge & Co., New York City; R. Neumann & Co., New York City and Hoboken, N. J.; L. F. Robertson & Sons, New York City; Helburn Leather Co., Salem, Mass.; G. F. Werner's Sons, Jersey City, N. J.; Hess, Harburger & Drucker, Newark, N. J.; John Nieder, Newark, N. J.; Bertin Mason Co., Newark, N. J., by Norvin R. Lindheim, counsel.)

Par. 369.—CHAMOIS SKINS, ETC.

WOOD & HYDE CO., GLOVERSVILLE, N. Y., BY JOSEPH E. WOOD, PRESIDENT GLOVE LEATHER MANUFACTURERS' ASSOCIATION.

GLOVERSVILLE, N. Y., *May 29, 1913.*

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

DEAR SIR: Our association wishes to call your attention to the fact that the Underwood bill puts a duty of 15 per cent on chamois leather, or 5 per cent more than on glove leather, which costs us in labor and materials $1.60 per dozen, or 16 per cent more to produce than it does chamois leather, after we get it in the white condition, the same as the chamois leather is sold. We then have the following:

Degreasing	$0.30
Bucktailing	.05
Washing, hanging, and drying	.05
Taking down and preparing to suede	.05
Suedling	.35
Coloring	.30
Drying, hanging up, staking out of crust	.25
Dampening and finishing	.15
Blocking	.05
Measuring and putting up	.05
	1.60

Making a total, as above shown, of $1.60 more than to make chamois leather.

If Underwood was right in giving chamois leather 15 per cent, then glove leather should have 20 per cent, which is for revenue only.

The Germans now have four-fifths of the trade. Mr. Ettlinger, the largest German manufacturer, is in Gloversville at present, and he told me personally that he would move his factory here if we would get a protective duty of 30 per cent on glove leather. At any reduction in the present duty he can capture the other one-fifth of the trade.

If you are Americans and believe in working for the good of our country you will certainly keep the present duty, if for nothing else than for revenue.

Pars. 371-374.—LEATHER GLOVES.

EDWIN D. SCRIBNER, J. H. DANFORTH, JOHN J. MALONE, W. C. HACKNEY, AND P. C. McINTYNE, GLOVERSVILLE, N. Y.

LEATHER-GLOVE INDUSTRY OF THE UNITED STATES.

[Relating to par. 374, H. R. 3321 (Underwood tariff bill).]

The rate on men's gloves of $4.80 per dozen under the Payne law has been reduced to $2.25, a cut of 53 per cent on a luxury. (This is opposed.)

The rate on women's and children's gloves of $3.80 per dozen under the Payne law has been reduced to $2.25, a cut of 40 per cent on a luxury. (This is opposed.)

The Schmaschen glove—a cheap glove, called the poor woman's glove—has been given a rate of $1 per dozen. (This is not opposed.)

The cost of production of men's and women's gloves is practically the same.

Under the existing rates no business has been done by the domestic manufacturer on women's gloves bearing a rate of less than $3.30, and but 18 per cent of the women's leather dress glove business at that rate; therefore, it is obvious that the domestic manufacturer can not make either men's or women's leather dress gloves under the proposed Underwood rates.

The foreign manufacturers now have 63 per cent of this whole market, and the proposed reductions would give them complete control.

Division of American market in leather dress gloves.

	Domestic.	Foreign.
	Per cent.	*Per cent.*
Men's, women's, and children's (whole market)	37	63
Men's	82	18
Women's and children's	18	82

The leather dress glove industry is a legitimate industry; is highly competitive; is in no sense monopolistic, and no leather dress gloves are exported.

We believe it is quite as important to sustain American production to the competitive point, against European control and monopoly of this market, as it is to encourage foreign competition to prevent feared American domination.

The proposed rates on leather gloves in paragraph 374, H. R. 3321, should be amended so as to provide a basic rate of $3 per dozen on men's, women's, and children's gloves other than Schmaschen and Work gloves, which would be an equalization and reduction of the existing rates and consistent with the proposed new classifications based upon a 10 per cent duty on leather.

(The above was signed by Edwin D. Scribner, J. H. Danforth, John J. Malone, W. C. Hackney, and P. C. McIntyne, a subcommittee of the Fulton-Hamilton New York Democratic assembly district committee.)

AMERICAN MANUFACTURERS OF LEATHER DRESS GLOVES, BY JAMES S. IRELAND, CHAIRMAN OF COMMITTEE.

JOHNSTOWN, N. Y., *May 5, 1913.*

The rate on men's gloves of $4.80 per dozen under the Payne law has been reduced to $2.25, a cut of 53 per cent on a luxury. (This is opposed.)

The rate on women's gloves of $3.80 per dozen under the Payne law has been reduced to $2.25, a cut of 40 per cent on a luxury. (This is opposed.)

The Schmaschen glove, a cheap dress glove, called the poor woman's glove, has been given a rate of $1 per dozen. (This is not opposed.)

Work gloves have been placed on the free list. (This is not opposed).

Under the existing rates no business has been done by the domestic manufacturer on women's gloves bearing a rate of less than $3.30, and but 18 per cent of the women's leather dress-glove business at that rate.

Therefore it is obvious that the domestic manufacturer can not make either men's or women's leather dress gloves at the proposed Underwood rates.

The foreign manufacturers now have 63 per cent of this whole market and the proposed reductions would give them complete control.

Division of this market in men's and women's leather dress gloves between home-made and foreign-made.

	Domestic.	Foreign.
	Per cent.	*Per cent.*
Men's, women's, and children's (whole market)	37	63
Men's	82	18
Women's and children's	18	82

The leather dress-glove industry is highly competitive; is in no sense monopolistic, and no leather dress gloves are exported.

It is quite as important to sustain American production to the competitive point, against European control and monopoly of this market, as it is to encourage foreign competition to prevent feared American domination.

The proposed rates on leather gloves, in paragraph 374, H. R. 3321, should be amended so as to provide a basic rate of $3 per dozen on men's, women's, and children's gloves, which would be an equalization and reduction of the existing rates and consistent with the proposed new classifications of the Underwood bill.

The attention of the President and the Congress of the United States is respectfully called to the following facts:

Table showing maximum rates under Wilson, Dingley, and Payne laws on lamb and kid gloves not over 14 inches in length and the revision of such rates proposed by the Underwood bill.

Leather gloves.	Wilson, 1894, rates.	Dingley, 1897. Basic rates.	Dingley, 1897. Cumulative.	Payne, 1909. Basic rates.	Payne, 1909. Cumulative.	Underwood bill. Basic rates.	Underwood bill. Cumulative.	Underwood bill. Decrease in maximum rate from law, 1909.	
Men's:			Cents.		Cents.		Cents.		P. ct.
Lamb, glace and suede	$4.00	$4.00	+40 and 40	$4.00	+40 and 40	$2.00	+25	$2.55	53
Kid, glace and suede	4.00	4.00	+40 and 40	4.00	+40 and 40	2.00	+25	2.55	53
Women's, etc.:									
Lamb, glace and suede	1.50	2.50	+40 and 40	2.50	+40 and 40	2.00	+25	1.00	32
Kid, glace and suede	2.25	3.00	+40 and 40	3.00	+40 and 40	2.00	+25	1.35	40

QUANTITIES IMPORTED—DUTIES COLLECTED.

Table of imports of all leather gloves for one year under each of the several laws from 1894 to 1909.

Fiscal year and law.	Men's. Dozens.	Men's. Duties.	Women's and children's. Dozens.	Women's and children's. Duties.
1896 (Wilson)	65,132	$262,447	1,176,970	$2,075,548
1907 (Dingley)	108,348	518,483	1,078,221	3,724,880
1910 (Payne)	99,231	407,816	1,209,875	3,432,676

It must be kept clearly in mind that previous tariff measures have separated leather gloves into two distinctly defined classes, viz, men's and women's.

The men's glove branch of this industry became established under the Wilson law which provided $4 per dozen for men's lamb and kid gloves, while the Underwood proposed basic rate of $2 cuts the Wilson rate in two. (See table of rates, supra.)

The proposed reduction in the tariff on men's lamb and kid gloves from the maximum rate of $4.80 per dozen to the maximum rate of $2.25 is a cut of 53 per cent from the rate on men's gloves in the Dingley and Payne laws. (See table of rates, supra.)

This cut is not justified by the conditions existing in this branch of the glove industry and is unwarranted by the character of the merchandise itself, which is an article of luxury and so classified by the

Ways and Means Committee in its report to the House accompanying H. R. 3321. (Rept. No. 5, Table 4, p. x.)

It is a drastic cut, unfair to the manufacturers and workers engaged in the industry, as well as to the merchants, bankers, professional men, and all others in the community in which this is the chief industry.

While in the proposed law the rates on both men's and women's gloves, of 14 inches and under in length, are reduced to the one basic rate of $2 per dozen, the proportional reduction from the Payne law rates is less on women's than on men's for the reason that the existing rates on women's are materially lower than the existing rates on men's. (See table of rates, supra.)

The existing rates on women's gloves, even though enacted by the Republican Congress of 1897, never purported to be more than purely revenue rates. That they carried but little or no element of protection is evidenced by the fact that the importations of women's gloves are and have been from a million to a million and a quarter dozen pairs annually, while the domestic production of like gloves is but approximately 250,000 dozen pairs.

There has been no domestic production at all of women's gloves which carry rates of $2.50 and $2.90 and the importations under these rates aggregate more than 350,000 dozen pairs annually.

If the domestic producer has not been able to compete with the foreign price of women's gloves, plus the rates of $2.50 and $2.90, he most certainly will do no business in this glove under the proposed rate of $2.

Both men's and women's leather gloves are manufactured by the same concerns, in the same factories, by the same operatives, and at practically the same cost.

It is self-evident that if no women's gloves have been manufactured under the existing rates, which are less than $3.30, and but few of such gloves at that rate, it will be impossible to manufacture either men's or women's gloves at a less rate than $3.30 and certainly not possible under the proposed basic rate of $2 per dozen pairs.

The cost of producing a dozen gloves does not vary with the efficiency of the labor entering into their manufacture for the reason that their manufacture is paid for on a piece-price basis. Increased efficiency merely facilitates production, but does not lessen its cost.

Thus, if the proposed basic rate applicable to both men's and women's leather dress gloves be enacted into law, the industry which has been developed in this country in the manufacture of these gloves will be destroyed, and the foreign manufacturer will then be in complete and undisputed control of the domestic market in leather dress gloves of lamb and kid.

No one familiar with glove-trade conditions will suppose or concede that under foreign control of this market the American glove consumer will buy a pair of gloves at any lower price than is now being paid under the existing rates of duty which sustain American competition.

It is quite as important to sustain American production to a competitive point against European control and monopoly of this market as it is to encourage foreign competition to prevent feared American domination.

Division of this market in men's and women's leather dress gloves, between homemade and foreign made.

[Imports, fiscal year 1910—Production, census report, 1910, classified under tariff law as schmaschen, lamb, and kid gloves.]

DIVISION IN DOZENS.

	Men's.	Women's and children's.
	Dozens.	*Dozens.*
Imports	99,231	1,209,875
Production [1]	516,500	263,800
Whole market	615,731	1,473,675

DIVISION IN PER CENT.

	Domestic.	Foreign.
	Per cent.	*Per cent.*
Men's, women's, and children's (whole market)	37	63
Men's	82	18
Women's and children's	18	82

[1] Quantity of leather dress gloves ascertained by eliminating from the whole quantity of 3,368,655 dozens in the census report the 1,949,905 dozens classified as "work" gloves and by deducting from the 1,418,780 dozens classified as "dress," 638,450 dozens which, while properly classified as "dress" to differentiate them from work gloves, were nevertheless not "dress" gloves of the type or kind comparable with those of foreign manufacture competing in this market. (See affidavit of Census Enumerator George E. Wilkins, attached to verified brief heretofore filed.)

Imports of fiscal year 1910 are taken for the purpose of comparison with same census year of production. Proportions for the last fiscal year would be substantially the same.

The proposed leveling of all rates on lamb and kid gloves below the lowest of the low rates on these women's gloves, can not be justified on the ground of encouraging foreign competition, for the foreigner already has 63 per cent of this whole market in men's, women's, and children's leather dress gloves.

The reduction in the rates on women's gloves, of 14 inches and under in length, can not be justified on that ground, for the foreigner already has 82 per cent of this market in women's and children's leather gloves.

The drastic reduction of 53 per cent in the rates on men's gloves can not be justified on the ground that the existing rates are prohibitive, for the imports in this one branch of the business in which the domestic manufacturers have been able to develop an industry continue up to 18 per cent of the volume of men's gloves consumed.

Leather dress gloves of the type affected by the rates under consideration are luxuries and legitimate articles of taxation as such.

The Committee on Ways and Means in reporting H. R. 3321 back to the House said in its report (Rept. 5, accompanying H. R. 3321, p. 9):

In its tariff-revision work the committee has kept in mind the distinction between the necessaries and the luxuries of life, reducing the tariff burdens on the former to the lowest possible point commensurate with revenue requirement and making the luxuries of life bear their proper proportion of the tariff responsibilities.

In table 4, following this declaration, there is given a comparison of schedules of rates upon luxuries under the act of 1909 and H. R. 3321. In this comparison, leather gloves affected by the paragraph in question are included.

Therefore, in view of the committee's declared position toward the taxation of articles of luxury and its classification of gloves as luxuries, the drastic cuts made in paragraph 374 of its bill must have been made under some misunderstanding of the facts in the case or with a misconception of the conditions surrounding the domestic industry and the proportion that the domestic production bears to the volume of importations under the existing rates.

There are upward of 150 separate and independent concerns in Fulton County, N. Y., engaged in the manufacture of leather gloves; no trust or combination exists in this industry; no one person or corporation holds a dominant interest in any more than one establishment; no leather dress gloves of domestic manufacture are exported; an individual with a knowledge of the business and a small capital may successfully enter this field of manufacture, and it is a matter of statistical record that more than 85 per cent of the concerns engaged in this industry in this county are in fact each rated at less than $50,000; competition between themselves has resulted in the production of a high-class article at a minimum profit to the manufacturer; the men and women employed in this industry receive American rates of wages; 80 per cent of these workers own or have a substantial equity in their own homes and are contented citizens in an ideal industrial community; the manufacturers engaged in this business have in no instances acquired large or disproportionate fortunes, but have prospered only moderately through a period of years in the building up of their respective undertakings; in short, the monopolistic conditions existing in other industries and sought to be corrected by the reduction of tariff duties do not exist in this industry, which is, and always has been, highly competitive.

As a legitimate industry, then, in common with other such industries, it was promised by this administration that the revision of rates of tariff duties would be accomplished in such a manner as not to injure or destroy it.

There is and never has been any reason why the rates on both men's and women's leather gloves, of 14 inches and under in length, should not be identical so that the domestic industry might have an equal division with the foreign product of the whole market on both men's and women's gloves, rather than the major part of the men's business and a minor part of the women's, as it has developed under the existing divergent rates.

Therefore the reasonable, logical, and scientific revision of such existing rates is to equalize them. This would alike conserve the revenue interests of the Government on these articles of luxury, protect the quality and price interests of the consumer, and permit a readjustment of the domestic industry on a basis requiring a less rate for the maintenance of the industry than is necessary where merely one branch (men's) of the industry is concerned.

To accomplish such an equalization of these rates, paragraph 374, H. R. 3321, should be amended to read as follows:

"374. All other gloves, wholly or in chief value of leather, not over 14 inches in length, $3 per dozen pairs; all other gloves, wholly

or in chief value of leather, over 14 inches in length, $3 per dozen pairs and in addition thereto 25 cents per dozen pairs for each inch or part of an inch over 14 inches in length." (See note.)

NOTE.—While it was undoubtedly intended to provide in section 374 of the Underwood bill that the 25 cents an inch on long gloves of over 14 inches in length was to be in addition to the basic rate applicable to all leather gloves, nevertheless the language of this section of the Underwood bill is such that long gloves would, as a matter of fact, bear a less rate of duty than short gloves; and it is for the purpose of correcting the language of this section of the Underwood bill in this respect, as well as for the purpose of amending the basic rate provided by this section of the Underwood bill, that the foregoing amendment is proposed.

This brief has reference to men's, women's, and children's leather dress gloves of lamb and kid.

Respectfully submitted.

HUTCHENS & POTTER, JOHNSTOWN, N. Y., BY G. C. POTTER.

JOHNSTOWN, N. Y., *May 20, 1913.*

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

DEAR SIR: Our firm has been engaged in the leather dress glove business for upward of 23 years, manufacturing gloves both in Europe and America, and the writer desires to submit to your committee the following impartial statement regarding the effect of tariff legislation on this industry.

Our product, both foreign and domestic, is sold direct to the retail trade in the United States.

We manufacture men's fine gloves in this country and control a factory of moderate size in Austria manufacturing women's lamb glacé gloves. Also have important connections in Grenoble, France, in the purchase of women's real kid gloves, and are familiar with the product and manufacturing methods in Millau, France; Munich, Bavaria; Prague and Vienna, Austria; Johangeorgenstadt, Armstadt, Burg, Halberstadt, Magdenburg, Osterwickm, Hameln, Zwickau, Grimma, Esslingen, Stuttgart, Magdeburg, and Newhaldenslaben, Germany; Naples, Genoa, and Milan, Italy; Yeovil, Leigh, and Worcester, England, all of which are glove manufacturing centers. Have visited and purchased goods in all of these places.

Our connections are such that we are in a position to do either an importing or manufacturing business, or a combination of both, as heretofore. I mention these particulars so that you may fully understand the situation as far as our own personal interests are concerned. If the general business of the country is prosperous, it will make but little difference to us what percentage of our gloves we import or what percentage we make or buy here, therefore this statement is not intended to favor either the American or European manufacturer, but to express our best judgment, based on experience.

Just what percentage of the leather dress gloves, both men's and women's, used in the United States shall be manufactured here and what percentage shall be made abroad depends entirely upon the action of Congress in fixing tariff rates.

Under existing rates the division of the market is as follows: About 80 per cent of the men's leather dress gloves are made here, 20 per cent abroad. About 18 per cent of the women's leather dress gloves are made here, 82 per cent abroad.

The proportion of women's gloves used as compared to men's is about 3 to 1. Therefore, under existing rates about two-thirds of the leather dress gloves now used in the United States are made in Europe and one-third here.

No leather dress gloves are or can be exported from the United States in competition with any other country in the world, because wages here are from 2 to 2½ times the rates paid in any country of Europe for the same work. The question of efficiency can be practically disregarded as far as wages are concerned, because the work is nearly all on a piece-price basis—so much for a dozen pairs here and so much for a like quantity there.

Comparison of a few principal items follows:

Wages paid per dozen pairs.

	United States.	England.	France.	Germany.	Belgium.	Austria.
Pique sewing	$1.40	$0.63	$0.60	$0.54	$0.50	$0.45
Prixseam sewing	1.30	.54	.58	.48	.48	.48
Overseam sewing	.75		.30	.32	.25	.26
Dowling and cutting with ridelle	1.31	.60	.60	.62	.50	.42

As an example, take piqué sewing: A fair day's work is from 1½ to 2 dozen pairs—thus while a girl in England is earning 90 cents, or in Belgium 75 cents, the same girl doing the same amount of work in the United States would earn $2.10. This fairly represents the difference in labor costs all the way through as well as in overhead charges and clerical and selling expense.

I stated above that the foreign manufacturer now has over 80 per cent of the business in women's gloves. This in on the existing rates of duty from $2.50 to $3.80 per dozen pairs; of the goods bearing rates of $2.50, $2.00, $3.40, and $3.80 practically none are made here because the gloves carrying these rates can be imported for less money than they can be produced and sold here under the American scale of wages and higher costs. Under the one rate of $3.30 covering women's prixseam cape gloves, a small business, about 18 per cent of the total, has been developed. Below this rate competition with Europe, by reason of low wages and costs there, is impossible and any reduction below this rate will transfer this 18 per cent, leaving none of the American market on women's gloves open to the American manufacturer.

On men's goods the situation is different. Under the existing rate of $4.80 per dozen only about 20 per cent are made abroad, but this 20 per cent consists of the high priced goods, retailing at from $2 per pair upward, which is the best and most profitable part of the men's business. The medium priced goods, retailing at $1.50, and the lower priced goods, retailing from $1 to $1.50, are practically all made here because on these goods the existing rate is protective, but I can state positively that domestic competition on these styles is so

aggressive that no manufacturer is making a net profit of more than 5 per cent, and by reason of this severe competition the consumer is getting a better glove to-day at $1 to $1.50 per pair than he ever did under low tariff, when they were all imported and there was no American competition.

Your own experience in buying gloves at retail has, no doubt, demonstrated this fact to you, if you recollect the character of glove you used to get for $1.50 and what you can buy to-day.

The men's gloves now sold at these popular prices are better quality, better fitting, better sewn, and more durable than formerly. This is due solely to American competition, which has steadily forced prices downward to the lowest possible point, notwithstanding the advanced costs of both labor and materials. Gloves are about the only article of merchandise on which the cost to consumer has not been advanced during these years of high prices.

Should Congress see fit to fix a rate on women's leather dress gloves which would also be competitive, it would result in the same way as far as the consumer is concerned. But to return to men's goods; it is simply a question of how much of this business is to be transferred to Europe. We make no recommendation and do not ask for any specific rate, but will say this: A reduction to $4 per dozen will, without doubt, transfer one-third of the $1.50 glove business to Europe, and a reduction to $3.50 would send abroad practically all of the men's business except the lower-priced goods, which, by reason of the competition above mentioned, the American manufacturer is now selling practically at cost. On this part of the business alone he could not survive, and the foreign manufacturer would then be as fully in control of the men's leather dress-glove business as he now is of the women's. An equalized rate of $3.50 on both men's and women's goods would bring about a readjustment of the entire fine-glove business and make it possible for American manufacturers to compete on some grades of women's gloves, developing possibly 30 to 40 per cent of this business, which would compensate for the loss of business they would sustain on men's gloves at the $3.50 rate. It would also bring about a more equal division of the market and fairer competition between Europe and America than the existing rates, which now give the foreign manufacturer practically all the women's leather dress-glove business and the domestic manufacturer the bulk of the men's.

An equalized rate of $3.50 per dozen covering both would have no material effect on revenues, as the increased importation of men's gloves at this lower rate would more than compensate for the reduction. Under existing rates the average duty paid on men's gloves is $4.93 per dozen pairs. (See Government report for 1911; summary attached.) Quantity now imported averages about 100,000 dozen per annum. A fair estimate of importations of men's gloves at this reduced rate would be 250,000 to 300,000 dozen, or about one-half the market, and would show an increase in revenue of $500,000 or more.

On women's gloves there are now imported about 1,200,000 dozen, or 14,440,000 pairs, paying an average rate of duty (exclusive of schmaschens; see Government report, 1911) of $3.16 per dozen pairs. At an equalized rate of $3.50 per dozen, the quantity of women's

gloves imported would probably be decreased 200,000 to 250,000 dozen, showing a reduction in the revenues from women's leather dress gloves of about $440,000, against an increase on men's leather dress gloves of $500,000 or more, or a net increase in revenue of $60,000 or more.

It has been intimated that certain few individuals control this industry. This statement is untrue and has been made for effect only. There are in the vicinity of Johnstown and Gloversville, N. Y., alone, over 150 separate and independent concerns actively competing for this business, and no two of them are owned or controlled by the same individual, firm, or corporation.

A glance at the mercantile agency ratings will convince anyone that there are not now and never have been any large profits made in this business. It is conducted all over the world on a very narrow margin, and will always be so conducted, because anyone with credit and some knowledge of the business can engage in it, practically without capital.

While it affords no opportunity to amass a fortune, still it does furnish employment and a means of livelihood to thousands of people both here and abroad, and there is probably no other industry in the world in which such a large percentage of the proceeds is distributed in costs of labor and material.

Labor and small materials, such as clasps and sewing silk, represent about 50 per cent of actual cost of production of fine gloves, and leather represents the remaining 50 per cent.

A reduction below the rates named above would benefit no one except the foreign manufacturer, but would without any doubt paralyze the industry here, causing great hardship, as well as the loss of years of savings of the glove workers.

If you are interested in comparative costs here and abroad, I will be glad to give you such information as I can, or answer as far as possible any other inquiries you may care to make.

[Inclosure.]

[From Department of Commerce and Labor Report, Bureau of Statistics, for the year ending June 30, 1911.]

Imports of leather dress gloves.	Quantity.	Value.	Amount duty paid.
	Dozens.		
Men's	87,709	$717,940	$111,822
Women's, exclusive of schmaschens	911,427	6,300,178	2,893,047
Schmaschens	191,084	757,358	249,885
Total imports	1,190,871	7,775,476	3,554,754

Average duty paid under existing rates:

Men's ..... per dozen pairs.. $4.93
Women's, exclusive of schmaschens ..... do.... 3.16

An equalized rate of $3.50 per dozen pairs on the above, both men's and women's, would be equitable and fully competitive, leaving the cheap dress gloves, known as schmaschens, at the proposed Underwood rate of $1 per dozen pairs.

LITTAUER BROS., 257 FOURTH AVENUE, NEW YORK, N. Y., BY L. N. LITTAUER.

NEW YORK, N. Y., *April 12, 1913.*

MY DEAR SENATOR: The Underwood proposals on gloves and glove leather, in paragraphs 374, 378, and 379, must be changed, else the 25,000 workingmen in over 200 factories in Fulton County, N. Y. (and to a small degree scattered throughout 30 States of the Union), will have their industry wiped out. I make this statement without any fear of contradiction.

GLOVE LEATHER.

Underwood bill, paragraph 374, proposes glove leather at 10 per cent ad valorem. The present rate of duty is 20 per cent, but to-day the three American tanners who are attempting to dress such glove leather (whose product is less than $250,000 a year, against $1,750,000 now imported), have under the Payne bill to pay a duty on the wool on the skin, which amounts to about 40 cents per dozen. The reduction on glove leather from 20 per cent to 10 per cent just about balances the free entry of skins with the wool on.

Despite the present protection of 20 per cent (which has been the law for the last half century), there has been no success made in the dressing of glove leathers in the United States; therefore, as a glove manufacturer, I would urge you to drop the proposed duty on glove leather, the raw material of the glove manufacturer, and place same on the free list, for this Underwood duty of 10 per cent means an impost of 40 cents per dozen gloves against the American glove manufacturer.

Degrained leather, known in the trade as mocha, is the main article dressed by the glove-leather tanner in the United States. It is a more expensive method of dressing, as far as labor is concerned, than ordinary glove leather, because the grain has to be taken off and a surface made under the grain. Mocha leather is an original American product and warrants the duty of 20 per cent to compensate for the extra cost of labor to place the skins on a competitive basis with Europe.

GLOVES.

Paragraph 378 places all gloves under 14 inches in length at $2 per dozen, with an additional cumulative duty of 25 cents if the gloves be made piqué or prixseam. All imported gloves that compete with American manufacture are so made.

Men's gloves.—Reference to the imports entered for consumption during the year 1912 will show that 50,000 dozen out of the 65,000 dozen imported paid duty at $4.80 per dozen. Therefore the reduction of the proposed Underwood rate is $2.55, less the advantage which the United States glove manufacturers have because of the proposed reduction on leather of 10 per cent, amounting to 40 cents per dozen of gloves. Consequently the true reduction on men's gloves is $2.15 per dozen. It can be conclusively demonstrated that this reduction is at least $1 more than would place the American manufacturer on a competitive basis with the average manufacturer of Europe, and

unless paragraph 378 be increased from $2 per dozen pairs to $3 per dozen pairs the American production of gloves must suffer, which I will prove in this conclusive fashion: One of the largest items of American production is the glove which sells at $1.50 per pair, sold by the manufacturer to the retailer at $13.50 less 6 per cent, or $12.80 net per dozen. Reference to imports entered for consumption for the year 1912 show that men's gloves imported are entered as of a value from $7.81 to $8.27 per dozen, or an average of $8 per dozen. The present duty is $4.80, making the cost to the importer landed in New York $12.80. Consequently the importer was unable to compete with the American manufacturer who sold his glove of equal quality at the price it cost the importer to land the glove in New York. Now, the Underwood proposed duty of $2.25 on this glove costing $8 per dozen in Europe makes the cost landed in New York $10.25, while the American glove sold at $12.80 costs at least $11.50, the profit on this article never exceeding 10 per cent.

It will, therefore, be clearly seen that the business of manufacturing gloves which sell at $1.50 per pair will be entirely ended, unless the rate of duty in paragraph 378 of the Underwood bill be increased from $2 to $3 per dozen; for under the Underwood rate the importer would have an advantage of $1.25 per dozen.

Moreover, it can readily be proved by an honest but careful and thorough examination that the increased cost of labor in the United States against the cost of the same labor in Europe amounts fully to the $3 per dozen gloves which I urge shall be the basis of the new tariff.

By a similar illustration it can be easily proved that $2 per dozen will drive out 85 per cent of the United States manufacture of gloves which retail at $1 per pair; a reduction of $2.15 from the present rate of duty is too great a cut; it equals 45 per cent cut on the present duty. I believe that a reduction of $1.15, equal to 24 per cent cut on the present duty, would give a fighting chance to the manufacturer of the United States; but any greater reduction will practically end a business which now gives employment to thousands of American workingmen at American wages—a business conducted without trust or combination and not concentrated in few hands, but scattered through over 200 factories, between which the liveliest open competition has reduced the rate of profit to a lower one than is generally prevalent in the manufacturing industries of our country.

For 15 years last past basic tariff duties were on ladies' lamb gloves, $2.50; men's lamb gloves, $4.

No manufacturing of ladies' gloves was built up under this $2.50 rate, while the men's glove business developed under the $4 rate.

The Underwood bill proposes for both these sorts $2 per dozen.

The conclusion is self-evident that at $2 the men's glove business will be wiped out.

Nothing less than $3 will give us a fighting chance.

Amendments necessary.

Paragraph 374: Omit "Glove leather, 10 per cent ad valorem." Insert "glove leather with external grain surface removed, 20 per cent ad valorem."

Paragraph 538: Add "glove leather with grain on."

Paragraph 378, line 12: In place of $2 insert $3.

JACOB ADLER & CO., BY WILLIAM J. STITT, GLOVERSVILLE, N. Y., AND 745 BROADWAY, NEW YORK, N. Y.

REASONS WHY PARAGRAPH 374, H. R. 3321, SHOULD BE CORRECTED.

MAY 12, 1913.

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

The existing rate on men's gloves of $4.80 per dozen pairs has been reduced in the Underwood bill to $2.25—a cut of 53 per cent on a luxury.

The men's glove branch of this industry became possible under the Wilson law, which provided $1 per dozen for men's lamb and kid gloves, and the Underwood proposed basic rate of $2 cuts the Wilson rate in two.

This cut is not justified by the conditions existing in the American glove industry, for the consumer is getting a better fitting, better wearing glove to-day, at any given price, than he was before this industry was started under the $1 rate on men's gloves enacted in the Wilson law. It is a cut unwarranted by the character of the merchandise itself, which is classified as a luxury by the Ways and Means Committee in its report to the House accompanying H. R. 3321. (Rept. No. 5, Table 4, p. X.)

The Payne law rate on women's gloves of $3.80 per dozen pairs has been reduced to $2.25—a cut of 40 per cent on a luxury.

While in the Underwood proposed law the rates on both men's and women's gloves, of 14 inches and under in length, are reduced to the one basic rate of $2 per dozen pairs, the proportional reduction from the Payne law rates is much less on women's than on men's, for the reason that the existing rates on women's are materially lower than the existing rates on men's.

Statistics show that no women's gloves have been produced by American manufacturers, which carry any rate of duty less than $3.30 per dozen. Under this rate the American manufacturer has been able to obtain only 18 per cent of this market.

Therefore if the American manufacturer has been unable to compete with the foreigner in the production of any women's gloves carrying a less rate than $3.30 per dozen pairs, it is surely obvious that he will be wholly unable to compete on either men's or women's under the proposed Underwood basic rate of $2 per dozen pairs.

The proposed leveling of all rates on both men's and women's lamb and kid gloves below the lowest of the low rate on these gloves can not be justified on the ground of encouraging foreign competition, for the foreigner already has 63 per cent of this whole market in men's, women's, and children's gloves, and 82 per cent of the market in women's and children's alone.

It is quite as important to sustain American production to a competitive point against European control and monopoly of this market as it is to encourage foreign competition to prevent feared American domination.

The American glove industry is highly competitive, free from all combinations and monopoly, and no American-made leather dress gloves are exported.

There is not and never has been any reason why the rates on both men's and women's leather gloves of 14 inches and under in length

should not be identical, so that the domestic industry might have an equal division with the foreign product of the whole market on both men's and women's gloves, rather than the major part of the men's business and a minor part of the women's, as it has developed under the existing divergent rates.

Therefore the reasonable, logical, and scientific revision of such existing rates is to equalize them. This would alike conserve the revenue interests of the Government on these articles of luxury, protect the quality and price interests of the consumer, and permit a readjustment of the domestic industry on a basis requiring a less rate for the maintenance of the industry than is necessary where merely one branch (men's) of the industry is concerned.

That the American leather glove industry may have a chance to compete for an equal share of the home market, we propose that paragraph 374, H. R. 3321, be amended and reconstructed in accordance with the proposal attached hereto, so as to provide a basic rate of $3 per dozen pairs, which would be an equalization and reduction of existing rates and consistent with the proposed new classification of the Underwood bill.

The rates herein proposed refer to men's, women's, and children's gloves of lamb and kid of 14 inches and under in length, and are predicated on the Underwood bill rate of 10 per cent on glove leather.

[Inclosure.]

PROPOSED AMENDMENT AND RECONSTRUCTION OF PARAGRAPH 374 (H. R. 3321).

Paragraph 374 (H. R. 3321).	*Proposed amendment as to rates and reconstruction for clearness.*
374. All other gloves wholly or in chief value of leather not over 14 inches in length, $2 per dozen pairs; over 14 inches in length, 25 cents per dozen for each additional inch in excess of 14 inches.	374. All other gloves wholly or in chief value of leather not over 14 inches in length, $3 per dozen pairs; all other gloves wholly or in chief value of leather over 14 inches in length, $3 per dozen pairs; and, in addition thereto, 25 cents per dozen pairs for each inch or part of an inch over 14 inches in length.

NOTE.—Attention is called to the ambiguity in the above paragraph as to the rate applying to gloves of over 14 inches in length. As phrased, the 25 cents per dozen for each inch over 14 inches in length might be construed as the whole rate applicable to these long gloves, whereas it is a rate in addition to the basic rate applicable to all gloves. This is corrected in the proposed amendment.

Par. 376.—HARNESS, SADDLERY, ETC.

EDWIN E. ARMSTRONG, DETROIT, MICH., AND OTHERS.

WASHINGTON, D. C., *May 19, 1913.*

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

GENTLEMEN: Referring to Schedule N, page 94, line 17, and the free list, page 114, line 19.

We represent the wholesale harness and saddlery manufacturers of the United States. When we had our hearing before the Ways and

Means Committee we did not expect they would reduce the tariff on harness and saddlery from 20 per cent ad valorem to the free list. We do not know what effect that would have on our industry, but we fear it would prove to be disastrous. The harness and saddlery business is peculiar in that there is very little import or export business, and it seems to be the policy of every nation to protect their saddlers. This is probably a military precaution, as in time of war their services are very much needed.

The annual output of this industry is between fifty and sixty million dollars. The industry is in the hands of comparatively small units. No one manufacturer's total output amounts to as much as $1,000,000, not more than 10 whose output exceeds $500,000, while every village has its harness shop employing one or more saddlers.

The industry is one of full and free competition. The wholesale saddlery manufacturer does not average over 5 per cent profit; that is, a farm harness sold to the retail distributor for $30 does not pay the wholesale manufacturer more than $1.50 net profit. This margin can not be reduced and the price of harness can not be reduced unless we get lower prices for materials or wages. If harness is put on the free list it can not result in any lower price for harness made in this country, and it is certain that large quantities will be brought in from abroad. This will reduce the output of our factories, and will, therefore, impair our efficiency and increase our costs, and it would not provide any revenue for the Government. The business we lose to foreign competitors can not be made up by increased exports, because there is no place in the world where they can use large lots of harness where we can get any business worth considering. Canada, South America, Mexico, Australia, and South Africa have a tariff on harness which effectually protects their manufacturers as a military necessity. Even England, according to the Government reports, has no export business on harness worth considering. The Canadian tariff is 30 per cent, which is prohibitive. Their styles and prices are nearly the same as ours. If harness is placed on the free list they will sell large quantities in this country, and we can not sell any harness at all in Canada, as we are now selling so close to cost that we can not reduce our prices. European manufacturers will get a large business here on the same basis; we will lose our home business and we can not get any export business to take its place. The result is certain—it will close up a great many of our factories and workmen now making harness will have to find other employment.

We ask you, therefore, to retain a tariff of at least 10 per cent on farm harness and 25 per cent on fine harness and riding saddles. We also request you to make it possible for us to get some export business. This can be done if you will provide that harness and saddlery may come in at a low rate of duty only from those countries which will give us an equal rate in return. This provision in time, we believe, would compel Canada and other countries to give us some market in return for ours.

On fine harness, riding saddles, and bridles, where the cost of the goods is made up of 50 per cent in wages, we request a protection of at least 25 per cent, or we will sure lose all of the business that we have of that kind.

We feel that great disaster is pending for us, and we earnestly ask you to give careful consideration to our case and to comply with our reasonable request.

The following tabulation taken from publications in the Bureau of Foreign and Domestic Commerce will show that it is not possible for us to get much export business, and that no other country is getting any export business in saddlery or harness which is worth considering, except in case of England where her colonies give a differential tariff:

AUSTRIA-HUNGARY, 1912.

	Rate of duty.	Imports.	Exports.
1907, from common goods to fine goods..	Ranging from $20.30 per 220 pounds to $18.72 per 220 pounds.	$150,000	$140,000

FRANCE, 1912.

1912, from common goods to fine goods..	Ranging from $1.38 per 100 pounds to $15.76 per 100 pounds.	$50,000	$450,000

GERMANY, 1912.

1912, from common goods to fine goods..	Ranging from $11.40 per 220 pounds to $28.56 per 220 pounds.	$55,000	(1)

ENGLAND, 1912.

1912, free.....	Some colonies give differential rate to England.	(2)	$2,550,325

CANADA, 1912.

1912.....	30 per cent.....	[3]$251,952	$26,498

UNION OF SOUTH AFRICA, 1911.

1911.....	25 per cent.....	$370,000	$9,000

BRAZIL, 1909.

1909, from common goods to fine goods..	Ranging from $16.53 per set to $301.94 per set.	$16,000	(1)

CHILE.

From common goods to fine goods.....	$7.30 per set.....	$12,000	(1)

ARGENTINA.

From common goods to fine goods.....	Ranging from $5.79 per set to $48.25 per set.[5]	(4)	(4)

[1] Not shown, probably too insignificant.
[2] Not shown.
[3] Mostly brought in by emigrants.
[4] Not shown—unable to find figures.
[5] Special rate of North American harness of specified grade, $5.79 single to $11.58 double sets

MEXICO.

	Rate of duty.	Imports.	Exports.
	$50 per 100 pounds	(1)	(1)

AUSTRALIA.

	25 per cent ad valorem	(1)	(1)

UNITED STATES, 1912.

	20 per cent ad valorem	$58,952	[2] $788,374

[1] Not shown—unable to find figures.
[2] The exports to Canada were mostly taken in by emigrants

(The above was signed by the following committee: Edwin E. Armstrong, Detroit, Mich.; R. Kirk Askew, Kansas City, Mo.; H. A. Lerch, Baltimore, Md.; J. C. Harpham, Lincoln, Nebr.; Henry Othmer, Chicago, Ill.)

Par. 377.—ASBESTOS.

UNITED STATES ASBESTOS CO., MANHEIM, PA., BY W. U. HENSEL, LANCASTER, PA.

To the honorable the members of the Subcommittee of the Finance Committee of the Senate having in charge Schedule N of the pending tariff bill, H. R. 3321:

Section 378 in Schedule N of H. R. 3321 fixes the duties on manufactures of asbestos as follows:

Manufactures of amber, asbestos, bladders, cat gut or whip gut or worm gut or wax or of which these substances or any of them is the component material of chief value, not specially provided for in this section, 10 per cent ad valorem; yarns and woven fabrics composed wholly or in chief value of asbestos, 20 per cent ad valorem.

Section 462 of the tariff act of 1909 is as follows:

Manufactures of amber, asbestos, bladders, cat gut or whip gut or worm gut or wax or of which these substances or any of them is the component material of chief value, not specially provided for in this section, 25 per cent ad valorem; woven fabrics composed wholly or in chief value of asbestos, 40 per cent ad valorem.

As applied to manufactures of asbestos, the above provision vitally affects two classes of commodities, viz., asbestos yarns and asbestos woven fabrics. The proposed new bill reduces the duty on woven fabrics from 40 per cent ad valorem to 20 per cent ad valorem, and on yarns from 25 per cent ad valorem to 20 per cent ad valorem. All other manufactures of asbestos are reduced from 25 per cent ad valorem to 10 per cent ad valorem. These reductions are drastic. They will seriously handicap an industry comparatively new in this country without accomplishing any of the purposes of the measure under consideration. Surely it is not the intention of Congress to

endanger invested capital, especially where the compensating virtue of general good or public benefit does not follow, or the production of increased revenues will not result.

As a domestic industry the asbestos textile business is comparatively new and relatively small. Only within the last 10 years have its products become real commercial commodities. Even to-day the aggregate sales of all of the asbestos textile mills in the United States producing yarns and fabrics and other articles therefrom do not exceed $2,000,000 annually, and the total capital invested in the industry is $2,500,000. Of this, fully $1,750,000 is in Pennsylvania. It is therefore a new industry on the threshold of development. To subject it to unequal competition from abroad will endanger its present standing and retard its growth.

The maintenance of the present duty of 40 per cent ad valorem on woven fabrics and the placing of asbestos yarns in the same class will work no hardship against the common good. Reducing the duty will effect no general public benefit. The objections to existing tariff rates put forth by the advocates of the proposed bill do not apply against asbestos textiles. Principal among these objections are the following, which will be briefly discussed and answered under separate heads:

INCREASE IN COST OF LIVING.

How can it be seriously stated that a product the total sales value of which in a whole year does not exceed $2,000,000 could have had any perceptible influence toward increasing the cost of living? Had the volume of sales been sufficient during the last 10 years to affect ultimate living costs, the influence would have been the other way, for prices have steadily declined instead of increasing, due largely to foreign competition; yet the increased cost of living is one of the first reasons given for a lowering of present duties.

DEVELOPMENT OF COMBINATIONS.

The development of industrial combinations or trusts is another reason advanced in favor of tariff reductions. No trust or combination to control prices or output exists in the asbestos textile industry. There are but approximately eight domestic concerns all told. Six of them are located in Pennsylvania, one in South Carolina, and one in New York. Each is a separate corporation, with absolutely independent and unrelated stock ownership, and all are in active competition with each other.

REDUCTION OF RESOURCES.

Exhaustion of a natural resource, unless a fresh supply is gained or curtailment of a domestic supply induced through importations from abroad, need not be feared, for the raw material from which asbestos textiles are manufactured is not produced within the confines of the United States. It comes almost exclusively from Canada. The same country also supplies extensive quantities of crude asbestos to foreign manufacturers, and delivers it to them at the same prices at which American manufacturers can have the material laid down at their factories.

IMPAIRMENT OF INDUSTRY.

Obsolete plants and methods of manufacture are practically unknown in this industry. As already stated, it is comparatively new. All of the plants are equipped with substantially the same kind of machinery, which is the most efficient yet devised for this work. Instances of machines or processes or plants in operation "60 years old" or "hopelessly behind the times," which ought to be relegated to the scrap heap, are not to be found. Domestic plants and processes are not only the most modern known to American manufacturers, but are as modern and efficient as those of foreign competitors.

NECESSARIES AND LUXURIES.

The authors of the new bill say they have "kept in mind the distinction between necessaries and luxuries of life, reducing the tariff burdens on the former to the lowest possible point commensurate with revenue requirements and making the luxuries of life bear their proper portion of the tariff responsibilities." Asbestos textile products can not be classed as necessaries of life. One of the largest uses to which this material is put is the making of the friction facing on automobile brakes. A large quantity is also used in the making of high-pressure steam packing for engines, pumps, and the like, and gaskets for boilers, steam-pipe joints, etc. The effect of the price of asbestos products used for such purposes on the ultimate cost of manufactured articles from plants using such products, or on the cost of operation of processes wherein they are used, is so infinitesimal that it can scarcely be found. A relatively small quantity is used in the making of theater curtains, while a fair proportion is used in electrical insulations. Outside of these fields the use is small and insignificant.

COST OF PRODUCTION.

Difference in the cost of production here and abroad is the primary reason why domestic asbestos textile manufacturers are asking for a maintenance of the 40 per cent duty on woven fabrics and a like duty on yarns. The cost-of-production theory has been rejected as a reliable guide in fixing the duty on many articles, because in many industries cost accounting has not been uniform and affords no satisfactory basis for comparison, while in many others official investigation showed a great variation in cost of the same article in different factories. A thorough canvass of the subject of costs in the asbestos textile industry shows a wonderful uniformity. All of the factories practically agree on the factory cost of production per pound of yarn, which is the base unit. The cost of the average or medium grade of yarn is about as follows:

Asbestos, per pound	$0.10
Labor, per pound	.10
Overhead, per pound	.05
Total, per pound	.25

A study of the conditions under which the foreign manufacturer operates shows his costs on the same grade of goods to be as follows:

Asbestos	$0.10
Labor	.05
Overhead	.03
Total	.18

Adding to the foreign competitors' cost of production the 25 per cent now levied under the existing bill on asbestos yarns allows him to set his goods down here at a total cost per pound of yarn of 22.5 cents; or, adding to it the 40 per cent duty which was asked for by the domestic manufacturers before the Ways and Means Committee of the House in its recent hearings on the bill under consideration, makes the foreigner's cost 25.2 cents per pound, thus placing the domestic and foreign manufacturer on a fair competition basis.

Comparative table.

Yarn.	Here.	Abroad.	
		Under present law.	Under 40 per cent law.
	Cents.	*Cents.*	*Cents.*
Asbestos	10	10	10
Labor	10	5	5
Overhead	5	3	3
Duty	.....	4.5	7.2
Total	25	22.5	25.2

A like comparison of the cost of woven fabrics, which carry a 40 per cent duty under the present bill, shows the following:

Cloth.	Here.	Abroad.
	Cents.	*Cents.*
Asbestos	10	10
Labor	13	6.5
Overhead	6	4
Duty at 40 per cent	.....	8.2
Total	29	28.7

From which it is seen that even at the present tariff rates the foreigner has the advantage on the cost of production.

Under the rates of the bill now before Congress the comparative costs would be:

	Here.	Abroad.		Here.	Abroad.
YARN.	*Cents.*	*Cents.*	CLOTH.	*Cents.*	*Cents.*
Asbestos, per pound	10	10	Asbestos	10	10
Labor, per pound	10	5	Labor	13	6.5
Overhead, per pound	5	3	Overhead	6	4
Duty at 20 per cent	.....	3.6	Duty at 20 per cent	.....	4
Total	25	21.6	Total	29	24.5

Does our labor cost seem high? Compared with the cost of labor in the cotton and woolen textile industries—which are the standard

textile industries in this country—it is indeed high. State and Federal investigation into the question of wages paid in the great mill district of New England reveal an average wage scale much lower than is paid in the asbestos textile industry. The prevailing average wage paid by all of the asbestos textile factories is:

	Per week.
Men	$15.00
Boys	8.50
Girls	7.00

These are living wages. The best evidence is that the employees are satisfied. It is desirable that this condition should continue, for low wages bring discontent and inefficiency. If lower selling prices for the goods manufactured by American mills are forced, through a reduction of tariff duties and the resulting increase in foreign competition, these wages can not be maintained, for the margin of profit in the business is now so small that domestic manufacturers can not reduce selling prices without reducing wages.

Comparative cost of production aside, the fact remains that the importation of woven fabrics and yarns has increased 125 per cent in the last five years, while the increase in the manufacture of domestic fabrics and yarns has been 100 per cent, demonstrating that the foreigner can produce at a lower cost and profitably compete in our markets. In 1896 the value of imported asbestos under a 25 per cent duty was $21,313.25, and, in 1912, it was $241,064. In addition to this, the importation of fabrics carrying 40 per cent duty amounted, in 1912, to $96,488. If we add the 25 per cent duty to the importations in 1912 of articles carrying that rate, and the 40 per cent duty to the importations of the same year of articles carrying the 40 per cent rate, the value of the imported products at the cost price here is $436,413. The factory cost of domestic yarns and fabrics manufactured in 1912 did not exceed in the aggregate $1,500,000. The importation, therefore, under present rates is about one-third of the amount of domestic production, and, as shown above, is increasing at a greater pro rata rate than the domestic manufacture of similar products. If American manufacturers could afford to sell their goods at lower prices, it is hardly likely they would have permitted importations to increase at a greater rate than their own business. The domestic producers, however, have not kept their prices up under the protection of a tariff wall but have been forced to reduce them to the lowest point through foreign competition. A lower duty will seriously curtail American production or compel the sale of goods at a loss.

COMPETITIVE TARIFF.

A 40 per cent ad valorem rate on yarns and woven fabrics is not inimical to the competitive-tariff idea. As seen from the cost comparisons hereinbefore, such rate will not enable the American manufacturer to make a profit before the foreign competitor can enter the field. On the contrary, it will only equalize conditions and allow competition on a fair or equal cost basis.

The Democratic principle, as stated on page 16 of the printed report of the Ways and Means Committee of the House accompanying H. R. 3321, is:

(1) The establishment of duties designed primarily to produce revenue for the Government and without thought of protection.

(2) The attainment of this end by legislation that will not injure or destroy legitimate industry.

From this viewpoint alone a duty of 40 per cent ad valorem on yarns and fabrics is warranted. As a revenue producer, the 40 per cent rate will be more efficient than the proposed rate. In 1912 the 40 per cent rate on woven fabrics returned revenues to the Government of $38,595.20. (See p. 286, sec. 377, in the appendix to the above report of Ways and Means Committee.) The estimated returns under the proposed 20 per cent rate will be only $20,000 (p. 286). The revenue for 1912 from yarns and other products carrying a 25 per cent rate was $60,266. Under the proposed new rate covering all manufactures of asbestos excepting yarn and woven fabrics, the Government's estimated income will be only $30,000. In each case the revenue is cut in half.

On what theory can this curtailment of revenues be justified? Only upon the theory that thereby the common good is served or the greater portion of the general public is benefited through the enforced reduction of prices to the consumer by reason of the resulting competition. But we have seen (and exhaustive investigation of the subject will confirm the statement) that a reduction in the price of these goods will work no perceptible benefit or advantage to any considerable number of persons or have any appreciable bearing in reducing the present high cost of commodities generally. While on the one hand serving the public no good, yet on the other hand reducing the national income, the new rates will force the American manufacturer to lower his prices to the point where they will "injure or destroy legitimate industry," and this hardship it is the declared purpose of the bill to avert.

Since increased revenues to the Government and equal opportunity to the industry as a domestic enterprise will follow the adoption of a 40 per cent ad valorem duty on asbestos yarns and woven fabrics, without laying any burden upon the people as a whole, we earnestly and respectfully request and urge the amendment of section 377 (Schedule N) of H. R. 3321 so as to put on "yarn and woven fabrics composed wholly or in chief value of asbestos, 40 per cent ad valorem" duty. For further information on the subjects herein discussed and the confirmation of statements herein made, attention is called and reference is made to the report of the hearings held by the Ways and Means Committee of the House, pamphlet No. 21, pages 4119 to 4140.

THE ASBESTOS & RUBBER WORKS OF AMERICA, NEW YORK, N. Y., BY E. H. GARCIN, PRESIDENT.

NEW YORK, *May 23, 1913.*

The FINANCE COMMITTEE OF THE SENATE,
Washington, D. C.

GENTLEMEN: My attention has been called by a number of my associates in the asbestos business to the fact that it is possible that the Senate may make certain changes in the proposed tariff bill which recently passed the House, and I should like to call your attention to certain matters pertaining to Schedule N, paragraph 378, manufactures of amber, asbestos, etc.

The bill as passed by the House sets forth the duty of 10 per cent ad valorem on these articles, except yarn and woven fabrics com-

posed wholly or in chief value of asbestos, in which 20 per cent ad valorem has been passed. I sincerely trust that there will be no change made in these duties; they are ample to protect the American manufacturer. We are manufacturers of cloth and yarn, and while not only are we not going to be ruined by the reduction in the tariff, but we contemplate additions to our factory which will enable us to produce at least four times the amount that we are now producing.

The writer for a number of years represented a large German concern and does still import a few goods, but the American machinery and process of manufacturing, which enables us to produce a much heavier turnout than the foreigners, put us in a position to compete more than successfully when the duty on yarn was 25 per cent. It was for this reason that we went into the manufacturing business instead of continuing to import.

The writer has been in every factory of size in continental Europe, is thoroughly aware of the process of manufacturing all of the goods. For instance, it costs in Germany $22 per ton to weave a cloth that weighs about 3 pounds to the square yard, and which the Germans will sell for $360 per ton and is sold in this country for $500. We pay weavers to weave the same character cloth $13.50 per week of 55 hours; they take off a loom 75 yards per day. A good weaver will take off 80 to 90 yards per day if his loom is working well and his yarns are properly constructed. There is one factory located in the South who only pay $9 per week to weavers, and they, I am informed, take off 225 pounds, or 75 yards, per day. That is supposed to be the task for the weaver. You will note that according to this—and all these are facts which I can positively verify—it costs less in this country to weave than it does in Europe. This is due partially to the better class of yarn that is used and to the fact that the looms are speeded up higher, and the operators are more intelligent and quicker and are therefore able to handle the loom running at a higher speed. To put a duty of more than 20 per cent on cloth is therefore unreasonable, and it practically renders the importation of such cloth prohibitive. At $360 per ton, which is the price of this cloth, the duty at 20 per cent would be $72, and this $72 is just that much more than it costs to make these goods in America and should be ample protection.

Please understand that I speak as a manufacturer, not alone as an importer.

Now, as to yarn: The labor cost in America is about one-half what it is in Europe to spin yarn. In Europe the spinning of yarn is done with spinning frames, while in America it is done with mules. The mule does not produce as uniform yarn, but produces from 35 to 45 per cent more than it is possible to take from a spinning frame; therefore the costs are less. This I can demonstrate by the testimony of other manufacturers in America, provided they do not know for what purpose they are testifying. As you are possibly aware, nine-tenths of the asbestos used both in this country and in Europe is mined in Canada. The Amalgamated Association of Montreal, Canada, in which company several of our large manufacturers are financially interested, and I believe practically control, are the largest producers of crude asbestos. They have one price for America and one price for Europe. Europe pays more than America. In December we received an order from a concern in Germany asking us to

ship them a carload of crude asbestos at the same that we were paying. As we had a contract with the Amalgamated Association for more than we had use for, we were willing to do it; however, the association refused to allow us to ship the material to Germany, stating that they had been attending to that business themselves and had their own prices, and would not allow us to do it; therefore, you will see that the European manufacturers have to buy their crude in Canada, haul it over to Europe, and then send it back to America if they wish to sell it here; this of itself is a considerable tax.

Now, the whole sum and substance of this matter and the only reason that the foreigners are at all able to compete is owing to the fact that they are able to use a shorter fiber asbestos than the American manufacturers can use. This fiber can not be successfully used on mules, and no American manufacturer wants to change his equipment to compete with Europe, because with the 40 per cent duty there is absolutely no necessity of his doing so, nor is there any necessity with the 20 per cent duty; but of course the margin of profit will be somewhat reduced. The industry will still show a much larger profit than a great many others.

We propose to equip our factory with machinery suitable to handle any fiber that it is possible to spin anywhere in the world, and we have no hesitancy in saying that we will be able to compete with Germany, England, or Austria in their own territory. We are at present exporting to England large quantities of asbestos goods, but our home consumption takes about all we can now produce, so that we are not looking for export trade just at present.

What I have set forth here are facts, and I shall be very glad to go further into these matters with you or with whoever you suggest that I take the matter up with. I think it would be a blow to the industry to continue the duty of 40 per cent, and I sincerely trust that this bill will pass the Senate as it now stands.

At the meeting of the American manufacturers I was requested to join in with others for the purpose of retaining the duty as it stood for the last four years, but I refused to do so owing to the fact that I considered that duty absolutely wrong; indeed, I know it is, for no one is more familiar with the manufacture and importation of asbestos textiles than the writer. If it is possible that I can be of assistance to you or your committee, if you will be kind enough to let me know, I will only be too glad to come to Washington and take the matter up with you.

Par. 378.—GUTTA-PERCHA.

BISHOP GUTTA-PERCHA CO., 420-430 EAST TWENTY-FIFTH STREET, NEW YORK, N. Y., BY W. B. REED, TREASURER.

NEW YORK, *April 22, 1913.*

Hon. JOSEPH L. RANSDELL,
United States Senator, Washington, D. C.

MY DEAR SIR: We beg to bring to your attention the manner in which our product—gutta-percha manufactured goods—is treated in the proposed tariff bill. (See Schedule N, par. 383.)

Heretofore manufactures of gutta-percha have been classified with what is called in the bill, "Vulcanized india rubber, known as hard rubber" (see Schedule N, par. 384), carrying a duty for some years of 35 per cent, presumably for the reason that gutta-percha goods and hard-rubber goods are more or less in competition.

Both hard-rubber and gutta-percha goods require in their manufacture a much larger percentage of pure gum than do goods of soft rubber.

You will note that in the proposed bill gutta-percha goods are now classed with soft rubber, which we feel is a very unfair discrimination, giving us only 10 per cent duty, as against 25 per cent on hard rubber. Gutta-percha does not come in competition with soft rubber except for insulating submarine cables, and since the former is so much more expensive, and the latter answers the purpose fully as well, except for long ocean cables, which have never been made in this country, very little gutta-percha is used for this purpose.

The gutta-percha industry in the United States, and, in fact, in the world, is not a large industry, yet there are two factories in the State of New York engaged in this business, one located at Mamaroneck and our own which is located in Manhattan, New York City, and has been in the same location since about 1850, the business having been established in Brooklyn in 1847.

The Bishop Gutta-Percha Co. employs in the manufacture of gutta-percha goods about 40 or 50 men and boys, and the other factory probably employs about the same number.

Although only a small industry, we feel that we should receive sufficient protection to balance the difference in cost of labor and burden of carrying on business in this country and abroad. With only 10 per cent protection we feel we will be forced either to very materially reduce wages of workmen or discontinue this branch of our business.

We understand that reductions in duty are to be made to reduce cost of living, and in this we concur, provided such reductions can be made without forcing American industry out of business or forcing them to materially reduce wages, but we can not see how any reduction in price of our products is going to cause any reduction in cost of living.

Gutta-percha is used mostly for the following purposes: Insulating wires and cables used for telephone and telegraph (little of this work is now done, except for small wires used by telegraph companies on batteries); pipe used for conveying ale; vessels used for the handling of hydrofluoric acid.

Even with present duty probably 50 per cent of the last two articles are imported. We can only compete when articles are of such a character as not to require too much hand labor.

The largest quantity of gutta-percha used is of an inferior quality. With it is manufactured so-called gutta-percha tissue, used quite extensively by manufacturers of ready-made clothing for cementing the seam at the bottom of trousers. This material sells for about 65 cents per pound, and 1 pound will furnish sufficient for 168 pairs of trousers, or less than four-tenths of a cent for each pair.

The same material is used in the manufacture of light kid shoes and slippers—about 1 or 2 cents' worth in each pair.

We can not see how any reduction in price of gutta-percha goods can affect the price of either trousers or shoes to the consumers.

Entering into the manufacture cost of gutta-percha goods is about 35 to 40 per cent of labor.

The average selling price is about 75 cents per pound.

There is used in the United States per annum approximately 500,000 pounds of gutta-percha manufactured goods. About 20 per cent is now imported, for even with the present duty the American manufacturer can not compete with Germany when 50 per cent of the value is in labor.

If you will kindly use your best efforts to have gutta-percha manufactured goods transferred from paragraph 387 to paragraph 384, where it seems to us it righly belongs, we will be greatly obliged.

We are also writing to Hon. James A. O'Gorman, Hon. Elihu Root, and Hon. Michael F. Conry, Congressman for district in which our factory is located.

Par. 378.—HORN COMBS.

JACOB W. WALTON SONS, FRANKFORD, PHILADELPHIA, PA., BY JOHN WALTON.

FRANKFORD, PHILADELPHIA, PA., *May 14, 1913.*

Hon. F. MCL. SIMMONS,
Chairman of Finance Committee, Washington, D. C.

MY DEAR SIR: I inclose herewith copy of a statement which I have prepared, and which is a summary of the reasons I have given from time to time in discussing the effect of the tariff on the horn-comb industry.

Believing that you desire all information possible, I submit this to you trusting you will be enabled to give it consideration, and as the result give our industry some relief from the effects the Underwood bill would produce in the form in which it comes from the House of Representatives.

Very truly, yours,

JOHN WALTON,
For JACOB W. WALTON SONS.

[Inclosure.]

"Among the 4,000 articles covered by the tariff bill now before Congress horn combs constitute an item of minor importance, and it is probable that it has not received the consideration necessary to a proper understanding of all the facts.

Believing that if the matter was clearly understood the proposed change from 50 per cent to 25 per cent in the Underwood bill would be greatly modified, we therefore ask your careful attention to the following statements which bear on "combs composed wholly of horn or of horn and metal," Schedule N, paragraph 383.

If the change is made as proposed, viz, 25 per cent, it will be:

(*a*) No advantage to ultimate consumer. See (*a*) page 2.

(*b*) Great loss to workingmen. See (*b*) page 2.

(*c*) No gain in revenue to Government unless the home industry is destroyed. See (*c*) page 2.

(*d*) A severe blow to manufacturers. See (*d*) page 2.

(*e*) Great benefit to foreign manufacturers. See (*e*) page 3.

In outlining its policy in the preparation of the new tariff bill the Democratic Party through its leaders has announced the following purpose:

First. To introduce in every line of industry a competitive tariff basis providing for a substantial amount of importation.

Second. The attainment of this end by legislation that would not injure or destroy legitimate industry.

In the proposition to reduce horn combs from 50 per cent to 25 per cent we think you will clearly see that these principles have been ignored.

Under the present duty of 50 per cent the importations of horn combs for the fiscal years 1911, 1912 (see official figures of Department of Commerce and Labor) have averaged $143,000 duty paid per year. The estimated average United States production for the same period was $550,000, making a total consumption of $693,000. The importations therefore are more than 25 per cent of the United States production and more than 20 per cent of the consumption, which amount clearly shows a substantial amount of importations and thus conforms to the first principle, even with the 50 per cent duty.

It is clear in view of this that cutting the duty squarely in half places our industry absolutely at the mercy of the foreign manufacturers.

In the synopsis on page 1 we state that the change to 25 per cent would be

(A) NO ADVANTAGE TO THE ULTIMATE CONSUMER.

Horn combs are almost universally retailed for either 5 or 10 cents (principally the latter price) and this would continue regardless of a change in the wholesale price. This condition is largely brought about by the influence of the syndicate stores, now completely covering the country, who have established these uniform prices notwithstanding the fact they purchase the goods at greatly varying prices at wholesale. We therefore claim that the ultimate consumer will not be benefited by the change.

(B) GREAT LOSS TO THE WORKINGMAN.

The percentage of labor cost in making horn combs is very large, being between 40 and 50 per cent of total cost. The other expenses, together with the raw material, horn, which is less than 45 per cent, making up the total. As the cost of materials, including horn, is fixed by the markets, the only opportunity of reduction in cost would be in the wages paid for labor. The wages in Scotland, our principal competitor, are not exceeding one-third those paid in our factories, so that with such a low duty it is clear the workmen must either suffer from a lower rate of wages or from loss of occupation altogether.

(C) NO GAIN IN REVENUE TO GOVERNMENT.

As under the proposed reduction to 25 per cent it will be necessary to double the importations to secure the present amount of revenue, in order to secure any considerable increase of customs duties the importations must be increased very much beyond this total. If this greater total of importations is brought into the country, is it not very clear that the industry will suffer beyond recovery?

(D) A SEVERE BLOW TO THE MANUFACTURERS.

The various firms engaged in horn-comb manufacturing have been established from 30 to 60 years. They are composed of men of respectability, standing well in their communities. They have all been industrious and inventive and devoted to their business, and have none of them accumulated more than a reasonable competence out of the business. In most cases their all is invested in the business, and their income and living depends on a continuation of the same.

(E) GREAT BENEFIT TO FOREIGN MANUFACTURERS.

The only benefit we can discover in the change of duty proposed will be an enlargement of the business of the foreign manufacturers, particularly the British Comb Trust, who are waiting eagerly for the final decision on this rate of duty, and are looking forward to greatly increased sales of their manufactures in this country.

No doubt importers who handle the foreign goods will reap increased profit due to the large increase of importations, all of which will displace goods made by American workmen, who will by this be thrown out of employment.

We recognize that the present administration interprets their call to power as being based in part at least on a new tariff bill with downward revision,

and in common with many other industries we would expect to share somewhat in the reductions to be made. We submit, however, in view of all the facts heretofore set forth, and particularly the present large importations, that to reduce the duty one-fourth of the present rate of 50 to 37½ per cent would, under the circumstances, be a very large reduction, and one which would increase the already large percentage of importations, but still give the American manufacturers and workingmen a fighting chance. We assure you the above reductions would give us the hardest kind of a fight.

This would then be in harmony with the words of President Wilson spoken at the opening session of Congress, "It would be unwise to move forward toward this end headlong, with reckless haste, or with strokes that cut the very roots of what has grown up among us by long process."

"It does not alter a thing to upset it and break it and deprive it of a chance to change. It destroys it. We must make changes in our laws, whose object is development, a more free and wholesome development; not revolution, or upset, or confusion."

Respectfully submitted.

JACOB W. WALTON SONS.

FRANKFORD, PHILADELPHIA, PA.

NEWBURYPORT, MASS., *May 6, 1913.*

GENTLEMEN: The foregoing letter of Jacob Walton's Sons has been submitted to us for consideration and comment.

We have carefully read and considered every paragraph and wish to add our indorsement as to the correctness of each statement.

We think that the importations under the present rate of duty is conclusive and unanswerable evidence as to the fairness of a rate of 50 per cent.

The large percentage of imports also meets the rule of "a substantial amount of importation" laid down by President Wilson and Chairman Underwood.

In addition to the foreign competition just referred to, the domestic competition has been very severe and aggressive. It has therefore been absolutely necessary for us to maintain a high state of efficiency in order to compete successfully.

We appreciate the difficulty of a committee in trying to reach the truth relating to 4,000 items is so short a space of time, and believe that a fuller knowledge of the horn-comb industry will lead to a modification of the duty, so that the industry will not be wholly at the mercy of the foreign manufacturers.

We particularly call attention to the quotation from President Wilson's address to Congress, quoted in the letter of Waltons.

We also call the attention to the speech of Hon. Oscar W. Underwood in reporting the new bill, in which he stated that it was "not the intention to injure or destroy legitimate industry."

We respectfully urge upon you that the proposed duty of 25 per cent be increased to 37½ per cent to conform to the above-quoted views.

G. W. RICHARDSON CO.,
G. W. RICHARDSON, *Treasurer.*

NEWBURYPORT, MASS., *May 6, 1913.*

JACOB W. WALTON SONS,
Frankford, Philadelphia.

GENTLEMEN: Your letter of the 5th is at hand. We have gone over this letter very thoroughly and fully agree with all the statements you make.

It seems to us that if it can only be fully understood by all the Members of Congress that the wages of the American comb workers are at least three times those paid by our foreign competitors that they would at once acknowledge that a duty of 50 per cent was only a fair duty and not a prohibitive one, as under the present 50 per cent duty the imports of horn combs are 25 per cent of the domestic manufacturers. Now, if this duty is to be reduced, it certainly means that the workmen will be obliged to receive less for their labor or the factory closed entirely, as the raw material for the combs is bought in the same market at the same prices both by the foreign manufacturers and ourselves.

Yours, truly

W. H. NOYES & BRO. CO.

Par. 379.—IVORY TUSKS.

THE PIANO & ORGAN SUPPLY CO., CHICAGO, ILL.; THE COMSTOCK, CHENEY & CO., IVORYTON, CONN.; AND PRATT, READ & CO., DEEP RIVER, CONN.

Senator CHARLES F. JOHNSON,
Chairman Subcommittee of Finance Committee in Charge of Schedule N, Sundries.

SIR: We ask that ivory tusks be left on the free list, as provided by paragraph 596 of the present law, and that they be not subjected to a duty of 20 per cent, as proposed in paragraph 380 of the Underwood bill.

About $1,300,000 worth of ivory tusks are imported annually and used almost exclusively for keys in the manufacture of pianos. We are engaged in this industry, employing about 1,200 hands, and paying them over $900,000 a year in wages.

Pianos long since ceased to be classed among the luxuries, but are now part of the furnishing of all self-respecting American homes. They are part of the equipment of the public schools, where our children are taught to play them, and they are the tools of trade of hundreds of thousands of wage earners. Over 90 per cent of the pianos made in this country are sold at low prices on the installment plan to people of small means. The proposed increase in the cost would be seriously burdensome to these people.

Ivory tusks have always been admitted free and are free in every country on the globe.

No one asked the Ways and Means Committee to put a tax on them in preparing the Underwood bill.

Other similar materials used in the industrial arts are left on the free list, such as mother of pearl, tortoise and other shell, jet, whalebone, coral, mahogany, rosewood, satinwood, lancewood, ebony, etc.

If the United States alone imposes a duty on this raw material, the markets of the world are closed to the American manufacturers of ivory products. We can not compete with the countries who admit the raw material free, and the trade will inevitably gravitate to those countries, and our industries which were established early in the last century will be wiped out.

Germany is the principal seat of ivory cutting, apart from the United States, and Germany is located closer to the sources of supply with all the attendant advantages. Already the special expenses to which American ivory cutters are exposed, such as the need of sending our buyers abroad, the payment of freight and insurance, and the much greater cost of labor in this country, place us at a disadvantage with the Germans. A special disadvantage comes from a matter of the waste. Half the tusk in weight is scrap ivory for which there is no market in this country. We have to export our waste again, and it nets us less than 10 cents per pound, although it costs us in the tusk over $3 per pound. From these facts, tusk ivory always costs us 15 per cent more than it costs German cutters.

Manufactured piano ivory lends itself, moreover, peculiarly to undervaluations, as we found to our great injury in the past, when the duty was once before put at 30 per cent on the manufactured product and the Germans shipped it to this country unmatched into sets, and

mingled with scrap, and our efforts at the customhouse were unable to stop them.

With a nominal duty of 30 per cent on the manufactured product (to which the Underwood bill proposes to reduce the present duty) the American industry would be exposed to German invasion. With the added burden of a duty on the raw material, the American industry must fail.

The Underwood bill was introduced just before the European quarterly ivory sales. The access to our market which that bill promised to the German ivory cutters so stimulated their demand at these sales that ivory prices advanced 15 per cent.

The importation of ivory tusks has opened the East African and Red Sea ports to American cotton goods. This commerce would be destroyed by the proposed duty.

Both the platform and the preelection pledges committed the President and Congress to such a revision of the tariff as should not unreasonably disturb existing industries.

The uncalled-for annihilation of our industry by the imposition of such a duty on our principal raw material would be a violation of those pledges.

We do not ask special favors or special consideration, but we do ask that our industry shall not be discriminated against and that ivory tusks alone of all the raw materials used in the industrial arts should not be taken from the free list and made subject to a special and disastrous duty.

THE POOLE PIANO CO., BOSTON, MASS., BY W. H. POOLE.

BOSTON, MASS., *April 30, 1913.*

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

DEAR SIR: We herewith beg to take the liberty of intruding on your valuable time regarding the proposed 20 per cent duty on ivory tusks, and if that feature of section 381 of the Underwood bill is retained it will, without doubt, seriously handicap our American manufacturers, ivory cutters, pianoforte manufacturers, pianoforte-key manufacturers, and, I presume, many others.

While I have no knowledge at this writing of the testimony given at the hearings, yet it does seem obvious that the inference from same must have been that pianos were a luxury, consequently must stand their proportionate part of the new proposed tariff schedule; and to treat on this feature just a moment, permit me to state that while this may be correct in a degree, at the same time the writer's personal opinion has always been, or rather for many years has been—and I have frequently so stated—that the piano is not strictly a luxury, but has come to be an instrument of one part of the education, and I think it has been largely so considered in recent years, which I believe is best demonstrated by the fact of the millions of homes where small weekly wages are earned that contain a piano as a necessary adjunct to the education of the children and family.

There is possibly another consideration that has prompted the conclusion that the ivory tariff should be imposed, and that is piano dealers and manufacturers make large profits. The writer's lifetime

experience in the business has proven that the universal opinion of the public is that dealers' profits are large and likewise the manufacturers'. From this standpoint permit me to state that while the dealer's profit is larger than the manufacturer's, yet it can be easily proven that piano dealers throughout the United States have not been as successful as have been most any of the staple lines. In other words, there are only a comparatively small percentage of piano dealers to-day in the United States that are financially strong, and a very small percentage that have made a financial success. To take up the manufacturer's end, history proves that the largest percentage of all piano manufacturers have not been very successful. There have been only a very few reasonably sized fortunes accumulated; on the contrary, the largest percentage of even the old-established makes have failed once or even more times. It is a very hazardous business and can not afford additional hardships, even though they seem small ones; and were I to make definite statements of the small profits made by manufacturers I am convinced that even you could hardly credit it without investigation, as I have demonstrated this feature with the general public, and when the actual amount of profits per year had been stated it did seem incredible even to the piano dealers.

Another thought uppermost in the writer's mind is the recent tariff literature, and other literature published by the United States Government, urging piano manufacturers, as well as other lines to seek export business, definitely stating that the future of American industries lies beyond the seas. I wish to ask, if this is a fact, what chances we have for export business by having additional duty placed on that business when even under existing conditions, with labor prices such as they are in America, how we can hold or secure business in South America and other countries and compete with English, German, and French pianofortes that are manufactured on a labor schedule of from one-third to one-half of the American labor schedule and, in the countries mentioned, free ivory.

Raw ivory is one of the chief products of the piano industry, which, as I understand, has for over 100 years been admitted free, and it seems to the writer to be absurd at this time, and just at a time when piano manufacturers of the United States have attempted vigorously to secure some export business to place even slight barriers against same. Even under the most favorable conditions it would be difficult enough for manufacturers to secure as increased export business purely from the standpoint of the excessive wage as against our foreign competitors.

We sincerely hope that this feature will be given further and careful consideration, and that the Ways and Means Committee will consider the true conditions surrounding this industry and will reconsider to a point of permitting free ivory, as has been the case in the past, as this is not one of the cases where the manufacturer could place his advances in accordance with changed conditions and compete with foreign manufacturers, and even with our domestic sales it is bound to be an additional hardship on the poor people, as the majority of purchasers to-day are the laboring class.

I sincerely hope that I have not transgressed on your time to too great a degree, and also trust that you will consider this feature as far as is possible in the interest of American industries.

SYLVESTER TOWER CO., CAMBRIDGEPORT, MASS., BY H. B. LEAVITT, ACTING TREASURER.

SECTION 380. IVORY TUSKS, DUTY 20 PER CENT, ALWAYS FREE HERETOFORE.

CAMBRIDGEPORT, MASS., *May 3, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Senate, Washington, D. C.

DEAR SIR: We have $500,000 invested in the business of manufacturing ivory keys for pianos. Last year our importations of raw ivory amounted to $191.000 and our pay roll $200,000. The cost of the ivory is 50 per cent of the cost of the finished product. Eighty-five per cent of the pianos disposed of in the United States are sold on installments of about $5 a month, the purchasers being people of small means. The rich and luxurious class of people furnish only a trifling proportion of the piano manufacturer's market. An increase of 20 per cent in the cost of our raw material and the decrease in the tariff on the manufactured product from 35 to 30 per cent will open the market wide to foreign manufacturers, who will take our business away from us. They are waiting for the chance, and petitioned the Ways and Means Committee for a reduction in the duty so they might enter this market. (See p. 5205, hearings before the Committee on Ways and Means.) They could not have hoped for such favorable consideration as they have received. They get their raw material free; we are changed from the free list to a duty of 20 per cent, and the duty on the manufactured product has been reduced from 35 to 30 per cent.

Section 380 was made for foreigners, not for the United States. They will take our business, and, with our raw materials taxed, we can not export at all. Our expensive plant is especially made for the manufacture of ivory keys, and our men are trained for this particular work. We were promised in the Democratic platform and by the President in his speeches that no legitimate industry would be injured. Ours is a legitimate business; it is based on sound capitalization, efficient management, and there is a state of intense competition among the domestic manufacturers of our line of goods.

The 20 per cent on raw ivory would be the ruin of the ivory manufacturing industry in this country, and our men would be obliged to take other jobs, with which they are not familiar, at less wages.

We earnestly request the restoration of ivory tusks to the free list. And in asking this we are only asking for the same fair treatment that you have given to the manufacturers of goods from pearl shell, tortoise shell, vegetable ivory, horns, tropical cabinet woods, etc.—all of these materials in the same general class as ivory tusks and all of them on the free list.

CABLE-NELSON PIANO CO., CHICAGO, ILL., BY F. S. CABLE, PRESIDENT.

CHICAGO, *April 29, 1913.*

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

DEAR SIR: Section 384 of the Underwood tariff bill imposes a duty of 20 per cent on tusks of elephant ivory. Notwithstanding the fact that for the past 20 years many of the leading chemists have been

endeavoring to evolve a satisfactory substitute for piano keys, the fact is that elephant ivory is the only substance known from which a satisfactory piano key can be made.

The piano trade is overwhelmingly the largest user of ivory in the United States. This duty will impose a tax of from $1.50 to $2 to the cost of manufacturing each piano made in the United States, and this tax will have to be borne by the purchasers of the pianos, 90 per cent of whom are wage earners or people of small incomes.

We feel that a misapprehension exists in Congress as to the nature of the piano in its relation to the life of the people. The piano by no manner of means can be called a luxury. The refining and elevating influence of a piano in the home renders it a very important factor in the ethical development of the lives and character of the people.

According to the best information obtainable, we believe there were about 400,000 pianos and player-pianos manufactured and sold in the United States last year, and of this number we believe over 90 per cent were sold on small monthly installments to wage earners and others of modest incomes.

During the eight years that we have been selling pianos at retail in Illinois, Wisconsin, Iowa, Michigan, and Indiana, over 94 per cent of our sales have been made to people who paid an average of less than $10 down and less than $8 per month.

We have at present $240,922.17 worth of piano sale leases, and our collections on these leases do not average over 4 per cent per month.

This $240,922.17 is divided among 1,450 accounts.

Our January, February, and March collections totaled $25,210.24, which means that the average monthly payment of these 1,450 people was less than $6.

We respectfully urge that this bill be amended by the restoration of ivory tusks to the free list, where this raw material has always been. We must respectfully submit that if this tax on ivory tusks becomes a law it will cost the great middle class of people of this country considerably in excess of $1,000,000 annually, and this would increase each year as the production of pianos increases.

This company is comparatively young, and we have been working very hard to increase our trade and have recently taken steps to enter export markets. Our labor is skilled labor and among the highest-paid labor in the country. In order to meet the competition of German-made pianos in Mexico and Central and South America we have been compelled to spend a great deal of money to increase the efficiency of our manufacturing organization and manufacture a better product than our foreign competitors, and this ivory tax will go a great way toward discouraging us in our efforts to compete with foreign makers.

The piano-manufacturing business in this country is an extremely competitive business. The competition has reached such a state that the profits are very small, and it is only by exercise of the greatest economy in manufacturing and marketing that a concern without the advantage of a half-century prestige can make a profit to-day.

We will be pleased at any time to throw open our books in order to substantiate in every way the statements made herewith relative to our own business.

We trust that there is yet time to amend the clause in the Underwood bill which imposes this unjust tax on a raw material that is a vital necessity to every man, woman, or child who desires to enjoy the recreative and refining influence of piano music.

ELLISON A. SMYTH, GREENVILLE, S. C.

GREENVILLE, S. C., *May 23, 1913.*

Hon. HOKE SMITH, *Washington, D. C.*

DEAR SIR: Supplementing my remarks before the Subcommittee of the Finance Committee, of which committee Senator C. F. Johnson is chairman, would say I inclose an editorial in to-day's issue of the Greenville (S. C.) Daily News, and which explains more fully the views I expressed, for which I ask your kind consideration.

[Inclosure.]

COTTON EXPORTS AND IVORY IMPORTS.

If the average man were asked to give the relation between the exportation of cotton goods to Africa and the importation of raw ivory to this country, he would perhaps think that either a conundrum or a fool question had been propounded. But as a matter of fact there is neither a conundrum nor a fool element in this proposition, for there is a relation between the two, a relation very readily seen when one will consider all of the phases of this cotton-goods trade. The question of cotton goods and the duty on ivory has arisen because of the provision in the Underwood bill placing a 20 per cent duty on raw ivory. Before the Senate Finance Committee Monday Capt. Ellison A. Smyth, of this city, told of the trade with Africa and the jeopardy this trade would be placed in if the proposed 20 per cent duty were placed on raw ivory imports. This ivory is given by the Red Sea and other African merchants in exchange for various imports to their country, of which cotton goods is one. The conditions governing this African trade may be seen from the facts which follow.

No country in the world imposes an import duty on raw ivory, and if the United States puts on the duty of 20 per cent it will enable the competitors of the southern mills for the Red Sea business to have a very decided advantage, and will turn that trade back to Italy, Germany, and England. The first American cotton goods ever exported to Abyssinia were exported by the Pelzer Manufacturing Co. in 1885—a lot of 50 bales—and last year the mills with which Capt. Smyth is connected shipped 20,000 bales to East Africa, Arabia, and Turkey. Thirty years ago the exports from the United States to the Red Sea amounted to only 6,000 bales and they were all northern mill goods, and last year the exports from the United States were 65,000 bales, all of southern production. There is an absence of currency in the interior of Africa and the trade is one of barter. The ivory is owned by chiefs of the tribes or by the kings of those countries, gathered by them, and is sold by them at a fixed value in pounds for cloth and other commodities taken in payment. American cloth is a great favorite, owing to the honesty with which the goods are made and the absence of sizing or adulteration with clay and foreign substances. It is a business that is of great value to southern cotton mills and our southern Senators should not miss this fact, as the goods are made in North Carolina, South Carolina, Georgia, and Alabama.

If the native dealers can get 20 per cent more for their ivory from the Italian or English exporter, he will of course buy cloth and other commodities from those parties and the American mills will lose a valuable outlet. Last year there was sold to America 50,000 tusks of ivory, representing the tusks of 25,000 elephants. Many of these tusks have been accumulating for years, and there is a good deal of hidden ivory still in the interior of Africa.

The future development of Africa is going to be rapid and wonderful, and the American trade should seek that outlet.

For a year a group of mills, consisting of Pelzer, Belton, Easley, and others, had a personal representative, at their own expense, traveling in Africa and Abyssinia and along the east coast of Africa advertising their goods, and with good results in increased exports. At Aden, which is the Red Sea port of Arabia, the fiscal year ending April 1, 1911, out of 41,000,000 yards of cloth 11,000,000 yards were from the United States, and for the same period in 1912 the total imports were 41,000,000 yards, but 25,000,000 were American goods of southern make.

Since the facts in the case are as given it is seen why the contention for free ivory is valid. The small revenue to be reaped from a duty on raw ivory is worthy of little consideration, when one recalls the jeopardy to the African export cotton goods trade. This is an important field for American manufacturers, and one which will become more important if cultivated. The Senate Finance Committee evidently saw the validity of the contentions, for considerable interest was displayed on the part of those who participated in the hearings, the questions asked Capt. Smyth showing the disposition of the Senators to heed a protest based on reason.

ARNOLD, CHENEY & CO., 32–92 BEAVER STREET, NEW YORK, N. Y.

NEW YORK, *May 8, 1913.*

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

SIR: As the largest importers of raw tusk ivory and the largest exporter of American cotton cloth to Red Sea and East African ports, we appeal to the Finance Committee of the United States Senate to avert, if possible, the serious crippling and curtailment of this foreign commerce between New York and those ports which will result if the duty of 20 per cent ad valorem is placed on tusk ivory as proposed by the Underwood tariff bill now under consideration.

The tusk ivory we import is a raw material used exclusively in the manufacture of piano keys. We sell it to the large manufacturers of these keys. They are not affiliated or in any trust, and it is a keenly competitive business. This industry employs a large amount of capital and employs a large number of skilled and other mechanics. The manufactured keys are sold to the manufacturers of pianos throughout the country, a large number of which are located in this State of New York.

No duty has heretofore been placed on raw tusk ivory. No other country imposes a duty on tusk ivory. If this country imposes a duty on elephants' tusks the business of manufacturing ivory goods will by natural laws of trade gravitate to those countries that impose no duty on this raw material. This duty is simply an imposition of an artificial disadvantage on an American industry, placing that industry in a position open to foreign competition with no fighting chance left it. The resulting destruction of the industry and the foreign trade contingent on it is inevitable.

The search for ivory opened the east coast of Africa and Red Sea ports to American cotton cloth and was the cause of the present large exports to those places. This trade has steadily grown and has reached the large volume of trade now carried on entirely on the basis of exchanging American goods (principally cotton cloth) for the products of those places (principally ivory), and the sale of American goods will be reduced by the amount the importation of ivory into this country is curtailed by the proposed 20 per cent duty.

and the opinion of those best able to judge is that the proposed duty of 20 per cent on raw ivory will prove prohibitive.

The new tariff bill, besides imposing a duty of 20 per cent on the raw article, reduces the duty on manufactured ivory 5 per cent (from 35 to 30 per cent), so that the industry is hit both ways.

As piano keys are an important part of the finished pianos the placing of this duty on the tusk ivory will materially increase the cost to the piano manufacturer and adversely affect a very large and important industry. There are some 375,000 pianos manufactured per annum in this country, mostly low-priced instruments, sold to people of moderate means on the installment plan.

In 1912 we imported and sold in the United States the following ivory from these places:

Ivory sold in the United States by Arnold, Cheney & Co.

	Tusks.	Pounds.	Value.
Zanzibar ivory	918	59,191	$177,430.75
Aden, Abyssinian ivory	438	25,911	81,835.92
Khartum, Egyptian ivory	1,188	60,169	190,968.61
Total	2,544	144,271	450,235.28

We also bought and sold in the United States 1,950 tusks of the Kongo ivory, amounting to $299,106.97, bought through Antwerp.

In 1912 we sold 21,659 bales of cotton, valued at, say, $865,000, to these exchange places, as follows:

	Bales.
Zanzibar	4,218
Mombasa	5,568
Aden	11,465
Khartum	308
	21,659

That was the first year for cotton at Khartum. This year already we have sold more there than all last year.

To carry on this trade we maintain houses at Zanzibar, Mombasa, Aden, Omdurman (Khartum), and London. This firm has been continuously in this business since 1849, coming to New York from Providence, R. I., in 1866.

We think this duty was placed on tusk ivory under a misapprehension and is contrary to all the expressed views of the framers of the new tariff—that they would not destroy any legitimate business. The amount of revenue that it will realize to the Government will be insignificant, and the loss of trade to this country will be large. We therefore respectfully urge that you endeavor to have tusk ivory placed back on the free list the same as similar raw materials are, such as tortoise shell, mother-of-pearl, jet, coral, bone, and fine cabinet woods, crude rubber, etc.

The Underwood bill was reported to the House just prior to the holding of the quarterly ivory auction sales in London and Antwerp, with the result that European buyers in anticipation of the market in the United States, which this legislation, if enacted, would transfer from us to them, increased their demands so much that ivory advanced 15 per cent in price.

R. S. HOWARD CO., 29 WEST FORTY-SECOND STREET, NEW YORK, N. Y., BY R. S. HOWARD, PRESIDENT AND TREASURER.

NEW YORK, *May 2, 1913.*

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

DEAR SIR: We, as piano manufacturers, making what is generally termed a medium or popular priced piano, the type of instrument sold generally to the workingmen or people of the middle class, are vitally interested in the new tariff bill imposing duty on ivory.

The facts are that ivory, in so far as its importation by the United States, is not a luxury but a real necessity in the education of young Americans, for the largest portion of ivory brought into this country is used on piano keys, and this is the most durable and satisfactory material known at this time for this particular purpose, and the duty proposed would make its use by any but the highest-priced piano manufacturers prohibitive and deprive the large mass of people of this advantage and compel the use of a cheaper substitute with but little advantage to the United States, as the entire duty would not exceed a possible $260,000, even though the present rate of imports should be maintained, and that could not be, for the duty would prevent the use of at least 75 per cent of the amount now used by piano manufacturers, for naturally by far the large portion of pianos made are medium-priced and an increase in cost would make the use of ivory by us impossible, and we really would not be the losers, but the loss would be to the home in which the instrument would be placed on account of their being forced to accept inferior material, so it is their interests we ask you to consider in passing the bill.

Pianos are not luxuries, but are considered necessities in every public school or building and of great value by public educators in developing the individual to a higher state of intelligence, refinement, and skill, for the developing of the musical side of man, woman, or child certainly creates higher ideals and makes them better citizens and a happier and more contented people, for home to-day without music is indeed losing a most desirable and advantageous means of entertainment under desirable conditions and at small expense.

Manufacturers to-day are exerting every possible effort to give at as small cost as possible a piano so constructed as to guarantee to the poor man the same satisfactory service as is secured by the rich at a very large reduction in price, and you will readily see that the keyboard is a very important factor, and we sincerely hope that the committee of which you are a member will see that the duty proposed will affect the man who, on modern means, is trying to give to his family a satisfactory piano for both the happiness of his home and the education and development of his offspring.

The duty proposed would positively prohibit the use of ivory on a medium-priced piano, for it would increase the cost of each instrument an amount that we could not stand, and there is no substitute we know of that would wear as long or as well as ivory.

We ask you to consider this measure as affecting on an average of 200,000 ordinary homes each year and in the aggregate millions of our citizens who sacrific many things to give their families means of

keeping them together evenings and making their home fireside more attractive and happy. We really feel this is entitled to special consideration on account of the fact that the entire amount of revenue is a very small matter to the United States, and this would be particularly true as you will see if the imports were reduced probably at least two-thirds, thus depriving so many homes of the advantage of the material and securing but very slight advantage for the Government.

WOOD & BROOKS CO., BUFFALO, N. Y., BY HARRY D. WILLIAMS, COUNSEL.

BUFFALO, N. Y., *April 28, 1913.*

The SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: We desire to call your attention to an unjust discrimination against ivory tusks in the above bill.

Unfortunately, neither we nor any other manufacturer made any representation at the recent hearings.

At the outset we desire to say that every statement of fact that follows is to be taken as our utterance upon honor, based upon personal knowledge except where otherwise indicated.

We are extensively engaged in the manufacture of piano keyboards, of which the most important item in the make-up is ivory. We have $1,000,000 invested in the business. Ivory tusks have always been free and have been imported into this country for more than a century. We submit the following facts and argument in support of retaining ivory tusks on the free list:

LUXURY.

It has been suggested that ivory tusks, never before taxed, have been put under a 20 per cent duty upon the theory that ivory is a luxury and therefore one of those articles that could best afford to contribute to a revenue. If this be so, we submit that the honorable Ways and Means Committee was under a misapprehension of the facts. Three hundred and seventy-five thousand pianos are annually manufactured in the United States. Ninety per cent of them go into the homes of mechanics and people of small means, and this percentage is sold on the installment plan, with average payments of less than $5 per month. It may be truthfully said that the poor people of this country furnish the market for the piano manufacturer. Hundreds of thousands of people in this country have little else in the way of entertainment than that afforded by the piano, and thousands of women earn their livelihood as instructors in the use of this instrument. Into this instrument goes annually more than a million dollars' worth of imported mahogany and other cabinet woods, including ebony. If ivory be a luxury and for that reason should be taxed, the same must be true of tropical cabinet woods, and also of pearl shell, tortoise shell, vegetable ivory, bones, horns, meerschaum, platinum, silk cocoons, raw silk, and the choice varieties of skins—all of them now on the free list.

INDEFENSIBLE DISCRIMINATION.

The manufacturers who use the following raw materials, none of which are necessities and all of which are luxuries if ivory be so, enjoy their raw materials free of duty:

Paragraph.		
436.	Bones, value imported in 1912	$682,886
520.	Horns	351,412
554.	Meerschaum	197,646
578.	Pearl, tortoise, and other shells	2,242,083
585.	Platinum	1,595,430
606.	Silk cocoons and silk waste	2,369,074
607.	Raw silk	67,173,080
611.	Skins of all kinds, raw (includes such skins as seal, alligator, walrus, snake, morocco, etc., all used extensively and exclusively in the manufacture of luxurious leather goods)	63,221,300
652.	Cedar, lignum-vitæ, lancewood, ebony, granadilla, mahogany, rosewood, satinwood, boxwood, walnut, etc.	4,900,575
380.	Vegetable ivory	797,656

Tortoise shell.—A material costing twice the price of ivory, used exclusively for luxuries (largely for articles of personal adornment), admitted free of duty, manufactures taxed 25 per cent. Ivory tusks enter on a 20 per cent duty (instead of free) and manufactures at 30 per cent. Ivory tusks clearly entitled to same rates as tortoise shell.

Pearl shell.—Used for luxury, especially articles of personal adornment. Imports exceed in value the imports of ivory tusks. Admitted free; manufactures at 25 per cent. Why is ivory not entitled to same basis?

Vegetable ivory.—Used exclusively for choice buttons for expensive clothing. Admitted free; manufactures at 30 per cent. Ivory tusks clearly entitled to same basis.

Ivory tusks were imported in 1912 to the value of $1,332,015, and approximately $1,000,000 was paid for the labor that worked this raw material up into articles of trade. A duty of 20 per cent is now proposed on the ivory tusks, while all the other raw materials of the same class, mentioned above, are to come into this country free of duty. Even on diamonds and precious stones, unmanufactured, a duty of only 10 per cent is fixed; and ivory tusks, which are in no sense a luxury, and purely a raw material until after they have passed under the hands of the manufacturer, are taxed at twice the rate of diamonds. We claim that a great injustice is done our industry in the Underwood tariff, which changes our raw material from the free list to a 20 per cent duty, and our manufactures from a 35 to a 30 per cent duty. If the raw materials mentioned above are to come in free, then we claim that in justice our raw material should be admitted free; and if ivory tusks must be taxed, then the articles listed above should also come under a 20 per cent duty. Ivory tusks are the only raw material of any consequence, except diamonds, on which a duty has been imposed by the Underwood tariff; and a comparison of ivory tusks and diamonds should not be made—they belong to different classifications. Ivory tusks belong in the class of raw materials which includes bones, horns, meerschaum, mother-of-pearl and other shells, and the tropical cabinet woods. Yet ivory tusks are the only article in this class that has been selected for taxation; the whole Underwood tariff fails to reveal another taxed raw material with which to compare ivory.

One part of a musical instrument can hardly be considered more in the nature of a luxury than another, and all parts of musical instruments formerly taxed at 45 per cent are now taxed at 35 per cent—a sufficient duty, we concede, if raw materials be free. From this duty on ivory keyboards must be subtracted the 20 per cent duty on the ivory tusks, the value of which equals twice the value of all the other raw materials used by us. We submit the fact, therefore, that all other parts of musical instruments, all of which are made of domestic or untaxed raw materials, have been moderately reduced in the proposed tariff, while piano keys have been discriminated against by the 20 per cent duty imposed on their chief raw materials, which must be imported.

Under the present law, paragraph 461, Schedule N, piano keys are dutiable at 35 per cent and it is now proposed to reduce this duty to 30 per cent. This reduction the American manufacturer can meet; but it is proposed to burn him at both ends, by taxing his raw material at 20 per cent and reducing the duty on his manufactures from 35 to 30 per cent, and this is more drastic than free trade, pure and simple. We make this statement not as a figure of speech, but upon our honor and with full knowledge of the facts. It is clearly obvious that our market is thrown wide open, under most favorable conditions, to competition from England, France, Germany, while we shall be utterly unable to sell a dollar's worth of goods in those countries. Germany, France, and Canada impose duties on the goods we manufacture. Ivory tusks enter free every country in the world.

We find upon examination (sec. 354) that dice, dominoes, draughts, chessmen, chess balls, and billiard, pool, and bagatelle balls, and poker chips, of ivory or other materials, are to pay a duty of 50 per cent. All of these articles (nearly) are made of ivory and of bone; yet the bone is free, while ivory tusks are to pay 20 per cent. The duty on these manufactured articles is 50 per cent, while that on piano keys is reduced from 35 to 30 per cent.

The reduction from 35 to 30 per cent leaves only a 10 per cent differential on our manufactured goods, which is wholly inadequate and far below the general rates of the Underwood bill, and which opens the market wide for the entry of foreign competition, while the 20 per cent duty on the chief raw material we use shuts us off completely from foreign trade. We shall be utterly unable to meet such a situation, for ivory tusks to-day enter free every other country in the world, and the Underwood bill handicaps us at the start with a disadvantage of 20 per cent. If ivory tusks are not restored to the free list, then the beginning of the end will set in for the ivory manufacturing industry in this country, in which 2,000 people are now employed, for by all the laws of nature and of trade the business will gravitate to other countries.

SPECIAL PRIVILEGES.

We ask for no special privileges, no protection. We ask only the same consideration that other American industries have received in the Underwood tariff; this will be entirely satisfactory to us and all that anyone could ask, for the Underwood tariff gives American manufacturers their raw materials free of duty and in this respect

puts them on an equality with the rest of the world, affording a tariff on manufactured articles sufficient to protect industries that are run as they ought to be and on sound capitalization.

SUPPLY.

Ivory tusks are a product of the African continent only. The world's annual consumption represents the tusks of 50,000 elephants. The total importations for the year 1912 were $1,332,015 in value. This means the tusks of 6,500 elephants. The tusks from recently killed elephants do not represent to exceed 5 per cent of the consumption—probably less. The ivory used to-day throughout the world is that which for ages has been accumulated by the wild African tribes, in some instances hoarded by them as tribal wealth. It is found only where the white man has never before ventured, and the continuance of this (the last) source of supply depends entirely upon the rapidity with which the white man penetrates the remaining unbroken wilderness. The price of ivory tusks steadily increases—50 per cent in the last 10 years—and though it is gathered by a people wholly unaffected and untouched by the wage question, or the high cost of living, the supply has remained stationary while the demand has steadily increased. Rising prices have not brought to market an increasing supply.

USES.

The only important use made of ivory in this country is for piano keys. The ivory trinkets and novelties seen here are mostly all made abroad.

COMPARATIVE COST.

Of every pound of ivory that we bring into this country 50 per cent is the minimum waste; this is lost, for there is no demand for the scrap, and we export only a small part of our scrap production at a few pennies (6 cents) a pound, though we pay dollars for it. Also on this bulky material, including so much waste, we pay freight 4,000 miles and insurance (ivory reaches the manufacturers only through European markets). Also, the American manufacturer must send to, or maintain in, Europe a buyer, while the foreign manufacturer is on the ground, does his own buying, pays no duty and only a trifling amount for freight; nor does he waste or lose any of his tusk, as will be explained in another paragraph.

Permit us to reiterate that when the tusk reaches the factories of the European and American manufacturer, respectively, the American has added to his cost—

Freight 4,000 miles, insurance equivalent to a 1 per cent disadvantage; buyer's salary and expenses equivalent to a 6 per cent disadvantage; capital and interest to carry 20 per cent duty on stock equivalent to a 5 per cent disadvantage; incidentals connected with doing foreign business equivalent to a 1 per cent disadvantage; disadvantage in waste (explained below) equivalent to a 7 per cent disadvantage; proposed duty 20 per cent disadvantage; cost of raw material to American manufacturer over European, 40 per cent.

This is the comparative situation when the ivory reaches the mechanics. The mechanical equipment is, we believe, substantially the same in all countries, no automatic machinery being employed; and

we believe the foreign workman is as efficient in this particular industry as the American. The work requires patience, carefulness, and economical manipulation of the material, and the foreign workman is reputed to measure up fully to these requirements.

The result of the proposed duty of 20 per cent on ivory tusks is an increase of 16 per cent in the cost of the finished product (ivory keys).

The total disadvantage in the finished product of the American manufacturer as compared with the foreign is 32 per cent, for the reason that the opening of the home market by the new tariff makes effective against us the foreigners' advantages stated above, heretofore inert in this market.

LABOR.

It is not necessary to make a comparison of the wage scale in the two countries; you are fully informed. However, we will quote as follows. Mr. Charles H. Wood, treasurer of Wood & Brooks Co., states:

When I was in a European factory in 1907 I saw a skilled mechanic who had been employed in ivory working 20 years, and his employer informed me that he was being paid the equivalent of $7.10 per week. We were paying at the same time $19.50 per week for the same work.

The labor cost of working last year's importation of tusks into piano keys was approximately $945,000. The labor cost for the same period to work up the same quantity of ivory in Germany would have been approximately $450,000.

Recently in discussing our situation under this bill with a man instrumental (officially) in framing it, and in reply to our demonstration that with the duty on our raw material we could not successfully compete with the European in the home market and were utterly debarred from entering the foreign market by the 20 per cent duty on our raw material, he said, "You must effect greater economy in operation and develop latent ingenuity." We assert, without fear of successful contradiction (and this is from frequent inspection of European factories and machinery), that no European factory excels any one of the five American plants in equipment or efficiency or economy of operation, but to the contrary. The only "economy in operation" that can be effected is a reduction of wages. This we realize sounds like "campaign talk," but it is not. It is simply a condition. Only large investment and volume of business and extreme efficiency permit any profit at all in this industry.

WASTE.

The tusk is hollow at the larger end for from one-quarter to one-third of its length; from the point up it is for 6 per cent of its entire length too small for key purposes. The balance of the American's waste is sawdust.

The foreign manufacturer works his waste up into trinkets and novelties, for example: Pocketknife handles, handles for manicure sets and numerous toilet articles, billiard-cue tips, billiard sights, electric push buttons, thermometer scales, gauges on scientific instruments, gauges on pocket measuring rules, name plates on numerous articles, inlaying material used in connection with cabinet woods, insulators

for teapot handles, collar buttons, parts of babies' playthings, game counters, gun sights, fancy buttons, fittings for women's sewing baskets, fittings for sundry leather goods, penholders, fancy pocket pencils, dominoes, poker chips, dice, black pigment (ivory black), razor tangs, toothpicks, bookmarkers, letter openers, martingale rings on harness, vaccine points.

The foreigner also produces handles for parasols, umbrellas, and canes; handles for razors; handles for table cutlery; handles for steel erasers; parts of musical instruments; brush backs; mirror backs; billiard balls; fittings for traveling bags; chessmen; small carved articles.

Most, or all, of these articles are imported into this country and contribute a substantial revenue to the Government under many paragraphs of the tariff. Wood & Brooks Co. installed a considerable mechanical equipment to work up its waste ivory into trinkets and small wares, as well as to make the other articles mentioned above, but found that, with our labor conditions, the cost of the finished articles was so great that we could not produce them at prices at which they could be sold, and the equipment was made a part of the scrap heap. In former years we sold considerable of our scrap to small manufacturers in this country, who worked it up into articles of trade, but one by one they have failed or gone out of business, unable to meet the foreign competition. At this writing we have on hand 51 tons of scrap ivory for which there is no market. While the American loses his waste, the foreign manufacturers utilize the entire tusk—not to the same advantage as his piano ivory, but to such an extent that it amounts to an additional duty of 7 per cent.

UNDERVALUATION.

It will, perhaps, not appeal to those unfamiliar with ivory that undervaluation should be a cause for anxiety, but piano ivory has no fixed standard of quality for valuation, for the reason that each tusk produces a variety of grades differing materially in grain and value. The value of a set of piano ivory can be determined only when the tusk has been sorted out thoroughly and matched for grain, color, opacity, etc. Hence, a shipment of a confused quantity of sets, unmatched, valued at the port of entry at the cost of the tusk plus cost of manufacture, opens wide the door for undervaluation to anyone inclined. It is generally believed throughout the trade in this country that in former years, when the tariff was lowered to, I believe, 30 per cent, foreign competitors, by reason of undervaluation, and in spite of persistent and expensive effort on the part of the American trade to prevent it (undervaluation), came into this market to a most alarming extent and the Americans could not meet their prices.

We repeat that the value of piano ivory can only be determined when the tusk has been sorted out thoroughly and matched for grain, color, opacity, etc., and it is therefore of the utmost importance to the Government and to the manufacturer that the bill should be amended to contain a requirement that piano keys can be imported only in matched sets.

INVESTMENT.

The Wood & Brooks Co. has $1,000,000 invested in the industry. It last year imported $311,000 worth of ivory tusks. It paid out for

labor in the manufacture of piano keys $214,450. Its business is exclusively the manufacture of piano keyboards and piano actions. Its total pay roll last year was $319,000.

COMPETITION.

There are in this country five manufacturers of piano keyboards. They are in no way associated or affiliated; there is no agreement or understanding among them. It is a fair field, with keen, open competition.

PERTINENT QUESTIONS.

We are authoritatively informed that relative cost has not been taken into consideration in determining the tariff to be imposed upon or lifted from a particular article or industry. That the fact that a European manufacturer can produce and lay down in this market an article at less cost per unit than the American manufacturer can, is of no consequence—it's beside the question. We are told that the proposed income tax—which we, in general, approve—will produce $80,000,000, and that it will be necessary to raise in addition a large sum for revenue to meet the loss in revenue under proposed conditions.

In the Tariff Handbook for this bill, page 289, it is estimated that ivory tusks will produce a revenue of $230,000 for the ensuing 12 months. What will induce the importation of ivory tusks if the American manufacturer can no longer use them, because under a beneficent law his European competitor has been made a present of his market? And, in this connection, who will pay this income tax—will it be the American manufacturer, whose plant is shut down, who has no income, or will it be paid by the European, who has taken both his income and ours home with him?

The New York Sun of this date asks editorially, "Is 'protection' so odious a word?"

Surely, everything done for self-preservation is protection. We exclude from this country the laborer of certain other countries. Is not this "protection," pure and simple, of the American article called "labor"? If thus to protect American labor is correct in theory—as it is in fact—is it an economic error to protect an American manufacturer who asks only the privilege of competing in his own country on even terms with the foreigner?

Par. 379.—MANUFACTURES OF VEGETABLE IVORY.

SNYDER & WHEELER, 128 PEARL STREET, NEW YORK, N. Y.

NEW YORK, *April 12, 1913.*

Senator F. M. SIMMONS,
Washington, D. C.

DEAR SIR: We earnestly protest against proposed duty of 20 per cent ad valorem on vegetable ivory nuts mentioned in paragraph 384, Schedule N.

Vegetable ivory, ivory nuts, or tagua, differs distinctly from tusk ivory, both as to value and uses. The ivory nut is the seed of a palm

tree; it varies in diameter from 1 to 2 inches and is used in the United States exclusively as the raw material of which buttons are made; is in no sense a substitute for tusk ivory, having a value of only from 2 to 6 cents per pound. They do not grow in this country.

Ivory nuts are admitted free of duty into Germany, Austria, and Italy, which countries, with the United States, manufacture the buttons of the world. This fact is important in two respects: (*a*) As affecting our manufacture of buttons: (*b*) as affecting our commerce with South American countries.

Considering the unfavorable effect on our manufactures, it will at once be seen that American button manufacturers can not pay 20 per cent more for their raw materials and then compete with the European manufacturers, who obtain labor at one-third the price paid in this country; consequently the effect of this duty would be to put our button manufacturers out of business, for they could not pay a 20 per cent duty on their raw material and compete with the European manufacturers, who get their raw material duty free.

The effect on our commerce with South American countries producing ivory nuts would be equally unfavorable. Ivory nuts are one of the chief articles of export from Ecuador, Colombia, and Panama. To shut the doors of the United States to these exports would result in a threefold loss to the commerce of the United States: (1) Of the value of the imported article; (2) of the value of the merchandise that would go out from the United States to pay for the ivory nuts; (3) the loss in trade that would result from the resentment of the South American merchants, caused by the action of the United States in levying this duty.

It would seem particularly unfortunate for the United States to curtail the commerce with South American countries after going to such an expense in building the Panama Canal in order to increase same.

There are some 30 factories in the United States, employing about 4,500 people, engaged in manufacturing buttons from ivory nuts. The importations last year amounted to more than 23,000,000 pounds. The proposed duty would kill absolutely this important industry.

As American manufacturers could not pay this duty and compete with European manufacturers there would be no importations of ivory nuts into this country, hence the value of this article as a source of revenue would be nil.

GERMAN-AMERICAN BUTTON CO., ROCHESTER, N. Y., BY HENRY T. NOYES, TREASURER.

ROCHESTER, N. Y., *May 2, 1913.*

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

DEAR SIR: There are a good many branches to the button business. Some 20 or 30 different kinds are made in this country. The output of vegetable-ivory buttons is relatively small, but as our principal business it is of vital importance to us.

Vegetable-ivory buttons are made from a nut found in the northern part of South America and in Africa, the seed of a palm tree. They are used chiefly on the better grades of men's clothing. We are venturing to send you under separate cover a box of progressions

which will make clear to you what a vegetable-ivory button is and how it is made from the nut.

The Underwood bill has placed on practically all buttons the same rate of duty—namely, 40 per cent—which is a great injustice to our particular branch. We are asking you to grant to vegetable-ivory buttons 50 per cent ad valorem and, if our arguments are just, a specific check of "but not less than two-thirds of 1 cent per line per gross." Our present duty is three-fourths of 1 cent per line per gross plus 15 per cent.

We ask you to distinguish between vegetable-ivory buttons and buttons of other kinds. No other kind of button, to our knowledge, involves anywhere near as much labor. The process of manufacture is very slow and involves from 45 to 70 separate steps or operations. In our business it takes on the average one year to make a button. Statement by Price, Waterhouse & Co., on page 5120 of hearings, will reveal this clearly and show you that the industry is barely able to turn its actual capital once a year.

We earnestly ask you to read the testimony regarding our industry presented to the Ways and Means Committee. We know that it will absolutely prove to you the justice of our request and especially justify you in granting us a rate of duty as high as granted to any industry in this country.

We respectfully ask for your careful consideration of our request.

Pars. 388, 389.—LEAD PENCILS.

RICHARD BEST, 61 DUANE STREET, NEW YORK, N. Y., BY JOHN J. ROONEY, ATTORNEY.

To the chairman of the Finance Committee, United States Senate:

This is a request to revise substantially downward paragraph 473 of the act of the existing tariff, Schedule N, Sundries.

1. The existing tariff provides, under the paragraph named above, as follows:

> 473. Pencil leads, not in wood or other material: Black, three-fourths of 1 cent per ounce; colored, 1½ cents per ounce; copying, 2 cents per ounce.

2. Under all tariffs since 1883, including the so-called McKinley bill of 1890, the so-called Wilson bill of 1894, the so-called Dingley bill of 1897, levied a duty upon pencil leads of 10 per cent ad valorem, the object of this rate being to provide a moderate rate of duty upon the raw material for the manufacture of pencils in this country.

3. The Ways and Means Committee of the House in 1909 proposed a continuance of this 10 per cent ad valorem duty, but the Senate Finance Committee changed the basis of the duty from an ad valorem rate to a specific rate. The result of this change, which was embodied in the existing tariff, was that the ad valorem equivalent of the new and now existing rates amounted to from 50 to 90 per cent.

4. The object of this advance was to put a prohibitive rate of duty against the raw material which was used in manufacturing a pencil made in the United States in competition with a combination of other American pencil manufacturers. No other article used as a raw material was assessed, under the act of 1909, under such an enormous rate of duty.

5. The intent in putting such an article as black and colored lead under a specific duty levied by the ounce, instead of by the pound or the hundred pounds, must be manifest. The statement that it was difficult to find the correct market value of such an article as black, colored, and copying leads, which had been imported for many years and whose values were well known, is ridiculous in the extreme.

6. But that this was a mere excuse for handicapping a rival American manufacture is manifest by comparing the long-standing 10 per cent rate with the new and now existing 50 to 90 per cent rate, against which we protest. The change was simply a cloak to cover an exceedingly onerous and almost prohibitory rate of duty. The object was to handicap and possibly kill an independent and competing American industry.

7. The entire pencil industry of the United States was built up upon a basis of 10 per cent duty on pencil leads. All the manufacturers of lead pencils in this country were started on this basis. The leads were imported and the pencils were finished here.

8. A combination or trust was started in this country. Petitioners never joined this combination, but started a factory in this country to manufacture lead pencils, relying upon the duty of 10 per cent on the leads. Thereupon the combination sought and succeeded in obtaining the existing enormous specific duties against the pencil leads, for the manufacture of which they were especially equipped.

9. The revenue to the Treasury, never large from this small item, has fallen under the new rates, as was apparently the object.

10. The rate of duty should be restored to the old rate of 10 per cent ad valorem or put on the free list. This rate would not only tend to encourage independent manufacture in the United States and give the consumer the benefit of competition, but would also increase the revenue to the Treasury of the United States. Both the consumers of lead pencils and the Treasury would benefit. The only supporters of the existing rates of duty were certain domestic interests that have formed a combination among themselves and seek to destroy competition in the American market.

Attached is a statement from actual importations showing invoice number of leads, invoice price, weight, actual duty, and ad valorem equivalent to existing specific rate.

[Inclosure.]

Invoice No. of leads.	Invoice price.	Rate.	Weight.	Actual duty.	Equivalent to—
	Cents.		*Ounces.*	*Cents.*	*Per cent.*
1000	10		7½	5½	57½
1001	10		6½	5	50
1002	10		6	4½	45
1003/1	25		11	8¼	33¼
1003/2-3-4	15	Black, ¾ cent	6½	5	33¼
1006	42		6½		
1008	68		17½	13	20
1009	87		6½		
1010	1.25		6		
1018	27		13	10	35
1031	68		30½	38	55
1032	68		20	25	35
1046	35		20	25	75
1047	35	Colored, 1¼ cents	24	30	90
1048	35		20	25	75
1049/58	35		22	27½	80
1082	56		12	24	45
1083	56	Copying, 2 cents	14	28	50
1093	88		9	18	20

NATIONAL PENCIL CO., ATLANTA, GA., TO SENATOR HOKE SMITH, OF GEORGIA.

APRIL 14, 1913.

At the proposed tariff on lead pencils it will be impossible for the newer and small pencil factories to continue. The difference in cost of labor exceeds the proposed duty, which, along with the difficulties of training labor, will render continuance impossible. Female labor, which forms a considerable item, receives fully four times the pay in this country than in Germany. We pay girls 15 and 16 years of age $4.50 as a starter; experienced girls get from $7 to $12 per week. This same class of help is paid from $1 to $4 per week in Europe. The same conditions exist with male help. We have now working for us men who worked in the same industry in Nuremberg, Germany, to whom we are compelled to pay as much per week as they received in Germany in a month; so it may be safely set down that whereas our labor costs, taking in all classes of pencils, from the very cheapest to the best, will average 70 cents to 80 cents per gross, a factory in Nuremberg, producing exactly the same grades and quantity, will average only 15 cents to 20 cents per gross.

The most competitive pencil that has recently come on the market imported from Germany is priced at 6 marks, or $1.43 per gross; under present duties this pencil costs $2.31 landed in New York. At the proposed duty the same pencil will cost $1.86 landed in New York, a price which is utterly impossible for the American manufacturer to meet; the difference in labor, of course, on this special pencil being fully 75 cents to 80 cents per gross, or 50 per cent on the German selling price. The duty paid on the above-named pencil, considering specific and ad valorem tariff, is 56 per cent. Notwithstanding this duty the foreigner is taking the market. The older American manufacturers do not now compete with the pencil above named simply because it leaves no margin of profit. We younger manufacturers must, in order to obtain business on other grades, meet this competition even at a less figure to overcome the benefit of an old and well-known trade name.

A. W. Faber, of Germany, is now offering a pencil under present tariff for $1.40 landed in New York which nets them about 75 cents per gross f. o. b. Germany. This is the same pencil American manufacturers are selling at $1.35 per gross, and shows a duty of 80 per cent. I attach letter of Gottlieb & Sons.

I wish to impress on the Finance Committee that the reduction contemplated is from 80 to 25 per cent duty and not from 39 cents duty.

No matter what the rate of duty may be, whether high or low, there are certain high-priced well-established brands that will always find a market in this country. These can scarcely be called competitive goods, but are sold exclusively on trade-marks and brands. Even now the manufacturers of these particular brands are preparing to absorb the contemplated reduction in tariff by increasing the price 2 shillings, or 50 cents, per gross. Notice of advances have already been sent to the trade.

This shows that the foreign manufacturers who have established brands will absorb reduction in duty and throw the nondescript and unknown brands of foreign manufacturers in competition with the

American goods. This would act with particular hardship on the younger American manufacturers who have no established brands and immediately put them out of business.

The tariff reports show that duty collected on pencils imported during past year was 39 per cent. This is correct, based entirely on the high-grade $3.24 per gross pencils imported, but is misleading as to the actual tariff on pencils. The average price at which pencils are sold by American manufacturers is about $1.50 per gross; the foreign value of these same goods f. o. b. foreign factories is approximately 80 cents to 85 cents per gross. This shows that the present protection on average-price lead pencils is 80 per cent, and that the 39 per cent mentioned in tariff report is misleading. I appreciate that some reduction in tariff is expected, but no other industry is called upon to stand a reduction from 80 to 25 per cent.

The pencil industry can meet foreign competition with a tariff averaging 60 per cent ad valorem or with a specific tax of 35 cents and an ad valorem tax of 25 per cent. I am informed that in a letter dated November 27, 1908, to the Ways and Means Committee of the House of Representatives, L. & C. Hardmuth, large pencil manufacturers of Austria, arguing for reduced rate of duty, admit that a specific duty of 25 cents a gross with 20 per cent ad valorem is, in their opinion, what is necessary to insure active competition and allow the importation of cheap as well as high-priced foreign pencils. As the Hardmuths were trying to get these goods in, they no doubt leaned in their own favor. This statement was made before the Japanese pencils became a factor. The Japanese have a lower wage scale than the Germans and Austrians. German manufacturers have a protective tariff on pencils against Austria.

Many articles, such as aniline dyes, lacquer, metal, which enter largely into the manufacture of pencils, are listed for very heavy tariff.

In some manner there seems to have been the impression that the pencil industry is controlled by a trust or combination. No such trust or combination exists; in proof of which it is simply necessary to state that during the past eight years, when practically all classes of raw and manufactured goods have advanced in price, and this being especially so in materials entering into the manufacture of pencils, viz, pencil cedar, graphite, brass, rubber, and labor, the manufactured pencil is to-day being sold for less money than it was eight years ago.

The National Pencil Co. has been in existence five years, during which time they have not paid a dollar in dividends; whatever little money may have been earned has more than been absorbed in depreciation of plant and loss in instructing labor. We have an investment of nearly $200,000, employ 150 people, with a pay roll of nearly $2,000 per week, which this change in tariff would cut off.

There are at present eight pencil factories in the United States, and another one projected. Four of these factories have come into existence during the past five years. As nearly as I can ascertain, they employ between five and six thousand operators; this does not include operators engaged in getting out the timber.

Two of the American manufacturers have established factories in England to take care of their foreign business.

There are practically no pencils exported from the United States. The exports that the tariff reports show consist principally of seconds, or damaged pencils, that are worthless in this country, but will bring some kind of price in such countries as Canada, Cuba, South America, and South Africa. These, together with pencil novelties, furnish the entire export business.

The great competition among local factories furnishes explanation of the small amount imported.

The Dixon Pencil Co. state that, based on their business during 1912, if contemplated tariff were applied their business would have shown a loss of $60,000. I attach Dixon's letters.

Recently the Japanese have become active in the manufacture of lead pencils, and with their very low labor costs will imperil all classes of manufactures requiring much hand labor. This yellow peril must be considered. Fully 50 per cent of the cost of a lead pencil to an American manufacturer is the labor.

We require a tariff of not less than 35 cents per gross specific and 25 per cent ad valorem to meet foreign competition.

The proposed 25 per cent tariff is too radical a change and ruinous to the industry.

The removal of 45 cents per gross specific duty is of no value to the ultimate consumer; 45 cents is not divisible by 144 (one gross); no part of this reduction can ever reach the general consumer, who usually buys a single pencil as needed, and who must therefore continue to pay one, two, or five cents for his pencil, as at present; the reduced duty is simply going to swell the profits of the jobber and retailer.

PHILIP BEROLZHEIMIER, NEW YORK, N. Y., ON BEHALF OF VARIOUS FIRMS.

NEW YORK, *April 24, 1913.*

Hon. JAMES A. O'GORMAN,
United States Senate, Washington, D. C.

DEAR SIR: From reliable statistics obtained from the heads of the various manufacturers of lead pencils in the United States, who are willing, if necessary, to open their books for inspection, I find that there is made on an actual cash investment, in which there is no watered stock or fictitious values, between 8 and 10 per cent, which certainly can not be considered as excessive. Furthermore, there are two newly established pencil factories in the United States, namely, the National Pencil Co., Atlanta, Ga., and Lippincott Pencil Co., Philadelphia, Pa., who state that they have made no profits as yet, but hope to do so after establishing a reputation on higher grade pencils such as the other older manufacturers of slats and pencils have done who have been established for many years. The companies who subscribe to all the above statements are as follows: The Joseph Dixon Crucible Co., Jersey City; Eagle Pencil Co., New York; Eberhard-Faber Co., Brooklyn; American Pencil Co., Hoboken; National Pencil Co., Atlanta, Ga.; Lippincott Pencil Co., Philadelphia, Pa.; Hudson Lumber Co., Chattanooga, Tenn.; Houston & Liggett, Lewisburg, Tenn.; Essex Lumber Co., New York.

The pencil makers not represented by me are: Johann Faber, Newark, N. J.; Standard Pencil Co., Hutchinson, Kans.; Blaisdell Pencil Co., Philadelphia, Pa.; Pencil Exchange, Jersey City.

The present tariff on pencils is 45 cents per gross and 25 per cent ad valorem, which the Ways and Means Committee figures to be an average of 39 per cent, which, however, is true only in so far as the average revenue collected was 39 per cent. The average protection afforded against cheap labor of Germany, Austria, and particularly Japan, is actually 90 per cent, figured on the average selling price per gross of all domestic pencils; or, if figured per unit, it was 70 per cent, as follows:

Average price per gross of pencils made and sold by American pencil makers is	$1.50
Less present specific duty	.45
	1.05
Less present ad valorem duty (25 per cent)	.27
Equivalent average foreign value without duty	.79
Add 90 per cent ad valorem	.71
Protection	[1] 1.50
Or, if figured per unit	1.00
Specific duty	.45
	1.45
Ad valorem duty (per cent)	.25
Protection	[2] 1.70

The proposed elimination of 45 cents per gross specific and the reduction to 25 per cent ad valorem would seriously cripple, if not wholly destroy, the lead-pencil industry in the United States. The president of the Dixon Co., located at Jersey City, states that their profit for the year 1912, which was the best year they ever had, would be turned into a loss of $60,000 in their pencil business if they have to sell their pencils at the rate of 45 cents per gross less as a consequence of the contemplated elimination of the specific duty of 45 cents per gross, and they are ready to have any expert who might be appointed by the Senate Finance Committee inspect their books to verify this statement.

The Eagle Pencil Co. and the American Pencil Co. state that their loss would be very much heavier than that of the Dixon Co., in consequence of their larger output, and invite inspection of their books.

The Eagle Pencil Co. state that they pay to the employees in their London factory $3.48, average, against $10.72 per employee per week here for the same grade of work.

The old Wilson bill, which was 50 per cent ad valorem, would be a fair reduction, everything considered, if your committee does not prefer to give partly a specific, in which case 25 cents per gross and 25 per cent ad valorem would be a fair reduction from the present rate of 45 cents per gross and 25 per cent ad valorem.

Even the largest importers of pencils to the United States of America, viz, Messrs. Hardtmuth, Austria, in their last brief submitted in the Payne bill, did not ask for a lower duty than 25 cents per gross and 25 per cent ad valorem, as per attached copy of their brief.

Respectfully submitted by request of the foregoing firms.

[1] Equals 90 per cent. [2] Equals 70 per cent.

REPRESENTING L. & C. HARDTMUTH, BUDWEIS, AUSTRIA, BY IRVING P. FAVOR.

WASHINGTON, D. C., *November 27, 1908.*

To the honorable Committee on Ways and Means, House of Representatives, Washington, D. C.

GENTLEMEN: My appearance before your honorable committee is for the purpose of inducing you to effect a change in the present tariff laws which will bring about the reduction in the tariff on lead pencils.

The present tariff practically prohibits the importation of medium and ordinary grade foreign-made pencils, as nothing but the highest quality of pencils can enter this country and find any market at the present time, and even pencils of the highest grade find the present tariff almost prohibitive. The purpose of the United States Government to obtain a revenue through the tariff returns is thus thwarted on lead pencils by the fact that the medium and ordinary grade goods can not enter.

It appearing that an import-revenue tariff is a part of the settled fiscal policy of this Government, I believe that such tariff should be protective but not prohibitive. I further believe that after the customs duties have been paid on foreign products such products should be permitted to enter this country and find in this market only just and fair competition with American-made goods.

The raw materials entering into the manufacture of foreign lead pencils are largely purchased in the American market. My firm, L. & C. Hardtmuth, of Austria, purchase all their cedar in this country as well as other raw material, and all foreign makers come to this country for their cedar and for a large portion of their graphite. After thus buying raw materials in this country of American producers we should not be barred through the tariff from bringing our finished products back into the country.

I ask for a just and equitable revision and would suggest, if in the opinion of your honorable committee a specific rate is necessary in addition to an ad valerom rate, that the rates in the new bill be made not to exceed 20 per cent ad valorem and not more than 25 cents per gross specific. Anything in excess to these figures absolutely prohibits the importation of anything but the very highest quality and most expensive goods, even though the raw materials have been purchased in the American market of American producers.

PENCIL EXCHANGE, BY O. H. WEISSENBORN, PRESIDENT.

APRIL 4, 1913.

Hon. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In accordance with your wishes under date of the 20th ultimo, we beg to submit a brief endeavoring to make clear to your honorable committee our belief for a decided tariff reduction on Schedule N, paragraph 473, leads not in wood.

Prior to July 15, 1909, the duty on black leads was 10 per cent ad valorem. We are now paying an average price of 300 per cent more

duty and on one thickness and quality of lead 341 per cent increase, because of one of the most unjust tariff increases in perhaps the entire tariff schedule at that time passed by Congress.

We are now compelled to pay three-fourths cent an ounce on black leads, making it utterly impossible for a small concern as we are and a few other concerns, we being classed as independents, endeavoring through struggles and every conceivable hardship to place upon the market cheap pencils in competition with the big pencil combine.

The greater part of their worthless and seconds leads is being foisted upon the unwary, the school children, and others who are unable to buy a good lead pencil for their penny or two. School children and working people are therefore deprived of the opportunity of buying a good pencil, such as can be furnished if a proper reduction were made to the 10 per cent tariff existing prior to July 15, 1909.

We respectfully ask that the tariff under Schedule N, paragraph 473, be again reduced to its former rate, namely, 10 per cent ad valorem, the tariff existing prior to July 15, 1909, for the following reasons:

First. It will place the smaller pencil manufacturers on a somewhat more equitable basis with the strong and powerful companies, the experience since July 15, 1909, having proven the fact that the existence of any small pencil company is a precarious one under the high tariff duty imposed on leads.

Second. School children and working people will be able to make use of better leads incased in wood, which they can then purchase for no more money than is now paid for very inferior pencils. The high tariff duty enables the large pencil companies to throw a lot of poor pencils on the market at a price which the smaller independent manufacturer can sell a better pencil for, if the tariff were reduced.

Third. The tariff revenue to the Government, through the increased quantities of leads that would be imported, will far exceed the total revenue now received under the high tariff rate. On our better grade of leads, the total cost to land the lead here with duty added amounts to about 45¼ cents per gross. The old line pencil companies, controlling the pencil situation, can produce in this country what they profess to be a good quality of lead at 16 to 19 cents per gross. It costs the smaller independent firms about 45¼ cents per gross to import, and it is known to the writer that the cheaper grades are made by them at a cost of about 6 to 8 cents per gross, and yet the very cheapest lead that can be imported that we have any knowledge of will cost, with duty added, about 18 cents per gross, notwithstanding the fact that we know of people in one of the lead pencil companies, married men with families, getting about six to seven and eight dollars per week in the lead department, thus producing leads on a parity, so far as labor is concerned, in competition with the lowest foreign labor in a similar occupation. Because of the equality in the price of labor here and abroad, the great difference in the tariff rate enables some of these companies to pile up enormous fortunes. It is a matter of record on our books, as per sworn statement rendered, that we have lost on last year's business in our endeavor to gain a foothold among the trade the sum of $1,160.08.

We may further explain that through the adoption of the Payne tariff bill changing the tariff on black-lead strips from the ad valorem to the specific duty, the following comparison of average pur-

chases will give you a fair idea of the hardship worked on the independent manufacturers of lead pencils depending upon their importation of black-lead strips, because all or some of the following companies may have used their influence through submitting reports to bring about the change to the existing tariff schedules on leads: The Eagle Pencil Co., New York City, N. Y.; the Jos. Dixon Crucible Co., Jersey City, N. J.; American Lead Pencil Co., New York City, N. Y.; Eberhard Faber, New York City, N. Y.; National Pencil Co., Atlanta, Ga.

On account of the change the duties on purchases of average high-grade black-lead strips has been increased about 88 per cent.

On purchases of average medium-grade black-lead strips the duty has been increased about 318 per cent.

On purchases of average cheapest-grade black-lead strips the duties have been increased about 300 per cent, one of our styles which we import largely having increased 341 per cent.

Since the above-mentioned companies, or what we term "old-line companies," produce their own cheap and medium-grade black-lead strips, it being a well-known fact that some of them import only their highest-grade black-lead strips, as the German-made strips are far superior in quality to American-made strips, the above comparison of average purchases should make it clear to you that there should not be a specific-weight duty but an ad valorem duty, whether 10 per cent or above, and inasmuch as this duty was prior to July 15, 1909, scheduled at 10 per cent ad valorem, we would like to request your committee to again restore this duty on all leads—black, colored, and copying—having existed prior to July 15, 1909.

While we are pleading our own cause, yet this explanation will hold good in the interest of justice to the below properly termed "independent" concerns, namely: Lippincott Pencil Co., Philadelphia, Pa.; Richard Best, Newark, N. J.; Blaisdell Paper Pencil Co., Philadelphia, Pa.; Pencil Exchange, Jersey City, N. J. (ourselves).

We ask your committee to kindly consider the fact that it is impossible for this company to purchase from any one of the pencil companies or others in the United States the black-lead strips suitable for pencil purposes. They will positively not sell any lead to anyone incasing the leads in wood when manufactured on American soil.

On account of the heavy duties imposed and the fact that cedar suitable for pencil purposes is almost extinct in the United States, which has advanced the cost of cedar to such an extent that it is practically impossible for the companies other than those producing their own black-lead strips to show a profit to their company on the cheaper grades of pencils sold, which quality of pencil is chiefly used by school children and working people throughout the country, who ought to be furnished with a fair quality of pencil, which the "independents" can furnish provided the tariff rate on Schedule N, paragraph 473, be reduced to what it formerly was prior to July 15, 1909, namely, 10 per cent ad valorem.

This company (Pencil Exchange) was incorporated in 1904, being authorized to issue $500,000 worth of stock and to be made a mutually cooperative company, to be conducted for and in the interest of the stationery trade. The writer, practically the whole company, has had a precarious existence ever since, holding worthless common stock and about $2,000 of the nearly $5,000 preferred stock issued, it having

been impossible to interest any of the large stationery houses on account of the power exercised on the part of the pencil combine in almost absolutely controlling the pencil situation in the United States, I, for one, having been left nine years ago high and dry with a big proposition on my hands, the whole trade in fear of antagonizing the pencil companies. I and some of the few "independents" have made little or no headway the past three years, the Pencil Exchange having sustained a loss during 1912 amounting to $1,160.08. The situation at the present day for any of the "independent" companies is a precarious one by reason of the high tariff rates, and yet in the face of the control held by the pencil combine they still see fit to bid for almost absolute control by requesting the present tariff schedule upheld.

COPY OF AFFIDAVIT.

Oscar A. Weissenborn, residing at Jersey City, in the county of Hudson and State of New Jersey, deposes and says that he is president of the Pencil Exchange, a corporation in the city of Jersey City and the State of New Jersey, and that the said corporation is engaged in the manufacture of lead pencils, importing all the leads used by them in the manufacture of lead pencils. This deponent further says that the total sales for the fiscal year 1911 were $47,928.41, showing a profit of $1,358.69, and that the sales for the fiscal year 1912 were $44,217.81, entailing a loss of $1,160.08. Deponent further says that great hardship is experienced by them to increase the sale of lead pencils, as the manufacture and output of cheap pencils, forming the greater part of the sales and the mainstay of a lead-pencil business, is very seriously curtailed by reason of the excessive tariff duty on the leads entering into the manufacture of lead pencils.

HOUSTON & LIGGETT, LEWISBURG AND COLUMBIA, TENN., BY ROBERT C. ARMSTRONG.

LEWISBURG, TENN., *April 26, 1913.*

HON. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: Representing Houston & Liggett, who are operating cedar-slat mills at Lewisburg and Columbia, Tenn., I beg to submit for your consideration certain facts hereinafter stated, which, in my opinion, demonstrate that the proposed reduction of the tariff on lead pencils, as set out in paragraph 389 of the so-called Underwood bill, is unjust, and will cripple one of the largest industries in Tennessee and directly affect not only the laboring man in the various slat mills and pencil factories in the United States but a large per cent of farmers in middle Tennessee, who, as you know, have cedar rails, which are now, on account of the high price of same, being placed on the market for sale.

In middle Tennessee there are 12 slat mills, which employ about 1,275 persons. Most of the slats made at these mills are made of cedar rails, and these mills are now producing about 80 per cent of the total slat production.

Houston & Liggett alone employ in their two mills nearly 300 persons, and the output of the two mills is sold to the American manufacturers of lead pencils; hence you will readily see why they and their laborers and the farmers from whom they purchase their raw material are directly and vitally interested in the roposed reduction on the finished pencil.

There are a large number of pencil factories in Germany, Austria, England, and Japan, Japan alone having 40 factories.

Labor in the pencil industry in the United States is four times as high as in Germany or Austria, three times as high as in England, and about 15 times as high as in Japan.

None of the American manufacturers are located in the heart of the cedar district; hence the raw material or slats have to be transported from long distances, to wit, the Pacific coast and the Southern States, with an exceedingly heavy freight charge. On the other hand, the foreign manufacturers are now using a great deal of cheap wood grown in their home market, with short freight haul.

This is particularly true as to the German, French, and Japanese manufacturers, who use alder, asp, and German linden.

Again, red cedar is now being found in large quantities in the German East African possessions in Germany and is being utilized by the German manufacturers, the German authorities having gone to the extent of recommending that no other cedar be used.

Graphite used by the American manufacturer is largely imported from Mexico and Austria, while the Austrian manufacturer has the graphite at his own door, both the mines and pencil mills being at Budweis. I here insert materials used in the manufacture of pencils upon which a duty is paid, also showing the duty under the Payne bill and the proposed duty under the Underwood bill.

	Payne bill.	Underwood bill.
Clay, $1 per ton equal to	12 per cent	50 cents per ton.
Manufacture of slate	20 per cent	10 per cent.
Shellac	10 per cent	25 per cent.
Aniline colors	30 per cent	30 per cent.
Prussian and milori blue	25 per cent	20 per cent ad valorem.
Ultramarine blue	30 per cent	15 per cent.
Vermilion	15 per cent	15 per cent.
Orange and other lake colors	25 per cent	20 per cent.
Bronze powder	20 per cent	25 per cent.
Leaf gold	30 per cent	35 per cent.
Fancy papers	25 per cent	35 per cent ad valorem.
Box labels	30 per cent	30 per cent and 35 per cent.
Twine	45 per cent	25 per cent and 30 per cent.
Pasteboard	35 per cent	20 per cent.
Glue	25 per cent	25 per cent.
Aluminum	45 per cent	25 per cent ad valorem.
Chalk	7 per cent	25 per cent ad valorem.
Chalk, not ground, free		
Talcum	35 per cent	15 per cent ad valorem.
Pumice	30 per cent	20 per cent.
Oxide of zinc	15 per cent	15 per cent.
Whiting	20 per cent	15 per cent.
Sulphuric acid	6 per cent	Free.

If the above facts are true—and my clients stand ready to prove same if given an opportunity—it is apparent that pencils can not be manufactured in this country under the present conditions as cheap as in foreign countries, unless the American manufacturer has such improved machinery and such superior labor over the foreign manufacturer that will enable him to overcome disadvantages stated above.

An investigation will demonstrate that the machinery used by the foreign manufacturers is just as efficient as that used in this country; in fact, the American manufacturers are now importing machines from foreign countries.

The labor used by the American manufacturer is similar to that used in foreign countries; or, in other words, the laborer here, in a given time, turns out no more than the foreign laborer.

As an additional fact showing that the American manufacturer without protection can not afford to pay the present prices for labor and raw material, I herewith submit an itemized list of the selling prices of certain pencils in foreign countries that the American manufacturer will have to compete with if the proposed tariff in the Underwood bill is not changed by the Finance Committee of the Senate, also the cost of the manufacture of similar pencils in this country:

		Per gross.
Pencil Tonbi, selling price in Japan (gold)		$0.36
Plus 25 per cent duty		.09
		.45
Pencil like this made in United States, average cost	$0.67	
Lowest selling price	.72	
Iwade Bee pencil, selling price in Japan (gold)		.40
Plus 25 per cent duty		.10
		.50
Similar article made in United States, cost	$0.76	
Lowest selling price	.85	
K. M. Faber pencil, selling price in Japan (gold)		.90
Plus 25 per cent duty		.22½
		1.12½
Similar article made in United States, cost	$1.38	
Lowest selling price	1.60	
Koka Ryusen pencil, selling price in Japan (gold)		.34
Plus 25 per cent duty		.08
		.42
Similar article made in United States, cost	$0.68	
Lowest selling price	.75	
Moon pencil, selling price in Japan (gold)		.63
Plus 25 per cent duty		.16
		.79
Similar article made in United States, cost	$0.98	
Lowest selling price	1.25	
A. W. Faber hexagon rubber tip, selling price in Japan (marks)		5.70
Plus 5 per cent for freight and charges		1.43
Plus 25 per cent duty		.36
		1.79
Similar article made in United States, cost	$2.04	
Lowest selling price	2.30	

Under the present tariff on lead pencils of 25 per cent ad valorem and 45 per cent specific, I am authorized to state that the Joseph Dixon Crucible Co., of Jersey City; Eagle Pencil Co., of New York; Eberhard Faber, of Brooklyn; American Lead Pencil Co., of Hoboken, N. J.; Essex Lumber Co., of New York, are now making and paying between 8 and 10 per cent on the capital invested, and none of the above concerns have any watered stock. Certainly this is not an excessive interest.

The National Pencil Co., of Atlanta, Ga., and the Lippincott Pencil Co., of Philadelphia, Pa., two comparatively new concerns, have as yet been unable to make any money.

The Joseph Dixon Pencil Co., to whom Messrs. Houston & Liggett sell a large part of their slats, had the most prosperous year of their existence in 1912, and the president of said company states that if his company during the last year should have had to sell pencils at a reduction of 45 cents per gross, as a consequence of the elimination of the specific duty of 45 cents per gross, their profit would have been turned into a loss of $60,000, and that he is more than willing to have an expert appointed by the Senate Finance Committee examine the books of the company and verify this statement.

I take it for granted that the makers of the present tariff did not intend and have no desire to destroy or seriously cripple the American manufacturer, but that the primary object in view was to permit him to make a fair profit on his investment and at the same time invite competition, thereby lowering prices for the benefit of the great masses of the people.

Pencils are now sold over the counter at retail as low as 1 cent a pencil, and the cry from the foreign manufacturer in the past has been that he wanted a reduction of the tariff, not for the purpose of competing with the high-priced American pencil, which is not used by the masses of the people, but that he wanted to compete with the low-priced pencil.

When the Payne-Aldrich bill was being considered by the Ways and Means Committee of the House of Representatives, Mr. Irvine P. Favor, representing L. & C. Hardmuth, pencil makers, of Budweis, Austria, the largest exporters of pencils to America, submitted a brief, which, among other things, said:

The present tariff practically prohibits the importation of medium and ordinary grades foreign-made pencils, as nothing but the highest quality of pencils can enter this country and find any market at the present time, and even pencils of the highest grade find the present tariff almost prohibitive. The purpose of the United States Government to obtain a revenue through the tariff return is thus thwarted on lead pencils by the fact that the medium and ordinary grades can not enter. I ask for a just and equitable revision, and would suggest if, in the opinion of your honorable committee, a specific rate is necessary in addition to an ad valorem rate, that the rates in the new bill be made not to exceed 20 per cent ad valorem and not more than 25 cents per gross specific. Anything in excess of these figures absolutely prohibits importation of anything but the very highest quality and most expensive goods, etc.

Notwithstanding the above statement that a tariff greater than 20 per cent ad valorem and 25 cents specific would prohibit the importation of pencils to the United States, we find importations to the value of $410,601 for the year 1912, upon which was paid a duty of $159,625.

Commencing with the year 1894 and ending with the year 1912, the value of importations for the year 1912 was greater than any intervening year except the years 1904, 1905, 1906, 1907, 1908, and 1910.

If the proposed tariff becomes a law the manufacturers of pencils, in order to compete with foreign manufacturers, must reduce not only the price of labor but the prices of the raw material; and when this is done it directly affects the farmers in Tennessee. Houston & Liggett can not sell their slats to the foreign manufacturers, for the reason that the slats are inspected not at Lewisburg, Columbia, or in this country, they being sold subject to inspection at foreign ports.

The small slat-mill man, not having a representative on the other side, would virtually be at the mercy of the foreign manufacturer,

and in cases of disagreement in many instances would have to seek redress in foreign courts.

If a reduction is necessary my clients most respectfully ask you to use your influence to secure a specific duty of 25 cents in addition to ad valorem fixed in the Underwood bill; or, if the policy of the Senate committee is against specifics, that an ad valorem of 50 per cent be inserted instead of the proposed ad valorem in the Underwood bill.

Certainly this is not asking too much, when the foreign manufacturer, as shown above, says he can compete with the American manufacturer if a duty of 20 per cent ad valorem and 25 cents specific is placed upon the finished pencil.

The old Wilson bill fixed the duty at 50 per cent ad valorem.

DIXON PENCIL CO.

APRIL 12, 1913.

MY DEAR SIR: When Schedule N, paragraph 393, of the Underwood tariff bill receives your consideration, which I assume and earnestly entreat it may, will you please also consider the following conclusions derived from my point of view:

The alleged object of the revision of our present rates of import duties is the relief in the cost of living of the whole people. This it is sought to accomplish to some extent by the removal of a specific duty of 45 cents per gross on lead pencils, in the manufacture of which I am personally interested, but as 45 cents is not divisible by 144 (1 gross) no part of the reduction can ever reach the general consumer who usually buys a single pencil as needed, and who must therefore continue to pay 1, 2, or 5 cents for his pencil as at present.

In other words, this is one of those attractive baits, periodically dangled before a receptive public, which is disposed to accept it at its face value without any idea of its application to everyday merchandizing.

Large consumers who can afford to, or of necessity must buy great quantities of supplies, would naturally derive substantial benefit from reduced prices on goods in bulk, but I have not seen in any of the arguments so far advanced that there was the slightest intention to favor through the proposed revision the large concerns, either transportation, industrial or otherwise.

In their letter of November 27, 1908, to the Ways and Means Committee of the House of Representatives, L. & C. Hardtmuth, pencil manufacturers of Austria, arguing for a reduced rate of duty, admit that a specific of 25 cents a gross, with 20 per cent ad valorem, is in their opinion what is necessary to insure active foreign competition and allow the importation of cheap as well as high priced foreign-made pencils.

If the Messrs. Hardtmuth are human, as I assume them to be, is it not reasonable to assert that in their statements they did not exaggerate in favor of the manufacturers of the United States?

Germany itself protects its pencil manufacturers against its Austrian neighbors by an adequate tariff, and due consideration should also be given to the fact that the entire pencil industry of the world

is now threatened by an invasion from Japan, where pencil factories are already in successful operation.

Notwithstanding, however, the admission of the Messrs. Hardtmuth and the other competition above mentioned, it is now proposed to disregard this evidence and reduce the import duty in this country to a rate which if applied to our output for 1912, the best year we have ever enjoyed, would have resulted in a loss of many thousands of dollars to this company, instead of a profit.

If any substantiation or verification of these statements is desired, your examination of our books and records is not only desired but solicited at your convenience, and I have no doubt a similar investigation would be welcomed by other pencil manufacturers in the United States, at least two of which have never declared a dividend, presumably because they have never earned one, although their present protection is alleged to be excessive.

We have about 900 employees in our pencil factories who are vitally interested in the outcome of the present controversy and in their behalf, as well as my own, I beg you to give this subject the consideration it most certainly deserves.

Awaiting your decision, I ask you to accept our assurance of appreciation of anything you can do in our defense in this unwarranted attack.

[Inclosure.]

UNDERWOOD TARIFF BILL.

At the proposed tariff on lead pencils it will be impossible for the newer and smaller pencil factories to continue. The difference in cost of labor exceeds the proposed duty, which along with the difficulties of training labor will render continuance impossible. Female labor, which forms a considerable item, receives fully four times the pay in this country than in Germany. We pay girls 15 and 16 years of age $4.50 as a starter; experienced girls get from $7 to $12 per week. This same class of help is paid from $1 to $4 per week in Europe. The same conditions exist with male help. We have now working for us men who worked in the same industry in Nuremberg, Germany, to whom we are compelled to pay as much per week as they received in Germany in a month; so it may be safely set down that whereas our labor costs, taking in all classes of pencils from the very cheapest to the best, will average 70 cents to 80 cents per gross, a factory in Nuremberg producing exactly the same grades and quantity will average only 15 cents to 20 cents per gross.

The most competitive pencil that has recently come on the market imported from Germany is priced at 6 marks, or $1.43 per gross; under present duties this pencil costs $2.31 landed in New York. At the proposed duty the same pencil will cost $1.86 landed in New York, a price which is utterly impossible for the American manufacturer to meet, the difference in labor, of course, on this special pencil being fully 75 cents to 80 cents per gross, or 50 per cent on the German selling price. The duty paid on the above-named pencil, considering specific and ad valorem tariff, is 56 per cent; notwithstanding this duty, the foreigner is taking the market. The older American manufacturers do not now compete with the pencil above named, simply because it leaves no margin of profit. We younger manufacturers must, in order to obtain business on other grades, meet this competition even at a less figure, to overcome the benefit of an old and well-known trade name.

A. W. Faber, of Germany, is now offering a pencil under present tariff for $1.40 landed in New York, which nets them about 75 cents per gross f. o. b. Germany. This is the same pencil American manufacturers are selling at $1.35 per gross and shows a duty of 80 per cent. I attach letter of Gottlieb & Sons.

I wish to impress on the Finance Committee that the reduction contemplated is from 80 to 25 per cent duty, and not from 39 cents duty.

No matter what the rate of duty may be, whether high or low, there are certain high-priced well-established brands that will always find a market in this country. These can scarcely be called competitive goods, but are sold ex-

clusively on trade-marks and brands. Even now the manufacturers of these particular brands are preparing to absorb the contemplated reduction in tariff by increasing the price 2s., or 50 cents per gross. Notice of advances have already been sent to the trade.

This shows that the foreign manufacturers, who have established brands, will absorb reduction in duty and throw the nondescript and unknown brands of foreign manufacturers in competition with the American goods. This would act with particular hardship on the younger American manufacturers who have no established brands and immediately put them out of business.

The tariff reports show that duty collected on pencils imported during past year was 39 per cent. This is correct, based entirely on the high grade, $3.24 per gross, pencils imported; but is misleading as to the actual tariff on pencils. The average price at which pencils are sold by American manufacturers is about $1.50 per gross; the foreign value of these same goods f. o. b. foreign factories is approximately 80 to 85 cents per gross. This shows that the present protection on average-price lead pencils is 80 per cent, and that the 39 per cent mentioned in tariff report is misleading. I appreciate that some reduction in tariff is expected, but no other industry is called upon to stand a reduction from 80 per cent to 25 per cent.

The pencil industry can meet foreign competition with a tariff averaging 60 per cent ad valorem, or with a specific tax of 35 cents and an ad valorem tax of 25 per cent. I am informed that in a letter, dated November 27, 1908, to the Ways and Means Committee of the House of Representatives, L. & C. Hardtmuth, large pencil manufacturers of Austria, arguing for reduced rate of duty, admit that a specific duty of 25 cents a gross with 20 per cent ad valorem is, in their opinion, what is necessary to insure active competition and allow the importation of cheap as well as high-priced foreign pencils. As the Hardtmuths were trying to get these goods in, they no doubt leaned in their own favor. This statement was made before the Japanese pencils became a factor. The Japanese have a lower wage scale than the Germans and Austrians. German manufacturers have a protective tariff on pencils against Austria.

Many articles, such as aniline dyes, lacquer, metal, which enter largely into the manufacture of pencils are listed for very heavy tariff.

In some manner there seems to have been the impression that the pencil industry is controlled by a trust or combination. No such trust of combination exists; in proof of which it is simply necessary to state that during the past eight years, when practically all classes of raw and manufactured goods have advanced in price, and this being especially so in materials entering into the manufacture of pencils, viz, pencil cedar, graphite, brass, rubber, and labor; the manufactured pencil is to-day being sold for less money than it was eight years ago.

The National Pencil Co. has been in existence five years, during which time they have not paid a dollar in dividends; whatever little money may have been earned has more than been absorbed in depreciation of plant and loss in instructing labor. We have an investment of nearly $200,000, employ 150 people, with a pay roll of nearly $2,000 per week, which this change in tariff would cut off.

There are at present eight pencil factories in the United States, and another one projected. Four of these factories have come into existence during the past five years. As nearly as I can ascertain they employ between five and six thousand operators; this does not include operators engaged in getting out the timber.

Two of the American manufacturers have established factories in England to take care of their foreign business.

There are practically no pencils exported from the United States. The exports that the tariff reports show consist principally of seconds or damaged pencils that are worthless in this country, but will bring some kind of price in such countries as Canada, Cuba, South America, and South Africa. These, together with pencil novelties, furnish the entire export business.

The great competition among local factories furnishes explanation of the small amount imported.

The Dixon Pencil Co. state that based on their business during 1912, if contemplated tariff were applied, their business would have shown a loss of $60,000. I attach Dixon's letters.

Recently the Japanese have become active in the manufacture of lead pencils, and with their very low labor costs will imperil all classes of manufactures requiring much hand labor. This yellow peril must be considered. Fully 50

per cent of the cost of a lead pencil to an American manufacturer is the labor.

We require a tariff of not less than 35 cents per gross specific and 25 per cent ad valorem to meet foreign competition. The proposed 25 per cent tariff is too radical a change and ruinous to the industry.

The removal of 45 cents per gross specific duty is of no value to the ultimate consumer; 45 cents is not divisible by 144 (one gross); no part of this reduction can ever reach the general consumer who usually buys a single pencil as needed and who must therefore continue to pay one, two, or five cents for his pencil as at present; the reduced duty simply going to swell the profits of the jobber and retailer.

EAGLE PENCIL CO., 377-379 BROADWAY, NEW YORK, N. Y., BY PHILIP BEROLZHEIMER, TREASURER.

NEW YORK, *May 12, 1913.*

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

DEAR SIR: Pardon me for addressing you. I have seen a letter from A. W. Faber, of Germany, addressed to Congressmen and Senators, copy of which is hereby attached, in which they are trying to show the cost of pencils in Germany and the cost here.

Without going into details as to the ridiculous and untrue statements which they make in their letter, I take the liberty of calling your attention to the fact that this firm has been defrauding the United States Government for many years and for very large amounts of money, by willful undervaluations. The actual fine imposed on this firm by the United States Government was about $40,000, as published in the Treasury Department Circular No. 40 of 1896. They defrauded this Government in the following manner: They consigned their goods to the ex-consul of the United States at Nuremberg, Germany, at cost, or below the cost. He in turn, after paying the duties, made out new invoices and turned them over to the former agent of A. W. Faber, who for many years was Eberhard Faber, of New York City.

Mr. S. L. Norton, special Treasury agent, and who still holds that position at the customhouse of New York City to-day, had charge of this case and will verify this statement as being correct, if you will send for him.

A few years ago the same firm of A. W. Faber purchased a small pencil factory by the name of J. W. Guttknecht, located at Stein, Germany, and are now invoicing goods under that name to this country, at very much lower prices than the German market value. This firm has been in existence for more than 150 years. It is one of the richest firms in Europe and belongs to Count Faber Castell and his wife.

A. W. FABER, NEWARK, N. J.

NEWARK, N. J., *May 7, 1913.*

DEAR SIR: I have been advised that when the pencil schedule of the new tariff bill was being considered on Monday that you moved to increase the 25 per cent duty on lead pencils to 45 cents per gross specific and 25 per cent ad valorem.

I beg leave to state that this change would not have met with the approval of the large dealers in lead pencils in Michigan, the retailers and jobbers of Detroit.

It is of course unnecessary to mention that a lead pencil is necessary and not a luxury, as there is not a man, woman, or child who do not constantly use lead pencils from the day they enter school until death claims them.

I beg to call your attention to the fact that the duty as suggested by you means in many instances a duty of 100 per cent or more, for example, a cheap lead pencil, costing 3.6 marks less 15 per cent, or 73 cents net f. o. b. Germany factory, would cost laid down in New York about $1.48 per gross, figured as follows:

Cost of pencil	$0.73
Specific duty	.45
Ad valorem duty, 25 per cent	.18
Consular invoices, ocean freight, etc	.12
Total	1.48

Or more than 100 per cent of the original cost of the pencil.

The firm of A. W. Faber is a large importer of high-grade lead pencils, such as used by draftsmen, architects, engineers, etc., as such pencils of a satisfactory grade have not as yet been produced in the United States.

It has always been impossible, however, to import any of the cheaper grades, such as are used very extensively in schools and by the masses, on account of the high protective duty. The American manufacturers have had a monopoly of this business, which constitutes about 75 or 80 per cent of all the pencil business in the United States, and I have no doubt made enormous profits.

Should the tariff bill go into effect I do not think any of the American lead-pencil manufacturers need fear being forced out of business, as I believe it would be possible for them to make a big reduction in price and still make very satisfactory profits.

I also wish to call your attention to the fact that the supply of cedar used by the German pencil manufacturers comes almost wholly from the United States. A large part of the graphite used also comes from this country. As cedar and graphite are the two chief materials entering into the manufacture of pencils I believe that the American manufacturers actually have an advantage over those abroad.

When the writer was abroad recently, he noticed pencils of American manufacture in England that were being sold for less than they are being sold for in the United States. This does not look as though the American pencil manufacturers need protection of more than 25 per cent.

Par. 390.—PHOTOGRAPHIC FILMS.

G. GENNERT, 24 AND 26 EAST THIRTEENTH STREET, NEW YORK, N. Y.

To the Finance Committee and Members of the Senate of the United States:

Your petitioner, G. Gennert, a copartnership engaged in the manufacture and sale of photographic supplies since 1854, and now maintaining branches in New York, New Jersey, Illinois, and California,

appeared before the Ways and Means Committee of the House on January 9 and January 30, 1913, asking for a downward revision of the tariff on various photographic articles, including cameras and dry plates, and particularly urging that photographic films be placed upon the free list.

In addition, not less than 6 petitions, signed by about 50 firms engaged throughout the country in the sale of photographic goods, asking that photographic films be placed upon the free list, were filed with the Ways and Means Committee.

As a result of the foregoing, photographic cameras classified by the Board of General Appraisers as "optical instruments" and assessed as such at 45 per cent ad valorem under paragraph 108, Schedule B, of the Payne-Aldrich bill, have by paragraph 96 of H. R. 3321 been reduced to 30 per cent ad valorem.

Photographic plates and films not developed or exposed, assessed under paragraph 474 of the Payne-Aldrich bill at 25 per cent ad valorem, have by paragraph 391 of H. R. 3321 been reduced to 15 per cent ad valorem.

As photographic dry plates and cameras are not exclusively controlled by any combination or trust, your petition accepts the judgment of the House committee on the reductions made on these articles, though still firmly believing a duty of 30 per cent on cameras to be excessive, since the exports of cameras in 1912 amounted to $672,108, and the imports thereof were so trifling that the Department of Commerce and Labor did not even schedule them.

Your petition, however, insistently urges that the imposition of a tariff of 15 per cent ad valorem on photographic films, or any duty at all on this article, is fatal to any competition therein in this country, and is in flat contradiction of the principles of the Democratic Party, so far as they refer to a revision of the tariff as laid down in its party platform and as interpreted by the party leaders.

In all the evidence given at the hearings before the Ways and Means Committee no objection whatsoever was made or recorded against placing photographic films upon the free list, but the committee nevertheless refused your petitioner's request, and it is from this refusal that we appeal to the Senate.

(The term "photographic films," properly used, means any kind of a photographic film in the raw, unexposed, and undeveloped state, sensitized and ready to receive a picture. See explanatory note at end of statement.)

For tariff purposes photographic films in the unused state have been customarily divided into two classes:

(*a*) Photographic films (meaning films used in ordinary cameras for making ordinary pictures).

(*b*) Moving-picture films (films used for making motion pictures).

In addition to these two classes, the tariff schedules refer to film negatives and film positives, both of which are films in a more advanced state of manufacture, to wit, developed and exposed, and with reference to which no relief is sought.

Your petitioner now earnestly requests the United States Senate to place "photographic and moving-picture films not developed or exposed" on the free list for the following reasons:

(1) Because at least 95 per cent of the photographic films sold in America and at least 80 per cent of all films sold in foreign countries

are manufactured in the United States by the Eastman Kodak Co., which company by the aid of unfair methods and its predominant position as a manufacturer has practically eliminated all competition.

In the class (*b*) above mentioned, the so-called moving-picture films, there is absolutely no competition in the United States to-day, as the Eastman Kodak Co. has by its unfair methods captured the entire business and driven everyone else, including your petitioner, out of the competition.

In the class (*a*), ordinary photographic films, there is some slight competition by the Ansco Co., of Binghamton, N. Y., and by a few importers, including your petitioner, but the total of their combined sales would not, upon a liberal estimate, exceed 5 per cent of the total sales of films in the United States, which range from $15,000,000 to $20,000,000 annually, while the remaining 95 per cent of the sales are made by the Eastman Kodak Co.

We call particular attention to the fact that the Ansco Co., the only other American film manufacturer, produces no so-called moving-picture film, and while this company filed an exhaustive brief before the Ways and Means Committee on the subject of photographic cameras, it made no appearance at the hearings on the paragraph covering photographic films.

(2) Because the Eastman Kodak Co. is a trust and is operating in violation of the Sherman antitrust law.

The Eastman Kodak Co. now is and for a year or more past has been under investigation by the Department of Justice, and your petitioner contents himself at this point with the categorical statement that this corporation has been and is conducting its business in films and other photographic goods in violation of the Sherman antitrust law, which can be easily confirmed by inquiry at the Department of Justice, which now possesses legal evidence of such violations.

The Eastman Kodak Co. refuses to sell any independent dealer its films unless he agrees to handle trust products exclusively, whether the same be patented or not.

It is a combination of many formerly competing corporations, acquired for the purpose of suppressing competition, in which it has succeeded to a remarkable degree.

As evidence of the tribute which this success has enabled it to wring from the people of the United States, we point to its profits, which have been enormous. As a certain periodical recently stated, "its financial history reads like a romance."

The Eastman Kodak Co. in 1911 had net earnings of $11,649,263, or at the rate of 57.81 per cent on about $20,000,000 of common stock. Its report for 1912, just published, shows net earnings of $13,999,047, or at the rate of 69.81 per cent on its common capital stock. Since 1910 it has paid 40 per cent annually on its common stock, in addition to the regular dividend of 6 per cent on about $6,000,000 of preferred stock, while its last annual report discloses a surplus account of $17,507,435, which is independent of a separate reserve fund for depreciation of $6,937,853.

Photographic films are the main factor in producing this abnormal profit.

(3) The imports of films in the United States are practically nil, whereas the exports are enormous. No substantial revenue is there-

fore derived by their importation, and the imposition of a duty is only a further bulwark to hinder competition.

The imports of moving-picture films not developed or exposed for the year ending June 30, 1912, were $75,328, whereas the exports of moving-picture films for the same period were $6,815,060.

The reports of the Department of Commerce and Labor do not clearly show how much of these exports were of films not developed or exposed, but this is not of controlling importance, as all the finished moving pictures of American scenes exported are made on Eastman raw film.

(4) The Eastman Kodak Co. can and does produce films more cheaply, by far, than any foreign manufacturer. A duty of 15 per cent, therefore, adds just that amount to its already enormous profit.

That the tariff can not affect the American manufacturer adversely is shown by the fact that for the year ending December, 1912, the total of all photographic exports was $9,064,326, whereas the total of all photographic imports was $1,550,184, by far the largest part of which imports (approximately $1,150,000) consisted of finishing moving pictures, namely, film positives or film negatives, 80 per cent of which were made on raw film manufactured in the United States by the "trust," exported to Europe, finished there, and thence returned to this country.

Although the Eastman Kodak Co. has for many years maintained a large manufacturing plant at Harrow, England, it has manufactured no films there at all. All the films sold by the Eastman Kodak Co., through its controlled subsidiaries in foreign countries—the Canadian, German, French, and English kodak companies—are manufactured in Rochester, N. Y. At that plant, by the most perfect system and up-to-date machinery, the trust both manufactures the basic celluloid and places the sensitized emulsion thereon at a cost figure that can not be approached by any other manufacturer, domestic or foreign.

Your petitioner, because of the trust's refusal to sell him films, must import them from England. This English film is made on American-made celluloid which is exported to England, coated there with sensitized emulsion, and then returned to the United States, paying a heavy freight both ways and an import duty of 25 per cent. The only effect of a 15 per cent duty is therefore to enable the Eastman Kodak Co. to exact an additional tribute of 15 per cent upon its vast sales from the American people.

(5) The Eastman Kodak Co. sells films more cheaply abroad than in America.

Until the recent report of the Ways and Means Committee of the House, the Eastman Kodak Co. sold American-made moving picture film abroad at 3 cents a foot, less certain discounts ranging from 7½ per cent to 12½ per cent; as against this price it maintained an American price of 3½ cents net a running foot.

Since the framing of the recent House bill, however, the trust has announced a reduction in its American price from 3½ cents to 3 cents net a running foot, thus leaving the price at which it sells the same American-made goods in Europe from 7½ per cent to 12½ per cent lower than its American price. This reduction of one-half cent in the American price is the practical equivalent of the Payne-Aldrich duty

of 25 per cent ad valorem on the price at which foreign film is entered for duty in America (approximately 2¼ cents), and made now in the face of an impending reduction in the tariff becomes of the greatest significance, showing, as it does, that the Eastman Kodak Co. is entirely unaffected by any tariff on films, its chief product. That this is true has been openly stated by its officers.

It may be argued from the foregoing that if it so willed the Eastman Kodak Co. could reduce the price of film to such an extent as to make importation impossible, but it is hardly probable that the trust would be willing to reduce its enormous profits to such an extent; in any event the people of the United States would at least reap a most substantial benefit from such a reduction.

We reiterate, photographic and moving-picture film not developed or exposed should be placed upon the free list.

Every tenet of Democratic governmental and tariff principle and policy calls for that relief.

The maintenance of any duty serves to foster the continuance of a monopoly which has become unbearable and which, in the form of excessive profits, exacts an enormous tribute from the American people and yet brings no revenue into the Treasury.

The United States Senate can and should provide relief by insisting upon the abolition of any duty in a case such as this, meeting as it does every requirement which the Democratic Party has prescribed as a test for the placing of merchandise on the free list.

EXPLANATORY NOTE.

The addition to the free list should read: "Photographic and moving-picture film not developed or exposed."

This language is necessary in view of the confused use heretofore for tariff purposes of the terms "protographic films" and "moving-picture films."

Under the act of July 24, 1897, paragraph 458, the simple term "photographic films" was used, motion-picture photography being then unknown.

This art having been perfected, in the Payne-Aldrich bill photographic films are provided for separately from moving-picture films (though really including the latter) in Schedule N, paragraph 474.

In H. R. 10 (1913) photographic films were again assessed separately from moving-picture films, the former at 15 per cent ad valorem, the latter at 20 per cent ad valorem (par. 395).

In H. R. 3321 all films not developed or exposed are intended to be included under the general term "photographic films not developed or exposed" (par. 391).

We believe that this term, "photographic films, not developed or exposed," in view of its separation in previous tariff measures, is not sufficiently broad or clear to include without doubt "moving-picture films not developed or exposed." Confusion or doubt may easily arise from the use of the mere general term "photographic films."

This is particularly so, because under paragraph 26, H. R. 3321, compounds of pyroxolin, etc., are variously assessed at 15 per cent and 35 per cent ad valorem. The celluloid, which is the base on which the sensitized emulsion is placed to make film, is in largest part composed of pyroxolin.

To make sure, therefore, that all photographic film, including moving-picture film, is intended to be placed on the free list when not developed or exposed, the proposed addition to the free list should say so in so many words, and should read:

"Free list: Photographic and moving-picture film not developed or exposed."

EXHIBITS ANNEXED.

(1) Statement of condition of Eastman Kodak Co., furnished by Standard Statistics Bureau, New York City.
(2) Statement of general photographic exports for the year ending December 30, 1912, and of imports for the year ending June 30, 1912. (See note.) Reprinted from report of Department of Commerce and Labor for December, 1912, and June, 1912, respectively.

NOTE.—The imports for the period ending June 30, 1912, are given rather than those for the period ending December 30, 1912, as the latter figures contain little detail and no mention of the amount of "film not developed or exposed" that was imported.

EXHIBIT No. 1.—*Eastman Kodak Co. of New Jersey.*

[Incorporated under laws of New Jersey, Oct. 24, 1901; main office, 343 State Street, Rochester, N. Y.; corporate office, 83 Montgomery Street, Jersey City, N. J.]

Dividends paid since organization.

	1902	1903	1904	1905	1906	1907	1908	1909	1910-12
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Preferred	6	6	6	6	6	6	6	6	6
Common	2½	10	10	10	10	10	10	10	10
Extra on common	.....	.....	.....	.....	9½	10	15	20	30

Summary of annual reports.

	Income account, years ended Dec. 31—					
	1912	1911	1910	1909	1908	1901
Net profits	$13,999,047	$11,649,263	$8,975,177	$6,852,575	$6,472,519	$2,509,134
Dividends paid	8,177,899	8,174,847	8,176,332	6,226,152	4,274,082	.....
Surplus	5,821,148	3,474,416	798,845	626,423	2,198 437	.....
Indicated earnings:	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	
On preferred stock	227.05	188.93	145.57	127.36	121.19	.....
On common stock	69.81	57.81	44.10	38.33	36.39	.....

Comparative general balance sheet, Dec. 31.

Assets.	1912	1911	Liabilities.	1912	1911
Properties	$32,014,371	$28,917,763	Capital stock	$25,688,500	$25,678,000
Deferred charges	139,652	78,614	Accounts payable	1,511,010	1,187,169
Welfare fund assets	1,025,521	510,220	Dividends payable	580,556	582,141
Material and supplies	9,733,650	7,367,105	Welfare fund	1,025,521	510,220
Accounts and bill receivable	3,317,703	2,731,654	Reserves for depreciation, renewals, contingencies, etc	6,937,853	6,413,102
Marketable bonds and stocks	1,385,914	2,038,793	Surplus	17,507,435	12,186,288
Cash	5,634,064	4,912,766			
Total	53,250,875	46,556,920	Total	53,250,875	46,556,920

Property.—Manufactures cameras and photographic materials and supplies. Among the companies acquired are: The Eastman Kodak Co. of Rochester, N. Y.; the General Aristo Co.; the American Aristotype Co.; the Kodak (Ltd.), of London; the Eastman Kodak Societe Anonyme Francaise of Paris; the Kodak Gesellschaft m. b. h. of Berlin; the Rochester Optical & Camera Co.; the M. A. Seed Dry Plate Co.; the Arthura Photo Paper Co.; and many others.

EXHIBIT No. 2.

Imports of photographic goods for year ending June 30, 1912.

Photographic goods, not elsewhere specified.	Rates of duty.	Quantities.	Values.	Duties.	Value per unit of quantity.	Actual and computed ad valorem rate.
Dry plates or films: Moving picture films, not developed or exposed.	25 per cent		$75,328.00	$18,832.00		25.00
Reciprocity treaty with Cuba.	25-20 per cent.		265.00	53.00		20.00
All others [1]	25 per cent		201,510.53	50,377.72		25.00
Film negatives, imported in any form, for use in any way in connection with motion-picture exhibits or for making or reproducing pictures for such exhibits.	do		86,108.00	21,527.00		25.00
From Philippine Islands.	Free		450.00			
Reciprocity treaty with Cuba.	25-20 per cent.		90.00	18.00		20.00
Film positives, imported in any form, for use in any way in connection with motion-picture exhibits, including herein all moving, motion, motophotography, or cinematography film pictures, prints, positives, or duplicates of every kind and nature, and of whatever substance made (linear feet).	1¼ cents per linear foot.	13,968,278	806,831.27	209,524.28	$0.058	25.97
Reciprocity treaty with Cuba.	1¼ cents per linear foot, 20 per cent.	900	5.00	10.80	.006	216.00
Total	Free		450.00			
	Dutiable		1,170,138.17	300,342.50		25.66

[1] This covers photographic dry plates.

Exports of domestic merchandise (photographic goods).

Photographic goods.	1910, values.	12 months ending December, 1911.		1912	
		Quantities.	Values.	Quantities.	Values.
Cameras [1]			$251,923		$672,108
Motion-picture films [1] linear feet				[3] 37,566,810	[3] 3,537,392
Not exposed do		42,468,491	3,277,668	[3] 8,581,142	[3] [4] 819,653
Exposed do				[3] 16,992,791	[3] 1,144,548
Total motion-picture films do	5,956,478	[3] 468,491	[3] 3,277,668	62,240,743	5,501,593
Other sensitized goods			[3] 293,567		[5] 3,056,466
Other apparatus			[3] 84,849		253,409
All other			[5] 4,079,870		480,750
Total photographic goods	5,956,478		7,987,877		9,964,326

[1] Not separately stated prior to July 1, 1911.
[2] Figures are for 6 months, January to June, inclusive.
[3] Figures cover period since July 1.
[4] This total of $819,653 is obviously incorrect and does not show total amount of "unexposed film" exported. It purports to represent 8,581,142 linear feet of "unexposed film," which is at rate of about 9 cents a foot, whereas unexposed film costs only 3 to 3½ cents a foot.
[5] These items undoubtedly contain a large amount of "film." The discrepancy between 1911 and 1912 figures indicates a difference in classification between the two years.

The Finance Committee, United States Senate:

Your petitioner desires to add to his brief on photographic films a few facts which have only just come to light.

The Eastman Kodak Co., of Rochester, N. Y., have advanced in their brief, pages 8 and 9, as a reason why photographic films should remain on the dutiable list, the statement that the raw materials of which they are composed are subject to duty, the raw materials particularly mentioned being gelatin and nitrate of silver.

GELATIN.

Mr. Charles Delaney, Philadelphia, Pa., president National Association of Glue and Gelatine Manufacturers, stated before the Ways and Means Committee (see Report of Hearings, p. 209): "The consumption of photographic gelatin in this country is practically limited to one consumer, whose whole requirements were formerly supplied by foreign manufacturers, but the United States gelatin makers are now furnishing this party with a portion of his requirements."

NITRATE OF SILVER.

This article is not imported, but is made and sold in the United States more cheaply than abroad.

Your petitioner, who is also a manufacturer of photographic material in which the two items above mentioned are raw material, can add from positive knowledge that even although imported gelatin were used exclusively, the percentage which the duty on this article would add to the total cost of the finished product is practically nil.

CELLULOID.

Celluloid forms the base of all photographic films, and it might be advanced as an argument that this raw material, which is also dutiable, offers an additional reason for protecting the finished product (photographic films) were it not for the fact that this celluloid is manufactured more cheaply in America than abroad; in fact, your petitioner buys his celluloid of the Celluloid Co., Newark, N. J., ships it abroad, has it coated with the photographic emulsion, and pays duty on the American celluloid at the present time. In view of this fact, there can be no argument that the American manufacturers, all of whom make their own celluloid and produce it more cheaply than it is produced abroad, should be entitled to protection on account of duty on raw material.

Respectfully submitted.

G. GENNERT.

EASTMAN KODAK CO., BY GEORGE EASTMAN, TREASURER.

HISTORY OF THE EASTMAN KODAK CO.

The SENATE FINANCE COMMITTEE:

The business of this company was founded in 1880 by George Eastman, who then began the manufacture of gelatin dry plates and who

was among the first to manufacture such dry plates in this country. This business was thereafter carried on successively by different concerns bearing the name Eastman, all hereinafter, for brevity, included under the name "Eastman Co."

In 1885 the Eastman Co. introduced the film-roll system of photography, the apparatus then manufactured and sold by it being plate-camera attachments known as roll holders, and the film manufactured and sold for use therewith consisting of gelatin-coated paper. In introducing this system and these roll holders, the Eastman Co. was a commercial pioneer. The use of this system, however, was confined to owners of plate cameras (the only cameras then in use) who were willing to use the roll holders referred to. These cameras were all of large size, heavy, and bulky, as compared with the film-roll cameras of later years.

To open up a new field, namely, that of amateur photography, the Eastman Co. in 1888 devised and introduced a complete camera (the first "kodak") containing the necessary film-roll mechanism, and with this was inaugurated the "You press the button and we do the rest" system of film-roll photography, which has ever since appealed to the amateur photographer. In the introduction of this system, and these cameras containing film-roll mechanism, the Eastman Co. was again a commercial pioneer.

The Eastman Co. met with such success in the introduction of this latter system that in 1889 it began the manufacture and sale of pyroxyline roll film (to take the place of the gelatin-coated paper films above referred to) made by the use of a process and an apparatus which it had meanwhile devised, and which were covered, respectively, by the Reichenbach patent 417202, dated November 10, 1889 (expired November 10, 1906), and the Eastman patent 471469, dated March 22, 1892 (expired March 22, 1909). These patents did not cover processes and apparatus broadly, but only the specific process and apparatus used by the Eastman Co., so that they presented no obstacle in the way of anyone desiring to make film. In the introduction of this pyroxyline roll film, the Eastman Co. was again a commercial pioneer, and since it began the manufacture of such pyroxyline roll film it has continuously manufactured and sold the same in constantly increasing quantities year by year.

From time to time the business of the Eastman Co. has been gradually extended to other photographic apparatus and supplies, so that for some years past it has manufactured and sold a general line of photographic goods for use of both amateur and professional photographers. Except for such setbacks as are ordinarily met with from time to time in any business, it has been uniformly successful in the manufacture and sale of its different lines of photographic apparatus and supplies, and the success it has met with has been due to the improvements made by it from time to time in the apparatus and supplies manufactured and sold by it and in the methods of manufacturing the same, and in the care and skill exercised by it in their manufacture; all of which has resulted in the production of apparatus and supplies of the best quality obtainable at the time, and also, in many cases, in decreased cost of production, which has benefited the public in decreased prices. In fact, it may be stated that the Eastman Co. has been viewed for years, both here and abroad, not only as the originator and developer of amateur photography, but as

the leading manufacturer of photographic apparatus and supplies generally in the world, and it attained this leading position and has maintained it during all these years, not because of its wealth, but simply and solely because of the quality of its products and its fair treatment of the public in the matter of price thereof. Most of these products have been covered by letters patent of the United States.

It is true that it has done and is now doing a very large business, both here and abroad, and that it has made a large amount of money from this business, but all of this has been due to the quality of its products. Furthermore, the people of this country have benefited enormously by the business done by it, not simply because of the employment it has given to thousands of people here in the manufacture and sale of its products, but by the enormous sums of money, amounting to millions of dollars, which have been brought to this country from abroad because of the sale there of its products manufactured in this country. To this may be added that the great preponderance of its stock is owned by Americans.

In this connection it is of interest to consider particularly its position in the photographic world as to photographic film making.

It may be noted here that film making is essentially an American industry and that it would be difficult to find another industry as distinctively American.

The Eastman Co. started in this business, as before stated, in the year 1889. Since then, and beginning as early as the year 1890 or 1891, it has met with competition here and abroad, both as to film for use in hand cameras (or "regular film," as it will be hereinafter termed) and film for moving-picture purposes (or "cinematograph film," as it will be hereinafter termed), but notwithstanding such competition the Eastman Co.'s film has maintained its position of supremacy down to the present time, simply and solely because of its superior quality to the competing films. In other words, the Eastman Co. knew how to make a satisfactory film, and therefore succeeded; its competitors did not know how to make it, and therefore failed.

It has been argued by those who favor tariff reduction or free listing as to photographic film[1] that the large volume of business done by the Eastman Co. in film has been due in a large measure to the fact that it limited its sales to such dealers as would handle it to the exclusion of other films; in other words, push its sale. The fallacy of that argument is demonstrated beyond question by the considerations, among others, first, that that restriction applies only to its regular film (which is put out by it in cartridge form under patents owned by it) and not at all to its cinematograph film; second, that no dealer was compelled to handle its film, as he could obtain domestic ond foreign made films elsewhere and at the same or less price; third, that the real reason dealers handled it was because it was the best obtainable; fourth, that such restrictions is not applied to dealers abroad, and yet the sales abroad of Eastman regular film are greater than those of regular film of all makes combined; and fifth, that such restriction does not apply to cinematograph film (of which a much

[1] Those who do so are not American manufacturers, but persons who, like G. Gennert, are interested, as importers or otherwise, with and working in the interest of foreign manufacturers and have no regard for the rights of the American manufacturers or the American public generally.

larger quantity is sold here and abroad than of regular film), and yet the sales of the Eastman Co.'s cinematograph film, both here and abroad, are much greater than those of cinematograph film of all makes combined.

It is simply and solely a question of quality, and such competition as the Eastman Co. has met with in the past has not been serious, because its competitors did not know how to produce photographic film which could compete in quality with that of the Eastman Co. Many have tried to do so, but all of them have failed.

That this is so is demonstrated beyond question by the fact that the prices charged by the Eastman Co. for its film (both regular and cinematograph) has been, except in the instance presently referred to, the same here and abroad.[1]

Some of those who argue for tariff reduction or free listing, as to photographic film, point to the fact that the Eastman Co. gets the same price abroad for its film as it does in this country, and that therefore it does not need so-called protection. The question of so-called protection has had nothing whatever to do with the matter. The Eastman Co. gets this price abroad for the same reason that it gets it in this country, namely, because there has been no film made which can compete with it in quality, as such persons practically admit, because they make the statement that the Eastman Co. does the bulk of the business in photographic film here and abroad. It could get even a higher price for its film here and abroad if it wanted to be unreasonable, as shown by the fact that for a time it was bound by agreements to a certain class of customers to whom it sold cinematograph film at a low rate per foot, and during this time another class of customers were desirous of obtaining its film, but the Eastman Co. could not supply them therewith at this low rate. These other customers could have obtained other film at this low rate, but they preferred the Eastman film because of its quality, and bought it at a higher rate. In March, 1913, the Eastman Co. was relieved from the agreement referred to and it therefore reduced the rate to these customers to that given the customer first referred to.[2]

The need for so-called protection is probably near at hand, because there is a great German chemical concern, Actien, Geselschaft fur anilin Fabricken, manufacturing film under the name "Agfa," which may become a serious competitor of the Eastman Co. if its quality be improved and maintained. This foreign manufacturer will, of course, because of the materially lower wages paid abroad, be able to compete with the Eastman film, not only as to quality but also in price, and the result of such competition will be that the Eastman Co. will be compelled, in order to retain its trade, to meet the prices at which this film is sold. If the film of this competitor were manufactured in this country the Eastman Co. would, of course, be on an equal footing with it as to cost of production. If, however, this manufacture should be carried on abroad, as it very likely will be,

[1] The statement made to the contrary by W. O. Gennert (House Tariff Hearings, Schedule N, p. 5722) is untrue. Any apparent difference in price was due to the presence here of a one-half cent patent royalty to the Edison Co. which had nothing to do with the Eastman Co.'s price. This ended, so far as the Eastman Co. is concerned, nearly a year ago.

[2] The brief of G. Gennert (Senate Finance Committee), recently filed, makes untruthful statements and erroneous deductions (pp. 5–6) as to the Eastman Co. prices and discounts and as to certain price reductions made by the Eastman Co. The only reductions made are those referred to above, and the report of the House Ways and Means Committee and the House bill had nothing whatever to do with the making of either of them.

the tariff act alone can settle the question as to whether or not the Eastman Co. or such foreign manufacturer will be on such equal footing.

This suggestion, while made with particular reference to the Eastman Co., is as applicable to any other American manufacturer of photographic film, including the Goodwin Film & Camera Co., manufacturer of the Ansco film,[1] and it is perfectly obvious that, quite aside from any so-called prohibitive tariff legislation for the protection of an American industry, such as film making is, the tariff regulations as to film should be so adjusted in such way as to at least put the American manufacturer on an equal footing with the foreign manufacturer as to cost of production.

The argument as to difference in wages paid, here and abroad, to those employed by film manufacturers, has been so many times urged in connection with other schedules that it does not seem to be necessary to say anything at length here concerning it. Attention is called, however, to the statement (still true) of the Eastman Co., of November 30, 1908, to the Committee on Ways and Means of the House of Representatives in its consideration of the Aldrich bill.

The tariff of 25 per cent ad valorem should be retained. The 15 per cent rate adopted by the House is too low.

Photographic film is a luxury and not a necessity.

Regular film is used mainly by amateurs.

Cinematograph film pictures are used in theaters. Frequenters of such theaters are not affected one way or the other by tariff changes.

A pyroxyline film for photographic purposes comprises (1) a pyroxyline support and (2) a coating thereon of sensitized gelatin emulsion.

The pyroxyline support is made from a solution of pyroxyline (cellulose treated with nitric and sulphuric acids) in solvent menstrua, which solution is spread upon a suitable surface and dried (by evaporation of the solvent menstrua).

The menstruum used by the Eastman Co. in the manufacture of its film support is wood alcohol, acetone, and fusel oil, camphor being added to the solution. That used by the Goodwin Film & Camera Co. in the manufacture of the Ansco film support is wood alcohol, fusel oil, and amyl acetate, a secret ingredient being added to the solution.

In each case the quantity of menstruum is about five times, by weight, the quantity of pyroxyline.

What other film manufacturers use in making up their pyroxyline solutions is, unfortunately, unknown to the writer of this statement, beyond the fact that the Celluloid Co., in the manufacture of its photographic film support, uses camphor.

The raw materials for the manufacture of the pyroxyline film support are, therefore, either the pyroxyline solution, as a whole, or the pyroxyline, the menstruum, and other things added, as camphor or the secret ingredients above referred to. It is proposed to subject these raw materials to a 15 per cent ad valorem duty (sec. 26, H. R.

[1] It is rumored that some one interested in tariff reduction or free listing as to film has asserted or suggested that the Ansco Co. is owned by the Eastman Co. This is absolutely untrue. Their only community of interest is opposition to tariff reduction as to certain photographic goods.

3321) considered as a solution, or to different duties if the elements be considered separately.

This pyroxyline film, when dried, is coated with the sensitized gelatin emulsion above referred to. This consists of an aqueous solution of gelatin containing nitrate of silver, there being approximately equal parts of the two.

The raw materials, therefore, for gelatin emulsion (other than water) are the gelatin and the nitrate of silver. It is proposed to subject these raw materials (secs. 35, 36, H. R. 3321) to a duty of 25 per cent ad valorem for the gelatin (which costs about 60 cents per pound abroad) and 10 per cent ad valorem for the silver nitrate (which costs here, and probably abroad, about $6.50 per pound).

Is it right or consistent, with these duties on the raw materials, that the finished product, namely, the photographically sensitive film (comprising the pyroxyline support and sensitized gelatin emulsion) should be on the free list, or even have the duty thereon reduced to any substantial extent below the present 25 per cent ad valorem rate? Obviously not, as the only effect of such reduction would be, first, to place a premium on film manufacture abroad, and, second, to deprive the Government of the revenue contemplated by it on the raw materials—and all this without any corresponding benefit to the public.

With the tariff adjusted in this way, a person in this country who desired to make film would, on finding that the imported finished product was duty free, certainly not import the raw materials and manufacture the film here, nor even undertake film manufacture from materials made here, but would secure the finished product directly from the foreign manufacturer. It would be cheaper.

With the tariff adjusted in this way it is conceivable that in the course of time, and a very short time at that, after the foreign manufacturer had learned how to make good film there would be no photographic film manufactured at all in this country, and as a result a distinctively American industry would cease to be such, and through such tariff adjustment be delivered into the hands of foreign manufacturers.

Viewing 15 per cent ad valorem as a fair duty on the raw materials for the pyroxyline base and 25 per cent ad valorem (gelatin) and 10 per cent ad valorem (silver nitrate) as a fair duty on the raw materials for the gelatin emulsion coating, and taking into consideration as adding to its value the cost of manufacturing the finished product from these raw materials the present ad valorem duty of 25 per cent on the finished product is certainly not excessive, but a fair and reasonable one.

This duty has presented no serious obstacle to importation of film, as shown by the fact that foreign manufacturers (of the Lumiere, Ensign, and Barnett films) imported their films (both regular and cinematograph films, in the case of Lumiere) to this country and sold them here in competition with the films of the Eastman Co. In this connection also see the G. Gennert letter in the New York Commercial of May 2, 1913, offering a discount of 33⅓ per cent on film orders on and after May 1, 1913.

The only reason, as before indicated, why imported films have not seriously competed up to the present time with those of the Eastman Co. is that they were of inferior quality. The import duty had noth-

ing whatever to do with it. This is obvious from the fact (and it is a fact) that these foreign-made films have not competed with the Eastman Co. films abroad any more seriously than they have here.

The duty on a finished product should of course bear some relation to the duty on the raw materials. The framers of the present tariff act undoubtedly had this in mind in fixing the duty on the finished product at 25 per cent ad valorem, and in doing so they considered undoubtedly, as they should have done, the difference here and abroad in the cost of producing the finished article, due, among other things, to the difference in wages paid. Obviously if the duty on the raw materials be, for example, 15 per cent ad valorem, the duty on the finished product should be substantially higher and in the neighborhood of 25 per cent ad valorem.

In some of the briefs filed by those who seek tariff reduction or free listing as to photographic films, sensitized unexposed film is referred to now and then as "raw" film, apparently for the purpose of having such film viewed as "raw material" and the negative or positive produced therefrom as the finished article. This is manifestly absurd. It is a completed product for use for certain purposes, namely, the production of negatives by exposure in the camera or the production of positives by printing, and the cost of such production is about one-half cent a foot, while the present price of the film is about 3 cents a foot. This is without reference to the cost of the staging of the scenes photographed, but has only to do with the work done in producing the picture on the film. The unexposed film certainly comes within the definition of "finished or partly finished articles." (H. R. 3321, sec. 26.)

Further, as sensitized unexposed film is a finished product, and as there is but little work involved in the making of positives, there should be no drawbacks of duties paid on film imported to this country for use in the making of such positives for export.

UNITED STATES OF AMERICA,
City, County, and State of New York, ss:

George Eastman, being duly sworn, deposes and says that he has read the foregoing statement signed by him in behalf of the Eastman Kodak Co., and that the same is true, except as to the matters therein stated upon information and belief, and that as to those matters he believes it to be true.

GEORGE EASTMAN.

Subscribed and sworn to before me this 27th day of May, A. D. 1913.

[SEAL.]

THOMAS F. KEHOE,
Notary Public, New York County.

The Finance Committee:

Attention is respectfully directed to the statement this day filed by the Eastman Kodak Co. as to Schedule N, which contains a history of the Eastman Co. and other matters which should be considered in connection with those presented by this statement, which has to do with the subject of glass plates for photographic purposes, and such glass plates coated with sensitized gelatin emulsion.

Glass plates suitable for photographic purposes are not manufactured in this country in an amount sufficient for even a small part of the requirements. The Eastman Co., and no doubt others, has encouraged their manufacture here, but without satisfactory results. Manufacturers of photographic dry plates in this country must therefore rely upon foreign manufacturers for their supply of glass plates suitable for such purpose. This being so, glass plates for photographic purposes should be on the free list.

It is otherwise, of course, with the sensitized glass dry plates, which should be subject to at least the proposed duty of 15 per cent ad valorem. Reasons for this have been fully presented by others, and the Eastman Co. desires to refer to only one, namely, that as the raw materials (gelatin and nitrate of silver) which go to make up the sensitized gelatin emulsion in preparing such plates are to be subject to an ad valorem duty (25 and 10 per cent, respectively) the finished product, namely, the sensitized dry plate, should also be made subject to duty.

UNITED STATES OF AMERICA,
City, County, and State of New York, ss:

George Eastman, being duly sworn, deposes and says that he has read the foregoing statement signed by him in behalf of the Eastman Kodak Co., and that the same is true, except as to the matters therein stated upon information and belief, and that as to those matters he believes it to be true.

GEORGE EASTMAN.

Subscribed and sworn to before me this 27th day of May, A. D. 1913.

[SEAL.] THOMAS F. KEHOE,
Notary Public, New York County.

ANSCO CO., BINGHAMTON, N. Y., BY T. W. STEPHENS, NEW YORK, N. Y.

NEW YORK CITY, *May 29, 1913.*

Hon. WILLIAM HUGHES,
United States Senate, Washington, D. C.

DEAR SIR: As a citizen of New Jersey, having resided in Montclair for nearly 25 years, I appeal to you in an effort to correct a most erroneous impression, which I fear has been created in your mind and in the minds of your associates, Senators Johnson and Smith, resulting from a brief filed by G. Gennert under the caption "Film Trust versus Film Tariff." On page 3 of this brief attention is called to the fact that Ansco Co., of which I am president, made no appearance at the hearings given by your committee on the paragraph in the proposed new tariff covering photographic films. It is unfortunately true that our company was not represented and no one can possibly regret this more than I. The fact is that an appointment was made for me with Senator Simmons, chairman of the Finance Committee, upon whom I called at his office in Washington on Monday, the 26th instant. No doubt I should have known that hearings were being held by the several subcommittees of the Finance Committee upon

the several paragraphs affecting the articles manufactured by our company, namely, cameras, films, photographic paper, and upon the raw materials entering into the manufacture of each. Some time ago I gained the impression from the public press and otherwise that there would be no hearings before the Senate Finance Committee, and with this thought uppermost in my mind called upon Senator Simmons, and realizing that his time was valuable explained to him that it seemed to me wise to confine what I would briefly say to him to one particular item, namely, photographic paper, sensitized and ready for use, and raw photographic paper for coating and sensitizing, rather than to attempt to cover the entire field. This I did and he will bear me out that at his suggestion I left with him four copies of a brief based entirely upon the photographic paper schedule. I did not learn until my return to New York, on Tuesday, of the brief filed by Mr. Gennert, to which reference is made at the beginning of this letter. The paragraph in this brief on page 3, beginning at line 7, is particularly distasteful and was apparently prepared to create the impression that the fact that our company was not represented was significant, in view of the further fact that the Eastman Co. was also not represented, the inference being that there may be some sort of an alliance between these two companies or that the policy of one is in some manner controlled by the other. This same paragraph emphasizes the fact that our company produces no so-called moving picture film, but fails to state that we have nearing completion a thoroughly modern fireproof plant being erected for this special purpose.

I desire to disclaim with all possible vigor any connection in any way, shape, or manner with the Eastman Co. or any of its subsidiaries, and in support of this disclaimer am pleased to inclose herewith carbon copy of letter addressed by me on January 15, 1913, to the Hon. Oscar W. Underwood, chairman Ways and Means Committee of the House of Representatives. The facts in that letter apply just as fully to photographic paper in the raw state and photographic paper sensitized, ready for use, also to photographic films, as they do to cameras, which was the particular subject of the letter in question. I feel sure that a careful reading of the letter to Mr. Underwood, which I assure you was written in absolute good faith, can not but tend to the belief that there is not at this time, and never has been, the slightest connection or affiliation between the Eastman Co. and Ansco Co. Our company has fought the Eastman Co. single handed and alone in an honest effort to bring about genuine competition in the manufacture and sale of a full line of photographic supplies. In this fight we have become known as the leaders of the independent movement as opposed to the so-called trust, and as a result of our efforts a market has been afforded for the goods of every independent manufacturer both here and abroad. My particular criticism of the foreign manufacturer, and through him the importer, is that they have apparently been unwilling to spend any money in an advertising propaganda, but have relied entirely upon our work in this respect for the creation of a market for their goods.

There can be no question in the minds of anyone viewing the situation impartially that a reduction in the existing rates of tariff duties upon films, dry plates, cameras, and photographic paper sensitized and ready for use, will work immeasurable injury upon the photo

graphic industry, which has been, after such tremendous effort, built up in the United States. The fact that the Eastman Co. has, as a result of methods peculiar to itself, built up a large business has no relation to this point whatever, as that company under such proposed reductions will fare exactly as will the independents, but by reason of its large resources it can regard the matter with more complacency, and, should it be found necessary, has ample means to transfer all of its manufacturing facilities to such foreign countries as may be desirable.

In order that you may satisfy yourself as to whether I would be likely to intentionally attempt to deceive the committee, will say that in addition to my connection with the Ansco Co. I am president of the Bank of Montclair and of the Montclair Savings Bank, both located in Montclair, N. J., with which institutions I have been connected since their inception, one of them June 1, 1889, and the other March 15, 1893.

Furthermore, may I be permitted to say that I am a decided believer in a downward revision of the tariff and that our company has no desire to ask for or depend upon what has been known as protection afforded through the tariff. It can be shown beyond the question of a doubt that foreign manufacturers of all the goods herein enumerated can manufacture and deliver these goods in the United States for less money than is required for their manufacture and distribution here. What we do ask for is an equalizing tariff, with a lower duty upon the raw materials, which must be imported from Europe, than upon the finished article. It is evident from Mr. Gennert's brief that he not alone is desirous of creating a profitable business relation for himself as an importer, but is attempting at the same time to deal what might be called a body blow at the so-called Photographic Trust. In doing this, however, he is either unmindful or indifferent to what will undoubtedly be the effect upon the entire industry in this country.

If the position which I have attempted to explain here may be further clarified by my appearing either before you or the committee, I will come promptly either upon receipt of telegraphic or mail advices. To-morrow, Friday, being a holiday, I do not expect to be in New York either on that day or Saturday, and should you wish to communicate with me on either day, kindly send same to my residence, No. 20 Highland Avenue, Montclair, N. J.

Par. 393.—UMBRELLAS, ETC.

KREIS & HUBBARD, CHICAGO, ILL., ET AL., BY W. U. HENSEL, ATTORNEY.

LANCASTER, PA., *May 26, 1913.*

The FINANCE COMMITTEE OF THE SENATE:

An act to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Page 99, section 393:

Umbrellas, parasols, and sunshades covered with material other than paper or lace, not embroidered or appliquéd, 35 per cent ad valorem.

Page 80, section 326:

Woven fabrics, in the piece or otherwise, of which silk is the component material of chief value, and all manufactures of silk, or of which silk or silk and india rubber are the component materials of chief value, not specially provided for in this section, 45 per cent ad valorem.

On behalf of the manufacturers of umbrellas, parasols, and sunshades in the United States, it is respectfully submitted that these above-quoted features of Schedules N (p. 99, sec. 393, line 23) and L (p. 80, sec. 326, line 20) of the proposed new tariff bill involve an inconsistency and threaten a result that was not contemplated in framing the bill.

The main thought apparent in its construction is the lightening of the duties upon the raw materials essential to American industries, without any lowering of the tariff upon the manufactured product incommensurate with the proposed relief of the imported raw materials. In the above exceptional case, by what seems an oversight, this policy has been departed from, with the inevitable result—if the bill becomes operative—of a serious crippling, if not total destruction, of an important branch of industry representing millions of invested capital and active business and employing thousands of operatives.

The raw materials of this manufacture are silk and silk mixed cloths, ribs, rods, and metal parts, and the work of the United States factories is the assembling of the parts, i. e., buying the parts made by others, putting them together, and placing them on the market. Heretofore the duty on manufactured umbrellas and parasols has never been less than the duty on the component parts. A continuance of this historic fact is entirely in line with the main purposes of the proposed new tariff system.

As the bill stands (comparing Schedule N, par. 393, p. 99, with Schedule L, par. 326, p. 80) the duty on silk cloth and silk mixed cloth—the costliest component of the manufacture—is fixed at 45 per cent, while the duty on the manufactured article into which these enter is only 35 per cent—10 per cent less. The situation places the American manufacturer and workmen entirely at the mercy of foreign competition and permits the importation of these parts assembled at a lower rate of duty than the raw materials separate.

There is absolutely free and keen competition in the umbrella and parasol industry, and, while it can doubtless meet foreign competitors if the duty on the finished product is at least as great as the maximum of the parts, yet it can not survive with a duty of 45 per cent on silk cloth and only 35 per cent on the finished product.

By way of illustration:

	Cents.
The silk cloth required to make an average umbrella costing in England 90 cents per yard would be subject, at 45 per cent, to a duty of	80.85
The imported umbrella would be subject to a duty of	67.55
Difference	19.30
Labor cost in umbrella	15.25
	4.05

We respectfully submit, therefore, that this item of Schedule N be reconsidered and the duty on umbrellas and parasols be advanced to the figure indicated for the silk raw material which is the chief element entering into the manufacture.

The following firms signed the above: Kreis & Hubbard, Chicago, Ill.; Lake Bros. Co., New Orleans, La.; Ades Bros., Baltimore Umbrella Manufacturing Co., Gans Bros., Holland Schreiber & Lazarus (Inc.), and Siegel Rothschild & Co., Baltimore, Md.; Excelsior Umbrella Manufacturing Co., Boston, Mass.; Namendorf Bros., St. Louis, Mo.; Allison & Lamson, Altshuler Bros., Arnold Schiff & Co., Arthe Levy Bernhard Co., Balhin Bros., Herman Bamberger, M. Blum & Nadel, Bogen Berman & Co., Connor Wallace & Co., Norman Cook Umbrella Co., Finver Bros. & Co., Jacob Grossman, Alvah Hall & Co., W. W. Harrison & Co., Louis Heymann Bros, Hulse Bros. & Daniels Co., J. Lazarus & Co., John H. Maloy, Miller Bros. Co., S. Ornstein, Peltz & Biderman, W. H. Rich & Son, L. Rosenthal, Simon & McGill, W. N. Stevenson & Co., Stoopman & Garbat, Arthur W. Ware Co., Wolfson Bros. Umbrella Co., B. O. Wright & Co., and Max Drummond, New York, N. Y.; E. C. Kuhn, Cincinnati, Ohio; The John C. Lowe Co., Cleveland, Ohio; A. Cappel & Son, Dayton, Ohio; Follmer Clogg & Co. and Rose Bros. & Co., Lancaster, Pa.; John W. R. Harding, Moxey, Howlett & Co., James Stokley & Co., and Suplee Reeve Whiting Co., Philadelphia, Pa.; and Shaler Umbrella Co., Waupun, Wis., by W. U. Hensel, attorney.

FREE LIST.

1719

FREE LIST.

Par. 216.—HOPS, ETC.

T. A. LIVESLEY & CO., SALEM, OREG.

SALEM, OREG., *May 9, 1913.*

Hon. GEORGE E. CHAMBERLAIN,
Washington, D. C.

DEAR SIR: Referring to our letter of 5th instant, relative to the false marking of imported hops, hop extracts, and lupulines, with proposed addition to paragraph 216 of the Underwood bill, we omitted to bring to your notice the fact that practically all of such importations come into this country without any date upon the package, or other guaranty as to the year of growth. The possibilities of fraud in this direction are, we imagine, sufficiently obvious.

We therefore now beg to inclose a draft of provisions such as we think will, to a great extent, put a check upon the many possible abuses of our easy-going import system, and we most strongly urge you to have same added to the paragraph 216 of the Underwood bill.

Our home grower is compelled to deliver exactly what he sells, and there is no valid reason why loopholes should be left for his foreign importing rival.

[Inclosure.]

Provisions that ought to be added to paragraph 216 of the Underwood bill:

"*Provided*, That all hops, when imported, shall have the name of the packer or grower, and, beneath the same, the name of the country and the particular hop district wherein the hops were grown and the year of production of the hops indelibly stamped or branded upon each container and in a place that shall not be covered thereafter, except by outside containers marked the same as the inside containers.

"*Provided further*, That all hop extract and lupuline, when imported, shall have the name of the packer or grower, and, beneath the same, the name of the country and particular hop district wherein were grown the hops from which the hop extract or lupuline were extracted and the year of production of the hops indelibly stamped or branded upon each container and in a place that shall not be covered thereafter, except by outside containers marked the same as the inside containers."

The above provisions follow the conditions in Underwood bill, paragraphs 132 and 134 on cutlery, and paragraph 165 on watches.

Par. 401.—AGRICULTURAL IMPLEMENTS.

KINGMAN PLOW CO., PEORIA, ILL., BY L. S. KINGMAN, PRESIDENT.

PEORIA, ILL., *May 2, 1913.*

Hon. FURNIFOLD MCL. SIMMONS,
Chairman Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The executive committee of the National Implement and Vehicle Association, at its office in Chicago, on April 3 passed the following resolution:

Whereas it has been reported by the public press that the administration, in dealing with the question of tariff revision, proposes to have placed on the so-called free list agricultural implements and farm machinery; and

Whereas the manufacturers represented by our organization, while not fearing the competition of any country in the world in these lines, if such competition is on an equitable and reciprocal basis; but

Whereas our understanding of the free list is that it does not now comprehend reciprocal relations and would open our home markets without affording us equal rights in other countries; also

Whereas this industry represents a capital investment of over $700,000,000 and employs hundreds of thousands of our people in the preparation of material and product, and the impairment of the trade in our own country would seriously involve their prosperity: Be it therefore

Resolved, That we protest most vigorously against any action being taken which will admit the manufacturers of any country free of duty unless we are guaranteed equality of rights in entering their markets.

Resolved, That a copy of these resolutions be sent to every member of this association with the request that their Congressmen be earnestly urged to give the matter immediate attention.

We respectfully solicit your support to this end, believing that you will be in favor of reciprocal free trade on the above lines of manufacture.

We thank you in advance for whatever you may be able to do for us.

NATIONAL IMPLEMENT AND VEHICLE ASSOCIATION, BY W. S. THOMAS, SPRINGFIELD, OHIO; F. W. MYERS, ASHLAND, OHIO; PAUL E. HERSCHEL, PEORIA, ILL., COMMITTEE.

[Agricultural implement industry: Agricultural implement business, including about 200 factories producing farm implements, machinery, and appliances; their annual products, about $400,000,000; employees, about 200,000; annual wages and salaries, about $150,000,000.]

First. The makers of implements desire no tariff. They feel, however, that if foreign nations bring implements into this country free of duty it is only fair that American factories have the same privilege in foreign countries and on equal terms.

Second. The free entry of implements will not, in our opinion, reduce the price to the American consumer much, if any, and because:

(*a*) Competition among American implement factories is so keen that the retail prices are as low as they can be to afford a safe margin to the factories.

(*b*) If any lower prices on agricultural implements result, it will put out of business some of the factories and reduce the profits of others to an unsafe basis.

(*c*) The net profits to-day of implement factories in the United States is, at the best, only a moderate return for the capital invested, risk involved, and inevitable losses incurred.

Third. A large portion of agricultural implements exported from this country go to countries having a low or no tariff on implements and to countries producing few, if any, agricultural implements.

Fourth. If by putting implements on the free list foreign competition is brought into this country, it is bound to get some business; whatever it takes will reduce the product of the American factories to that extent. This loss can only be restored by securing additional foreign trade, and to get that we should have free access to the foreign markets, notably Canada. Many implement makers have been forced to operate branch factories in Canada, as they could not maintain a profitable trade there and build the goods in the United States and pay the Canadian duty. If the Canadian tariff continues, there will be more of our factories establishing branches in Canada, which would reduce the amount of labor employed and material used in this country and open our markets to the Canadian factories.

Fifth. In brief, equal terms on both sides is all that this large American industry desires.

J. I. CASE PLOW W RKS, RACINE, WIS., BY H. M. WILLIS, PRESIDENT.

RACINE, WIS., *May 3, 1913.*

Hon. CHARLES S. THOMAS,
Washington, D. C.

DEAR SIR: With reference to tariff bill H. R. 3321, under which I understand it is proposed to admit agricultural implements and farm machinery free of duty, I desire to earnestly protest against such provision, except in cases of countries which will grant equal privileges, because by so doing our Government would be striking an unnecessary and disastrous blow to this branch of American industries.

It seems to me that there is no sound business or political reason why, using Canada as an illustration, we should admit agricultural implements from Canada into this country free, with a tariff wall on their side against us of 20 per cent and more. I say more, because they arbitrarily fix the valuations upon which duties are levied.

I have no objection to a reciprocal arrangement with Canada, or any other country, on agricultural implements to the extent of placing them on the free list with any country which will grant us equal free-list privileges. I earnestly request your influence and support toward this end.

Par. 403.—WOOD ALCOHOL, ETC.

HOLLINS N. RANDOLPH, BROWN-RANDOLPH BUILDING, ATLANTA, GA.

ATLANTA, GA., *June 4, 1913.*

In re tariff on wood alcohol, charcoal, and related products.

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

MY DEAR SENATOR JOHNSON: Further on the above subject, I have the pleasure of handing you herewith an extract from the Canadian customs act, paragraph 6, known as the "dumping-ground provision." Also copy of the certificate which is required of manufacturers exporting charcoal into Canada.

I am sending three copies for the use of your subcommittee.

[Extract from Canadian customs act.]

6. In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or the actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, there shall, in addition to the duties otherwise established, be levied, collected, and paid on such article, on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said fair market value thereof for home consumption; and such special duty (or dumping duty) shall be levied, collected, and paid on such article, although it is not otherwise dutiable.

Provided, That the said special duty shall not exceed 15 per cent ad valorem in any case.

Provided also, That the following goods shall be exempt from such special duty, viz:

(*a*) Goods whereon the duties otherwise established are equal to 50 per cent ad valorem.

(*b*) Goods of a class subject to excise duty in Canada.

(*c*) Sugar refined in the United Kingdom.

(*d*) Binder twine or twine for harvest binders manufactured from New Zealand hemp, istle or tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding 600 feet to the pound.

Provided further, That excise duties shall be disregarded in estimating the market value of goods for the purposes of special duty when the goods are entitled to entry under the British preferential tariff.

(2) "Export price" or "selling price" in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

(3) If at any time it appears to the satisfaction of the governor in council, on a report from the minister of customs, that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the governor in council may, in any case or class of cases, authorize such action as is deemed necessary to collect on such goods, or any of them, the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(4) If the full amount of any special duty of customs is not paid on goods imported, the customs entry shall be amended and the deficiency paid upon the demand of the collector of customs.

(5) The minister of customs may make such regulations as are deemed necessary for carrying out the provisions of this section and for the enforcement thereof.

(6) Such regulations may provide for the temporary exemption from special duty of any article or class of articles when it is established to the satisfaction of the minister of customs that such articles are not made or sold in Canada in substantial quantities and offered for sale to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade.

7. Such regulations may also provide for the exemption from special duty of any article when the difference between the fair market value and the selling price thereof to the importer as aforesaid amounts only to a small percentage of its fair market value.

[Memorandum.]

DEPARTMENT OF CUSTOMS, CANADA.
Ottawa, October 26, 1911.

DUMPING CLAUSE OF THE TARIFF—REGULATIONS UNDER PARAGRAPH 7, SECTION 6, CUSTOMS TARIFF, 1907—IN EFFECT OCTOBER 31, 1911.

To collectors of customs:

It is ordered that the special duty or dumping duty under the customs tariff, 1907, shall not apply in the following cases, viz:

(d) In respect to iron and steel tubing, threaded and coupled or not, 4 inches or less in diameter, when the difference between the fair market value and the selling price of such tubing to the importer in Canada does not exceed 5 per cent of its fair market value: *Provided*, That the whole difference shall be taken into account for special-duty purposes when exceeding 5 per cent.

(e) *Provided further*, That special duty or dumping duty under the customs tariff, 1907, shall without exemption allowance apply to iron and steel tubing, threaded and coupled or not, over 4 inches and not exceeding 8 inches in diameter, such tubing being of a class or kind made in Canada.

JOHN McDOUGALD,
Commissioner of Customs.

Mailed to outports and stations.

[Exporters' certificate.]

I, the undersigned, do hereby certify as follows:

(1) That I am the secretary of the importer of the goods in the within invoice mentioned or described.

(2) That the said invoice is in all respects correct and true.

(3) That the said invoice contains a true and full statement showing the price actually paid or to be paid for the said goods, the actual quantity thereof, and all charges thereon.

(4) That the said invoice also exhibits the fair market value of the said goods at the time and place of their direct exportation to Canada and as when sold at the same time and place in like quantity and condition for home consumption, in principal markets of the country whence exported directly to Canada, without any discount or reduction for cash, or on account of any drawback or bounty, or on account of any royalty actually payable thereon or payable thereon when sold for home consumption, but not payable when exported, or on account of the exportation thereof or for any special consideration whatever.

(5) That no different invoice of the goods mentioned in said invoice has been or will be furnished to anyone.

(6) That no arrangement or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser or by anyone on behalf of either of them, either by way of discount, rebate, salary, compensation, or in any manner whatsoever other than as shown in said invoice.

Whereas German goods are subject to surtax in Canada, I certify that none of the articles included in this invoice are the product or manufacture of Germany, and that the chief value of none of said articles was produced in Germany, save and except all articles which the word "Germany" is written on the invoice.

NATIONAL WOOD CHEMICAL ASSOCIATION, BY F. E. CLAWSON, PRESIDENT.

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

DEAR SIR: The principal products from the destructive distillation of wood are wood alcohol, acetate of lime, and charcoal.

Under the present tariff wood alcohol is dutiable at 20 per cent, acetate of lime at 25 per cent, and charcoal at 20 per cent ad valorem. The industry is adjusted to these moderate rates of duty, active competition prevails throughout, and prices are satisfactory to consumers. There has been no demand from any quarter for the reduction or removal of duties on these products.

The pending Underwood tariff bill (H. R. 3321) proposes to entirely wipe out these rates and place all of these articles on the free list. This is a staggering blow at an important industry of great economic value to the country at large.

This blow is the more serious and discouraging from the fact that this industry is just now in course of recovering from the enormous damage inflicted on it in 1907 by the enactment of the law providing for the use of denatured alcohol free of internal-revenue tax. By that law the wood alcohol of our industry was thrown against the almost overwhelming competition all over the United States of the cheaper denatured alcohol.

We were thereby reduced at once from a basis of about 40 cents per gallon to about 15 cents per gallon for the crude wood alcohol, and the result was that our industry was almost exterminated. About one-half of our trade in wood alcohol was lost to the new competing product. It was only by the most extraordinary efforts that we were able to continue. This great domestic competition with us continues and steadily grows more severe.

It is the declared purpose of the pending tariff revision to establish through the reduction or removal of duties real competitive conditions for our domestic manufacturers. We submit that our industry is now struggling against the most severe competition. In fact no

other industry in this country has by any act of legislature in recent times been subjected to such an intense and complete competition as our industry was subjected to by the removal of the tax on denatured alcohol made effective in 1907. This act of Congress established a great new industry to compete with ours in our own country, and this new competition is in every way as actual and serious for us as new competition from a foreign country would be to us or anyone else, and even more important for the welfare of the country at large.

We do not complain of this new competition forced on us by Congress, but we submit that, at about the time when the other industries of the country were having continued for their benefit substantial rates of duty on foreign competing products, we had to experience a revision of the tax laws which carried with it the most drastic reduction of our industry to a basis of extraordinary competition. We therefore submit that in justice we are entitled to the forbearance at this time of a further drastic reduction in taxes affecting competing products. The removal or serious reduction of rates of duty as now proposed would bring against us the products of Canada in such a way as to inflict a further and lasting injury upon our industry, and this would be a decided injury to the welfare of the country at large.

There is in many quarters a misunderstanding as to the effect of our industry on the conservation of the wood supply of the country, and it is believed that the proposed removal of the duties on our our products, as provided for in the new tariff bill in its present form, is based on this misunderstanding. Our products are made from wood, and hence some people have inferred that the manufacture of these products in this country involves the consumption of wood that would otherwise be available for other purposes or remain standing in our woods or forests. As the proposed removal of duties on the various forms of lumber is apparently based upon the desire to conserve as much as possible the supply of standing timber in this country, the proposed removal of duties on the products of wood distillation is added as if it were a help to the intended conservation.

The truth is just the reverse of this. The intended conservation demands the maintenance of the duties on the products of wood distillation. This is because the wood used for distillation is almost entirely obtained from tops, butts, and breaks of trees which have been cut into saw logs; that is, from waste wood which, except for distillation, would not be gathered up or used at all, but left lying on the ground. To leave it on the ground is to invite the making of fires in the woods and to promote the starting and spreading of great forest fires such as annually destroy vast quantities of useful lumber. One of the greatest necessities in the conservation of our lumber supply is to prevent fires in our woods and forests. To have a practical inducement for removing the waste wood has been found to be a great help to this end, and the only practical inducement is the value of the waste wood for distillation in the works scattered through the country. If these works are obliged to curtail or discontinue their operations, the demand for the waste wood is correspondingly reduced and fire losses in the woods are practically certain to increase. As the wood distillation industry uses principally waste wood, it does not deplete our forests, but it does give a market to the lumber operators for a product which would otherwise be lost.

Our Government properly considers it well worth while to make extraordinary efforts to encourage and assist agriculture, which from the soil brings into existence necessary materials from a source which otherwise would be not only pure waste but also an actual encumbrance and danger. Our industry, in the most genuine and certain way, turns waste into wealth, to the greater advantage of the country as a whole.

Our products, wood alcohol, acetate of lime, and charcoal, are manufactured in about 100 works in various parts of the United States, principally in Pennsylvania, New York State, Michigan, and Wisconsin. These plants are in remote and obscure places, in the hardwood lumber districts. They require a certain amount of technical or skilled labor, which has to be very highly paid. Labor is by far the greatest item in our cost of production, being about 70 per cent thereof in most cases. At wood distillation plants the cost of the waste wood used is about $4 per cord at the plant, and $3 of this amount is for labor, and fully 75,000 people are supported by our industry and represents an investment of about $25,000,000.

Active competition and natural and wholesome conditions prevail throughout our industry in this country. Our dangerous competitor is Canada. To allow their products to come into this country free would create ruinous competition. The Canadian Government fosters the building up of this industry within her own borders by paying an enormous price for the wood alcohol used for denaturing and a bounty upon charcoal iron.

In addition to these special advantages which Canada gives to her wood distillation industry, she maintains import duties of $2.40 per imperial gallon on wood alcohol, and 17 per cent ad valorem on acetate of lime and charcoal. Under all these circumstances we earnestly protest that for the United States to remove or greatly lower her import duties on these products would be most unfair and unjust to her own people and be in effect an addition to the bounty and encouragement which the Canadian industry enjoys. To give the Canadian industry free access to the great markets of the United States while she does not open her markets to us on the same terms would be contrary to every sound principle of public policy and offensive to every sentiment of fair play. Moreover, the proposed lumber schedule of the Underwood tariff bill is so much of an advantage to Canada that there will be a great increase in the output of lumber there, and as a consequence of this a much greater amount of waste wood will be available for wood distillation. We must therefore expect that the output of wood chemicals in Canada will soon be doubled or more than doubled.

The result would be loss to our country in every respect—loss of revenue from duties, loss of the wages and profits now earned in our industry, and loss of a practical conservation of lumber.

We respectfully submit that the rates of duty now imposed on the articles mentioned are no higher than are amply justified by considerations of revenue and the maintenance of really competitive conditions in our industry. Rates of 20 or 25 per cent ad valorem are moderate and unquestionably fair. If it should be considered absolutely necessary to make a reduction, we ask that the new rate be made not less than 15 per cent ad valorem on wood alcohol, on acetate of lime, and on charcoal. This would be a uniform rate on the products of wood distillation, would involve a reduction of one-

quarter or more of the existing rates, and would give our industry the opportunity to continue to exist in face of the foreign monopoly and to continue to render our economic service to our country, which we are confident the public sentiment of our people earnestly desires us to do. This rate would be practically nothing more than an equalization of the labor cost in our industry, for as the labor in Canada is from 20 to 30 per cent cheaper than in the United States, and the labor cost being 70 per cent of our cost of production, a rate of duty on our products of 15 or 20 per cent is absolutely required merely to offset our disadvantage in this great factor.

RESOLUTION ADOPTED BY NEW YORK STATE GRANGE.

WATERTOWN, N. Y., *February 3, 1910.*

Resolved, by the New York State Grange in annual session assembled, That it is the conviction of this body that in order to encourage the rapid development of agricultural distilleries in this country, laws should be enacted by Congress providing, first, for the admittance free of duty of all apparatus used in the equipment of such agricultural distilleries for a period of five years from the enactment of said law; and, second, for the payment of a bounty of 10 cents per gallon on all alcohol produced in agricultural distilleries for a period of five years; and, third, that the limit of size of agricultural distilleries be increased to 500 gallons daily capacity.

WILLIAM T. CREASY, MASTER PENNSYLVANIA STATE GRANGE.

AGRICULTURAL DISTILLERIES AND INDUSTRIAL ALCOHOL DEVELOPMENT.

[Speech delivered at farmers' picnic, Chestnut Hill, Philadelphia, Sept. 16, 1910.]

It is now nearly four years since the denatured alcohol laws were enacted, and we are apparently no nearer the establishment of agricultural distilleries than when the laws first went into effect. Why not? In Germany they have over 15,000 such distilleries. Why, then, are there none in this country? Is it true that the farmers were given a gold brick in this legislation, as is frequently stated, or is the situation one in which there is more work for the farmer to do? Let us look at the facts.

Our consul general at Berlin, in a special report stated:

The law governing the industrial uses of alcohol was enacted in 1887, and by reason of its underlying causes and practical results is worthy of study as an example of intelligent, far-seeing fiscal legislation.

The land-owning class—which included the influential nobility—urgently demanded legislation which would save the waning profits of agriculture.

It was accordingly decided to make alcohol for industrial uses as cheap as possible, and to promote by all practical means its production and consumption in this country.

And after 17 years of trial our consul general in the same special report states:

The wisdom of the system established by the law of 1887 has long ceased to be a question of debate. For every Reichsmark of revenue sacrificed by exempting denatured alcohol from taxation, the Empire and its people have profited tenfold by the stimulus which has been thereby given to agriculture and the industrial arts.

The Commissioner of Internal Revenue, the Hon. John G. Capers, accompanied by the chief chemist of the bureau, made an official investigating trip to Europe in the summer of 1907, and in his annual

report for the year ending June 30, 1908, gave a detailed report of his investigations. From this I quote:

There were in operation during the year 1906–7, however, 13,837 agricultural distilleries, of which 5,871 used potatoes as a raw material and 7,966 used various kinds of grain. These distilleries produced, in round numbers, 86,000,000 gallons out of a total production of 101,000,000 gallons, of which 78,000,000 gallons were made from potatoes.

They must use exclusively as raw material grain or potatoes grown on the farm or farms of their owner or owners, and must use all the residues or by-products as feeding materials or as fertilizers on the same farms. They are all fairly good-sized plants, capable of producing high-proof alcohol, in continuous process, and with a daily capacity of 120 to 400 gallons proof spirit. A plant of this kind may be owned by one man if he has a farm area large enough to supply the raw materials himself, or by a combination of farmers, in which case it is called a cooperative distillery. There were 398 such distilleries in operation in Germany during the campaign year 1906–7, their total production being about 8,000,000 gallons of alcohol.

In speaking of the development of use in the United States the report says:

The use of denatured alcohol for purposes of fuel, light, and power in this country is increasing, notwithstanding the relative cheapness of petroleum products, as the necessary appliances for such use are being manufactured and introduced, and the merits of alcohol as a source of energy brought to the attention of the public.

The greatest ultimate advantages to be reaped from the denatured-alcohol law, however, are its benefits to agriculture, in the shape of increased diversification of crops, enhanced productiveness of unfertile soils, and utilization of what would otherwise be waste crops or by-products of crops.

The one thing we need in our country in this matter more than anything else is the reduction of the cost of making alcohol. The Germans, after 40 years' experience and experiments, use cheap potatoes, while we are yet compelled to use high-priced grain. Our western country—the Dakotas, Nebraska, Minnesota, Montana, Iowa, and Kansas—will be the first to produce alcohol from potatoes and farm molasses, the by-products of the sugar beet.

All who have visited Germany to make a study of agricultural distilleries and the benefits German agriculture has derived from these agricultural distilleries, and the value of alcohol as a fuel and an important factor in that country's manufacturing development, bear the same testimony. From no disinterested source do we find a dissenting voice.

As to the immense advantages of alcohol manufacture, as a factor in soil conservation, I find an equal unanimity of opinion among our men of science. I quote from two:

DOES NOT IMPOVERISH THE SOIL.

Dr. H. W. Wiley, Chief of the Bureau of Chemistry, Department of Agriculture, in testifying before the Ways and Means Committee of Congress at the free alcohol hearings, said:

The farmer can grow any amount of starch and sugar that may be wanted for any purpose in the world. There is no limit to the amount of starch and sugar which the farmers of this country can grow, and not a pound of starch or sugar takes one element of fertility from the soil. It is a pure gift of God, and if He had not meant it to be used I suppose He would not have given it to the world. So there is no limit, in my opinion, upon the capacity of the farmers of this country to supply the materials for making ethyl alcohol.

Prof. S. Lawrence Bigelow, of the University of Michigan, in a paper on "Denatured alcohol" in the Popular Science Monthly, said:

It is not too much to say that if we arrange all the liquids known to us in the order of their general usefulness, water, which heads the list, of course, will be followed immediately by ethyl alcohol. * * * Made by the growth of plants utilizing carbon dioxide and water from the atmosphere, it contains nothing but carbon, hydrogen, and oxygen. All the rest of the plant may be returned to the soil, which

thus is not impoverished. It is the best method known to us to-day to store the sun's energy.

So much for the scientific side of the question and the evidence of great practical success in Germany. Surely I have submitted enough evidence to show that the legislation was wise and that under right conditions agricultural distilleries can be and are being rapidly developed.

Now let us briefly review the history of development in this country.

At the close of 1907 everything looked favorable to the early establishment of agricultural distilleries in this country, a great reduction in the cost of alcohol, and rapid progress in industrial alcohol development all along the lines. A member (George P. Hampton, of New York) of the grange had visited Germany and, working with the chairman of the National Grange executive committee, had prepared a special report recommending the policy the grange should pursue to secure the benefits of free alcohol in the shortest possible time. This report received the unqualified indorsement of the national master in his annual address and was unanimously adopted by the National Grange. Congress had made an appropriation of $10,000 to enable the Department of Agriculture to conduct investigations as to the best materials for manufacture and practical experiments in distilling. Following along these lines the department had sent out investigators, had built and equipped an experimental demonstrating distillery in Washington, and had established a school of instruction for educating the teachers in our agricultural colleges on this important matter. The distillery regulations had been further liberalized, apparently to give agricultural experiment every consideration and encouragement for experimental work, all of which justified high hopes for the early realization of practical results.

A review of the manufacturing field was equally encouraging and the number of manufacturers who were supplying appliances of high grade, or who were preparing to supply such appliances, was rapidly increasing; but notwithstanding these facts and the fact that the sale of alcohol lamps, stoves, heaters, mechanics' torches, etc., has steadily increased and the need of agricultural distillery development has become imperative, I am unable to record any practical progress in the direction of enabling farmers to make their own alcohol. Not only is this true, but there is every indication that the activities that seemed so full of promise at the beginning of the year 1908 have practically ceased, and in the papers we constantly find statements that the law has been a failure and that the farmer has been humbugged. So prevalent are these statements and so little is the notice given to the things that show progress, and which would be encouraging to us all to know, that I am constrained to believe a systematic effort is being made to discourage development and prevent practical progress from being made. That this may be more than an inference may be assumed from the fact that a stand-pat Congress refused to make any further appropriation, and thus tied the hands, as it were, of the Agricultural Department, and that a monopoly in denatured-alcohol production and distribution is well under way.

The industrial group composing this monopoly is, on the surface, composed of the United States Industrial Alcohol Co., an $18,000,000 corporation, and a number of subsidiary companies which it absolutely controls. Principal among these are the Wood Products Co., or Wood Alcohol Trust, and the Alcohol Utilities Co. As I under-

stand it, back of the United States Industrial Alcohol Co. and absolutely controlling it is the Distillers' Securities Co., or, as it is commonly called, the Whisky Trust, and back of this is believed to be the Standard Oil Co.

Whether the oil monopoly is actively engaged in preventing the development of industrial alcohol, or the establishment of agricultural distilleries, I do not know, but in view of its past history and the fact that the rural districts is the market for the larger part of its principal product—refined petroleum for illuminating purposes—and the further fact that the larger part of the output of agricultural distilleries would be used for light, heat, and power and take the place of kerosene and gasoline, it might be well to note the size of the market involved and the price at stake.

The total consumption of refined kerosene and gasoline in this country is considerably in excess of 3,000,000,000 gallons. If denatured alcohol displaced only one-tenth of this it would be over 300,000,000 gallons annually. In Germany, as my quotation from our Commissioner of Internal Revenue shows, 13,837 agricultural distilleries produced 86,000,000 gallons of alcohol. If the agricultural distilleries in this country had twice the capacity, the same number of American agricultural distilleries would produce 172,000,000 gallons, or about 25,000 distilleries to produce 300,000,000 gallons annually. Considering the enormous size of this country and the number of farms as compared with those of Germany, it would require 100,000 distilleries to place agricultural distillery development in this country on a par with that of Germany. Such a group of distilleries could produce denatured alcohol equal to one-half of the total Standard Oil output.

State Grange Master Kegley, of Washington, who has had a great deal of experience in the use of denatured alcohol, states that in his opinion denatured alcohol at 30 cents per gallon would drive kerosene off the farms in his State. And we have every reason to believe it can be produced in agricultural distilleries for very much less than that.

It is plain that should agricultural distilleries develop in this country they would cut a big hole in Standard Oil business, or at least force a big reduction in kerosene and gasoline prices. Assuming that the Standard Oil was disposed to spend money to prevent the development of such a deadly competition, one-tenth of a mill on every gallon of output would give it an ample campaign fund.

But if the Standard Oil does control the United States Industrial Alcohol Co., it does not even have to do this, for we find, according to its first annual report, that the United States Industrial Alcohol Co. paid 7 per cent dividends on its six millions of preferred stock and accumulated during the year $500,000 for the payment of dividends on common stock. Commenting on this at the time, the Evening Wisconsin said:

> This report of prosperous business by a corporation which practically controls the market for denatured alcohol is of course gratifying to the stockholders of the company, but it does not fulfill the predictions of those who advocated the enactment of the law under which alcohol can be sold tax free when denatured, and thus made unfit for conversion into spirituous beverages.

However, this enormous sum of nearly a million dollars profit the first year, with a comparatively small production, is proof that some one is profiting enormously in some way by keeping things as they are, and where profits running into millions annually are at stake it is a small matter to spend a few hundred thousand dollars annually to

prevent any change. I understand the president of the United States Industrial Alcohol Co. draws a salary of $25,000 a year and that there are a number of other high-salaried men on its pay roll. They no doubt earn their money. But when a corporation that is seeking to monopolize the business, which in Germany is wholly in the hands of the farmers, can pay $25,000 a year salaries and earn profits of a million dollars a year in addition, besides in all likelihood acting as a shield to prevent the farmers competing with the oil monopoly with their new liquid fuel, it is, in my judgment, time for the farmers to get busy.

I am convinced that if we are to make a success of agricultural distilleries we must take up the work and follow German practice until we fully understand the German method and its major purpose of conserving soil fertility and utilizing the waste products of the farm and are able, from a large experience and full knowledge, to improve on the German method. So far all effort at reaching practical results in this country seems to have been on the theory that we were pioneers and had to discover for ourselves the best course to pursue. Whereas the common-sense method would have been to go to school to Germany and get all the benefit of their 20 years' experience and scientific development. The grange should follow the common-sense, scientific method.

I am glad to say that my opinion in this matter is shared by other leading members of the grange who have made a special study of the subject and kept close watch on the drift of events. And acting on these convictions Past Master E. B. Norris, of New York, who as a member of the national executive committee had taken a leading part in securing the legislation and, later, as chairman of the national executive committee had collaborated with Brother Hampton in preparing the plans for the grange campaign for agricultural distilleries, was appointed to represent the New York State Grange in an effort to bring about joint action upon the part of farm organizations, by the unanimous adoption at the last New York State annual session of the following resolutions:

Resolved, That the New York State Grange is in favor of the farmers of the United States cooperating together to build, equip, and operate an agricultural distillery, according to the best European practice, at such place as may be selected as most suitable by a committee selected for that purpose; and

Resolved further, That Past Master E. B. Norris is hereby appointed to represent the New York State Grange in this matter and instructed to correspond with the officials of other State granges and with representative farm leaders in States where the grange is unrepresented, with the view to securing their cooperation in forming a central committee to carry out this work; and

Resolved further, That the worthy master and executive committee are hereby instructed to assist in all ways to carry out the purpose of these resolutions.

Resolved by the New York State Grange in annual session assembled, That it is the conviction of this body that in order to encourage the rapid development of agricultural distilleries in this country laws should be enacted by Congress providing, first, for the admittance free of duty of all apparatus used in the equipment of such agricultural distilleries for a period of five years from the enactment of said law; and, second, for the payment of a bounty of 10 cents per gallon on all alcohol produced in agricultural distilleries for a period of five years; and, third, that the limit of size of agricultural distilleries be increased to 500 gallons daily capacity.

These resolutions have since been unanimously approved by the Washington State Grange in annual session, and are now being considered by the various State grange executive committees. I believe they should receive the indorsement and active support of all farm organizations.

The building and operating of the first agricultural distillery will mark the real beginning of this great industrial development that shall bring to every farming district and every farm the full benefit of this great advance in farm betterment. Agricultural distilleries properly established mean all modern improvements in the rural home, the lightening of the toil of the farmer's wife, the cheapest and best of all liquid fuels for light and heat, and the profitable utilization of waste and otherwise unsalable crops, and, above all, the natural method of preserving soil fertility.

Those who study the possibilities of agricultural distilleries purely from the standpoint of alcohol production fail to appreciate or realize their great importance. In the big, central distilleries making potable alcohol is the all-important thing, and the by-products are of minor importance. In the small agricultural distilleries the conditions are reversed, and the feed and fertilizing features are most important and the alcohol the less important product. So true is this that doubtless there are places in the United States where it would pay to operate agricultural distilleries even if alcohol had to be sold at a merely nominal price. The local agricultural distillery, in fact, will be one of the farmer's best profit producers and a sure safeguard against loss from glutted markets and injured crops.

What are farmers going to do about it? The important thing is to make a beginning and get things moving. As State Master Kegley said in his last annual address, "We must get together in a big, strong way if we are to accomplish large results in time to be of any benefit to us of to-day. * * * This is a grand opportunity to show that we can cooperate nationally in a large way. So let me urge you to push the matter most vigorously." To this I say a hearty amen, and to give a practical basis to these recommendations I give my indorsement to the two lines of work that should be immediately organized and vigorously pushed.

1. Organize, or rather reorganize, a farmers' national committee on agricultural distilleries and industrial alcohol development, to establish a central bureau of information and research, and conduct the necessary educational campaign to secure additional legislation by Congress, and protect farmers everywhere in their industrial development. To this every farmers' organization, and every farmer through his organization, should be a contributing member. If the 6,000,000 farmers only paid an average of 5 cents each annually to sustain such a committee, it would give an education fund of $300,000 a year, and with only a sixth of that amount we could quickly put the country on a par with Germany and save our farmers hundreds of millions of dollars.

2. Organize an agricultural distilleries company to build and operate agricultural distilleries in different parts of the country, until their practical value has been fully demonstrated and sufficient data accumulated to enable their commercial development to be prosecuted economically on a large scale, and then to act as a construction company and a general agent for marketing the surplus alcohol of all the associated local agricultural distillery companies. Such a company could perform services of immense value to farmers in building and equipping their distilleries and in marketing their output. It should be owned and controlled by farmers.

These two lines of work, the purely educational and the commercial development, should be carried forward together, and if taken hold of earnestly and pushed aggressively, with organized farmers giving their loyal support, we can soon master the difficulties of the situation and pass Germany as the leading industrial alcohol nation of the world.

Yes, proceed to greater agricultural achievements, and what is still of greater importance is the fact that when these distilleries are in operation we will learn more about balanced rotation of crops; in forcing the adoption of mixed farming, stock raising with rotation of crops in the best order for obtaining maximum returns. Thus there is a way in store for us to increase soil fertility and at the same time solve the great problem of conservation.

Par. 412.—EXPORTS REIMPORTED.

B. EDMUND DAVID, 440 FOURTH AVENUE, NEW YORK, N. Y.

NEW YORK, *May 20, 1913.*

Hon. CHARLES S. THOMAS,
Finance Committee, Washington, D. C.

MY DEAR SENATOR: There is no provision in the proposed tariff bill which makes it possible to send American textile goods to foreign countries for the purpose of converting them—that is, dyeing or printing them—and which allows them to be returned to the United States on the payment of a duty on the value of labor done.

Such a provision would be of tremendous importance to the domestic textile industry, particularly to the silk trade. It would put the superior facilities of European dyeing and printing establishments at the disposal of American manufacturers and would open new avenues of enterprise.

It would be strictly in line with Democratic principles.

It would be a source of revenue to the Government.

It would create competition for the domestic dyeing and printing industry, which is to-day almost a monopoly.

For these reasons I beg to suggest that a clause be added to paragraph 413 of the proposed tariff (H. R. 3321), which reads, in part, as follows:

Articles exported from the United States for repairs may be returned upon payment of a duty upon the value of the repairs, under conditions and regulations prescribed by the Secretary of the Treasury.

The additional clause to read as follows:

Textile goods manufactured in the United States and exported from the United States for the purpose of dyeing, finishing, or printing them may be returned upon the payment of a duty on the value of labor done, conditions and regulations to be prescribed by the Secretary of the Treasury.

The laws of the German Empire provide for the importation of goods which are sent there for the purpose of dyeing, printing, or finishing them free of duty if they are to be exported after such work is done.

The dyeing and printing establishments of England would also be available for the American manufacturer.

I trust you will give this proposition your earnest consideration.

EIMER & AMEND, NEW YORK, N. Y:, BY FRANCIS E. HAMILTON, COUNSEL

The FINANCE COMMITTEE,
United States Senate.

GENTLEMEN: We particularly desire to call your attention to an existing injustice which demands correction.

Under the proposed tariff act all articles imported from any foreign country into the United States are called upon to pay duty, excepting only such articles as are particularly designated in the free list.

Paragraph 646 of H. R. 10 permits residents of the United States returning from abroad to bring in free of duty all wearing apparel and other personal and household effects taken out by them without regard to value, and a decision of the Treasury Department of August 10, 1910, held that any such article of wearing apparel or other personal effects so taken abroad, even if of foreign origin and repaired while abroad, should only be held liable for duty to the amount and value of the repairs.

In the case of all other articles of foreign origin, however, even though it be proven that they have paid full duty upon originally entering the country, if sent abroad for repairs, duty is charged upon their return upon the full original cost of the article.

In other words, an American citizen owning a Swiss watch valued at $500 might take the same abroad, have $20 worth of repairs done upon it, and upon his return he would be called upon to pay duty only on $20, while had he sent the watch abroad and the same repairs were made upon it on its return he would be charged duty upon $500.

The same is true as to fine mechanism made abroad. The best microscopes, polariscopes, and other mechanism costing from $50 to $1,000, having been imported and duty paid thereon, if any accident necessitates their being sent abroad for repairs, no matter how small, they become liable to duty upon the full value on their return.

This is not only a great burden to the importer or to the owner of the mechanism, but it is most inequitable and unjust, as well as exceedingly costly, to the final purchaser. Fine precision instruments, most of which are made abroad, are expensive and so delicate as to be easily put out of repair, in which case they must be sent back to the workshops where they originated, as many of them are not as yet understood by the mechanics of this country and some of them are manufactured by secret processes. To attempt to repair in this country would be to ruin an expensive instrument; and yet, even though the instrument has been 10 years in use, if sent abroad for the slightest repair it is subject to duty upon its full original value on its return. In many cases we have been forced to pay duty of $100 and upward upon mechanisms which we had sent abroad for repairs that cost less than $5.

No question of foreign labor is involved, no question of competing with home production, merely the single question of a gross injustice which under the present law and regulations is enforced against us and our customers.

We therefore pray that the following be added to paragraph 709 of the act of 1909 (par. 646, H. R. 10):

Any article of foreign manufacture which has paid duty upon its original entry and is sent abroad for repair shall be entitled to reentry free if the cost of the repairs

be less than ten per centum of the original entered value of the article; and if the cost of the repairs be more than ten per centum of the original entered value, then it shall pay duty upon the full amount of the repairs at sixty per centum, under such rules and regulations as the Secretary of the Treasury shall prescribe.

Par. 416.—BAGGING FOR COTTON.

AMERICAN MANUFACTURING CO., BY SAMUEL W. FORDYCE, JR., COUNSEL, ST. LOUIS, MO.

MEMORANDUM.

ST. LOUIS, MO., *May 5, 1913.*

Bagging is used to cover bales of cotton. Practically all of it is made of jute, all of which is grown in India, near Calcutta, the principal jute manufacturing city of the world, where over 250,000 people are employed in the jute mills.

These mills manufacture both burlap for sacks and bagging for cotton, and export a great part of their product to the United States.

Bagging is now dutiable at six-tenths cent per square yard, the equivalent of an ad valorem duty of 9.53 per cent. The proposed bill places it on the free list while placing an ad valorem duty of 20 per cent on burlap, made out of the same raw material with the same Calcutta labor.

No burlap is manufactured in the United States, while from 80 to 86 per cent of the bagging sold here is made here by eight independent competitors, who have no other market but the United States, in which they compete with each other and likewise with the mills in Calcutta, Dundee, and Liverpool. The price they receive is fair and reasonable when judged by every test.

Excluding cost of raw material, the cost of making a yard of bagging in the United States is 3 cents, of which 2 cents is paid to labor in some form.

Average wages of mill labor here, about $9 per week.

Average wages in India, about 70 cents per week.

We have increased American wages almost 100 per cent in the last 15 years, which has increased the cost per yard nearly 1 cent, or one-third more than the entire present duty.

Our people are paid for equal work on identical machinery more than 12 times as much as the Calcutta laborers. We can not compete with Asiatic labor and pay American wages.

If the Asiatic laborer is himself excluded from this country, is it unreasonable to continue a slight degree of protection to the product of American labor which in this more than in any other industry is compelled to compete with the product of that same Asiatic laborer?

The proposed bill as applied to bagging is inconsistent with the avowed purposes of tariff reform, is violative of Democratic principles, discriminates unjustly and without reason against a deserving American industry, and deprives the Government of a profitable and proper source of revenue.

THE FINANCE COMMITTEE, UNITED STATES SENATE:

The American Manufacturing Co., a corporation engaged in the manufacture of cotton bagging, rope, twine, and other commodities,

respectfully represents to the Finance Committee of the United States Senate that cotton bagging should not be placed upon the free list, as is provided by the proposed bill, H. R. 3321, page 104, paragraph 417.

The Democratic Party is properly pledged to the policy of high tariff on luxuries and low or no tariff on necessities, and while cotton bagging belongs to the latter class, we propose to show that the cardinal Democratic principles of tariff for revenue only and the greatest good to the greatest number of American citizens will be better carried into effect by retaining the present low tariff on cotton bagging than by putting it on the free list.

It may be roughly stated that the principal objects sought to be gained by the Democratic Party in tariff revision are the following:

1. Effective competition between the manufacturers of the United States and the manufacturers of the world in the sale of their products, both in this country and in all other countries.
2. The building up of trade, especially foreign trade.
3. To provide revenue for the Government.

The above objects were plainly so stated in the message of the President to Congress on April 8 last, and upon the assumption that the views of the President are the views of the Democratic Party, we beg to submit that placing cotton bagging upon the free list will not attain any of the above objects, but will, on the contrary, have exactly the opposite effect.

1. Under the present tariff there is effective competition not only between American manufacturers, there being at present eight strong independent competitors in the United States manufacturing cotton bagging, with mills employing thousands of American men and women in the States of Missouri, Indiana, Georgia, Massachusetts, New York, North Carolina, and South Carolina.

In addition to these there are a great number of mills in Dundee, Scotland, and Liverpool, England, that export cotton bagging in large quantities to this country, and there are also located in Calcutta, India, about 43 mills manufacturing cotton bagging and other jute products, a great part of which now find their market here.

We make the claim that competition as it exists and has existed for years under the present tariff, Schedule J, paragraph 355, is most effective. The existence of effective competition can best be established by the price received by the manufacturers, which, of course, during the past years has varied and will vary with the price of the raw material, but we submit that these prices are, and for many years past have been, reasonable and just. We invite the most thorough investigation as to our margin of profit and will gladly offer every opportunity to examine every detail of our business.

During the past 10 years the importations of cotton bagging under the present duty of six-tenths of 1 cent per square yard, equivalent in 1912 to an ad valorem duty of only 9.53 per cent, have averaged 11,496,094 square yards per year, and the total sales of cotton bagging in this country have averaged about 80,000,000 yards per year, showing that during this period over 14 per cent was manufactured abroad.

In 1907 over 19,000,000 yards were imported, on which this Government received over $118,000 in duty. That year the imports were over 20 per cent of the total American sales.

2. The second main object of the proposed tariff is to build up trade, especially foreign trade, and we sincerely approve this object in its application to commodities that have a world-wide market, or at least a general market in other countries besides our own, but so far as cotton bagging is concerned there is no market but the United States. We can not go elsewhere to dispose of our product but are absolutely limited in our sales by the cotton crop grown at home.

Sugar, for instance, is consumed the world over, and also our iron and steel the nations of the world welcome, but this is not and can not be the case with cotton bagging, for the simple reason that with the minor exceptions of India and Egypt, where a comparatively small amount of cotton is produced, the world's cotton crop is grown here.

We can not change the climatic and soil conditions of the world, and therefore can not build up foreign trade.

We can not sell American-made bagging in India, because practically all bagging is made of jute, absolutely all of which is grown in India alongside the cotton produced there.

Egypt need not be considered because not even in its most propitious season has one-twentieth of the world's crop been produced there, and also a different kind of bagging is there used.

The mills of India use, duty free, the identical machinery used in this country, on all of which in this country a duty of 45 per cent has been paid. Labor in India is the cheapest in the world. We pay our American employees over twelve times as much as the average wage in India, and assuming that the American laborer is twice or even three times as efficient as an Indian laborer doing the same work, we can not compete with Calcutta under such an enormous handicap.

The average wage paid in the United States is about $9 per week, while the average wage of Calcutta is between 60 cents and 70 cents per week.

In our mills the average cost of making 1 yard of bagging, exclusive of the cost of raw material, is 3 cents, of which two-thirds is paid to labor.

We have the very best and most modern machinery in the world, but so has Calcutta. All of it comes from the same source.

We have reduced the labor item to the lowest possible degree.

We are abreast of the times and have promptly adopted every known improvement in machinery and labor-saving devices. We have reduced the number of laborers employed wherever possible, but in the last 15 years we have increased our rate of pay to them almost 100 per cent.

In view of the above the bagging industry can not be used as a vehicle for building up the foreign trade of this country, and that work must be done by other industries than ours.

Our wits have already for many years been sharpened by competition of the keenest kind, both at home and abroad. We can no more reduce the cost of manufacture under present labor conditions than we can improve a perfect razor edge by further sharpening.

Many millions of dollars have been invested by Americans in the machinery for manufacturing bagging. This machinery is absolutely unsuited for any other purpose. It can not be changed or altered for any other purpose, and the only disposition that can be made of it is to dismantle and ship it to India where the jute is grown and the cheapest known labor exists.

With bagging on the free list we can not compete with Asiatic labor and pay American wages.

3. No argument is needed to prove that no revenue will be derived by the Government by putting bagging on the free list. An item that has produced almost $120,000 a year will now bring in nothing at all.

The farmer will receive no appreciable benefit because the present duty of six-tenths of a cent per square yard adds less than 4½ cents to the cost of preparing a bale of cotton for market, an infinitesimal amount.

Only about 6 square yards of bagging are required for each bale of cotton. A bale of cotton weighs approximately 500 pounds. Cotton is now worth about 11 cents per pound. The present duty on bagging is therefore much less than one-half the value of a pound of cotton.

It is provided in the proposed bill that burlap, which is also made of jute, should produce some revenue to the Government, as an ad valorem duty of 20 per cent is placed on it.

Both burlap and bagging are jute fabrics. Both are used in marketing our agricultural products. Burlap sacks are used for oats, bran, etc. Bagging is used for cotton.

In the last analysis both are nothing but plain jute fabrics.

Both are primarily for the farmers.

Why discriminate in favor of burlap and against bagging?

Bagging is manufactured here and so was burlap until tariff reduction forced the American mills to close.

In 1912 war and preparations for war, combined with a short crop of jute, raised the price of raw jute, and jute products went up in consequence.

Burlap manufactured abroad without American competition advanced in this country more than 70 per cent in price, while bagging, with American competition, advanced less than 9 per cent.

The American citizen is protected by law from having the Asiatic laborer as his neighbor and competitor in this country, and therefore we can not feel that it contrary to the policy of this country to at least maintain a slight equalizing tariff not designed to exclude the Calcutta mills from this market, nor to protect us from their competition, but simply to prevent them from taking the business entirely away from us. They have enough of it under present conditions to make existing competition very real and most effective. The present tariff is not protective but competitive, and we ask that it be maintained.

We do not make the claim that our company will be bankrupted by placing bagging on the free list, but we do claim that bagging, which really never has been protected, should not, for any reason whatever, be singled out and sacrificed.

Such a course would violate Democratic principles, would be inconsistent with the announced policy of the party, and would result in great hardship and injustice to an American industry that has existed since cotton was produced in this country, an industry in which many millions of American dollars are invested, and on the continued existence of which there are at this time dependent tens of thousands of American laborers.

C. LEE M'MILLAN & CO. (LTD.), NEW ORLEANS, LA.

NEW ORLEANS, *May 13, 1913.*

Hon. JOS. E. RANSDELL,
Washington, D. C.

SIR: Knowing your interest in reducing cost to the cotton farmer of his bagging, I beg to state that from reports that I have recently gathered the Bagging Trust intends to use every effort to persuade the Finance Committee to continue bagging for covering cotton upon the dutiable list; and failing in that, the trust will then try to have wording of paragraph 421 of the Underwood bill so changed as to read the same as is covered by paragraph 355 of the Payne tariff.

Please permit me to state that little or no relief will be afforded the cotton farmer unless the paragraph in question remains exactly as it appears on page 104 of H. R. 10, which reads as follows:

421. Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns made of jute, jute butts, seg, Russian seg, New Zealand tow, Norwegian tow, aloe, mill waste, cotton tares, or other material, not bleached, dyed, colored, stained, painted, or printed, not exceeding 10 threads to the square inch, counting the warp and filling, and weighing not less than 15 ounces per square yard.

For years the Bagging Trust has been buying in both Europe and America all second-hand fiber (such as is named in paragraph 421, Underwood bill) it could secure to put along with jute into bagging to cover the cotton crop, but at same time the trust has made every effort, and in some cases it has succeeded, in getting the Treasury Department to assess a duty of 45 per cent ad valorem on foreign bagging which was not made entirely of "jute, jute butts, or hemp" as per paragraph 355 of present law.

Many years ago, when the American cotton crop was no larger than 5,000,000 bales, it was easy to procure sufficient jute butts to make all the bagging required; but now that crops of cotton are so much larger, the bagging mills are obliged to use other fibers in addition to jute and hemp in order to furnish sufficient cloth.

If Congress proposes to place bagging for cotton upon the free list, the paragraph intended to cover same had best be written as Mr. Underwood has worded it in his bill.

I hope that in writing you this letter I have not overtaxed your indulgence.

Par. 420.—BEESWAX.

E. A. BROMUND CO., 223-255 CHURCH STREET, NEW YORK, N. Y.

NEW YORK, N. Y., *May 26, 1913.*

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

DEAR SIR: We take the liberty of sending you a few lines relating to the American industry of manufacturing and bleaching white beeswax.

We wish to say as briefly as possible that the importation of bleached and manufactured white beeswax duty free is favoring the foreign manufacturer and is an injustice pure and simple to the

American industry, which will be soon entirely eliminated under a continuance of such tariff conditions. It may be of vital importance to state herewith that nearly all waxes, both mineral and vegetable, are not native products of this country, and can be obtained only from abroad, but the main facts and issue which concern the American industry is the importation duty free of the white manufactured beeswax, which is classified the same as the raw and crude beeswax.

It is almost needless to give details of the many reasons which places the American manufacturer beyond competition with the foreign and German bleacher.

The above statements that all waxes, both mineral and vegetable, are imported because they are not native or natural products of our country is an indisputable fact, excepting paraffine wax and the natural yellow beeswax. We are not seeking or asking for a duty on crude and raw waxes nor on any waxes which we do not produce. It is only on the white beeswax, a product requiring the employment of efficient and skilled labor and strictly a manufactured article.

We have endeavored to inform our representatives that white and bleached beeswax is used almost exclusively in the manufacturing of toilet cold-cream preparations and other luxurious compounds and for making costly and high-priced candles, and it is not a commodity or necessity involving the general welfare of the public; therefore we would infer that this article would appeal most favorably to our tariff duty for revenue.

We believe a tariff duty of 20 per cent would about equalize the difference in the cost of manufacturing white beeswax, and even a duty of 10 per cent would enable the American industry to compete to some extent with the foreign manufacturer and importer of white beeswax.

It is only within the past two or three years that the German bleacher has imported to our country the white manufactured beeswax, owing to the opportunities and loophole presented by our free tariff, and it will not be long before the yearly increasing importation of article will cause every American bleacher to abandon this industry entirely.

We inclose a copy of a letter coming to us entirely unsolicited from one of our oldest and most reputable manufacturers of white beeswax, namely, Mr. Bowdlear, of Boston, Mass., who was forced lately to retire from business on account of the free tariff on white beeswax.

We solicit most respectfully your kind attention to the above facts and we sincerely hope you will be so thoughtful and considerate as to present these irrefutable facts and conditions to our Representatives who may be concerned in the welfare of this American industry.

We wish to thank you in advance for any favors or courtesies you may be pleased to extend to us.

This is a copy of a letter we received from Mr. W. H. Bowdlear, of Boston, Mass. (wax bleacher):

Messrs. E. A. Bromund Co.,
New York City.

Dear Sirs: I was very much interested in reading your brief addressed to the Committee on Ways and Means at Washington, D. C.

I fully indorse every sentence, having used the same arguments for several years to have a duty of 20 per cent placed upon white beeswax as a manufactured article. I have been a wax bleacher many years and sold out my business because the German

American industry, which will be soon entirely eliminated under a continuance of such tariff conditions. It may be of vital importance to state herewith that nearly all waxes, both mineral and vegetable, are not native products of this country, and can be obtained only from abroad, but the main facts and issue which concern the American industry is the importation duty free of the white manufactured beeswax, which is classified the same as the raw and crude beeswax.

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