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HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921

(H. R. 7456)

IN EIGHT VOLUMES

VOLUME IV

Schedule 7—AGRICULTURAL PRODUCTS AND PROVISIONS

Schedule 8—SPIRITS, WINES, AND OTHER BEVERAGES

Revised and Indexed

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PREFACE.

Tariff hearings were begun on July 25, 1921, pursuant to the following notice:

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
July 22, 1921.

The Committee on Finance will hold public hearings relative to the tariff at Washington, D. C., beginning Monday, July 25, 1921.

It is the purpose of the committee to hear first the proponents and opponents of the American valuation plan.

The committee expects first to hear members of the Tariff Commission and certain special agents of the New York customs office with respect to this plan upon Monday and Tuesday next.

The committee expects to close the hearings upon the American valuation plan by Thursday next and then to take up the several schedules in order.

Notices will be sent to all applicants for hearings as early as possible, advising them when they can be heard.

In order to avoid duplication of arguments and suggestions it is requested that persons desiring to present the same character of information relative to any tariff item agree upon one representative to present their views.

The hearings will be conducted in room 312 of the Senate Office Building. Sessions will be held each day from 10.30 a. m. to 12 noon and from 2.30 p. m. to 5 p. m.

It is desired that witnesses endeavor to prepare their statements in such form that their presentation will not require more than 30 minutes.

Persons wishing to be heard should, if possible, apply to the clerk of the committee, prior to the date set for the hearings, for an assignment of time. In making such application the following information should be given: Name, business address, temporary address in Washington, business or occupation, the person, firm, corporation, or association represented, and the item and paragraph of the tariff bill (H. R. 7456) concerning which testimony will be given.

All briefs and other papers filed with the committee should have indorsed on them the item and paragraph of the tariff bill (H. R. 7456) to which they relate, and the name and address of the person submitting them, his business or occupation, the name of the person, firm, corporation, or association whom he represents.

BOIES PENROSE, *Chairman.*

The hearings were continued to and including August 31, 1921. Because of the unsettled and continually changing world conditions and the great length of time required to complete the tariff bill, it was decided to put the internal-revenue legislation ahead of the tariff bill. The tariff hearings were, therefore, postponed, and resumed November 3, 1921, and completed January 9, 1922.

The stenographic minutes of each day's proceedings were first printed in preliminary form in 58 parts. Copies were sent to each witness with the request that he make necessary corrections for clearness in his statement and return the revised copy to the clerk. Such corrections have been observed in preparing the revised edition of the hearings. In this edition the chronological order of the statements has been disregarded (except that of American Valuation and Dyes Embargo, Vol. I) and the oral testimony and the papers filed on each subject have been grouped and arranged, as nearly as practicable, according to the paragraphs of the tariff bill as it passed the House.

The revised hearings were first indexed and printed in separate volumes, each containing only the testimony relative to a particular schedule. Three additional volumes were also printed, one containing the testimony relative to the American valuation plan, one the testimony relative to the dyes embargo, and the other that relative to the special and administrative provisions of the tariff bill and testimony relative to certain paragraphs that was taken too late for incorporation in the proper volume.

The hearings are here consolidated in 8 volumes (each indexed by name and subject), including a general index, arranged as follows:

CONTENTS OF VOLUMES.

Schedule 7.

AGRICULTURAL PRODUCTS AND PROVISIONS.

AGRICULTURE IN GENERAL.

STATEMENT OF PROF. THOMAS C. ATKESON, WASHINGTON, D. C., REPRESENTING NATIONAL GRANGE, PATRONS OF HUSBANDRY.

Prof. Atkeson. Mr. Chairman and gentlemen of the committee, my name is T. C. Atkeson, representing the National Grange.

I am not here as an individual, but as a representative of an organization of farmers that has a half century of experience and observation behind it, with a membership of approximately 1,000,000 people. This organization has lived through a great many tariff bills and other bills, and it has lived through calamitous times like these and other calamities, and it is still in existence and in some measure performs its function. It will hold its next, its fifty-fifth, annual session at Portland, Oreg., beginning next week.

The Chairman. How long have you been at the head of this organization, Professor? You are president now?

Prof. Atkeson. I am not master of the grange at all. Mr. S. J. Lowell, of New York, is the present master. I am the Washington representative of the grange. I have been a member of the grange for more than 40 years and have served it in many official capacities.

Our organization in its experience has had a good deal to do, of necessity, with problems involved in the tariff—in taxation and support of the governmental machinery in all its relations—and some 30 or 40 years ago we undertook to determine where our organization stood and, so far as it represented the farmers of the country, where the farmers stood on the question of tariff, and particularly protective tariff, or the protective principle involved in the tariff problem. We found that we had a good many men in our membership who were high protectionists, men who were free traders, men who favored a tariff for revenue only with incidental protection, and men who favored tariff for protection with incidental revenue.

We found that with this various membership in our organization it was impossible for us to determine or for us to take the position for or against protection, and as impossible as it would have been to take a position for or against the Methodist or the Baptist or the Presbyterian churches, in view of the dogmas and doctrines that come into our organization through the affiliation of our membership with all these churches and in the various relations of life, and that it was absolutely impossible to reach a definite or anything like a satisfactory decision in favor of problems of that kind.

We are absolutely nonpolitical in our organization. I think that we would not have lived so long if we had been a little more political than we have been. The experience of other organizations that got into politics has been that they got out of business sooner or later.

Being a nonpolitical organization we have not tried to settle the tariff policy of the country. But some 30 or 40 years ago our organization adopted a resolution reading about like this: That so long as protection is the policy of the Government, we demand for agriculture and agricultural products a fair and equal protection under the tariff laws of the country.

In one form of words or another, for 30 or 40 years we have reiterated that position, and that is what I am here to reiterate to-day.

In the early discussion of the tariff question much was said about raw materials being placed on the free list, and that manufactured or finished products should have a protective tariff, and I was confronted, and our organization was confronted, in an effort to determine what constituted a "raw material." And I am wondering if there is any Senator wise enough to tell us what is a raw material that has to be admitted tariff free. Perhaps any of you at first thought would undertake to answer that question. But it is not so easy of answer.

In my conception the only raw material is the thing as the Creator made it, where he made it, if you want a definition of raw material—it may be iron in the mine, or coal in the mine, or plant food in the soil, in the air, or in the water; all those things, in my conception, are raw materials, and nothing else is.

In order to produce a crop of corn or wheat the farmer must plow and cultivate and harvest and take care of his crop. He has done something with what nature provided; that is, his farm has been a factory. He has converted into a commercial commodity some of those properties suitable for immediate use and consumption, others requiring further manipulation and manufacture on the way to the ultimate consumer. But so far as the farmer is concerned, the products of his farm are the products of his factory and are absolutely as essential as the product of any factory can be to the product of that factory. A factory takes a commodity at some stage of its existence and adds something to it, or does something to it, that further fits it for final consumption; and every manufacturing interest would like to assume that the thing at the place where it takes it is raw material and would like to have it on the free list, and at the place where he lets it go that it be considered the finished product, and he would like to have it protected.

So we repudiate entirely the old dictum of tariff philosophers—that the product of the farm is a raw material. So far as the farmer is concerned it is a finished product; it is an eternally finished product—at the place where he lets it go, whatever it may be, whether it is consumed in the form in which he lets it go or whether somebody adds something to it following his disposition of it.

I would like for this committee in considering agricultural tariffs to keep that in mind.

Then, another question arises, which is fundamental to fair consideration of this question, and that is whether a tariff can protect an agricultural commodity or not and just to what extent it may be protected or its price increased—and that is what you mean by protection, its price being increased—and you will find a great diversity of opinion among Senators and Congressmen, as well as among farmers and economists everywhere, as to the things that may or may not be protected by a tariff.

Therefore, we fall back on this and the enunciation of the National Grange, that is 30 or 40 years old, and depend largely upon the wisdom and the honesty of purpose and the patriotism of the American Congress to see that agriculture is not discriminated against and, so far as possible under the tariff schedules, to see that the products of agriculture receive a fair and just protection so long as protection is the policy of the Government. If the Government should adopt a free-trade policy absolutely, we will try and survive; we will still be in favor of the policy of the Government. The responsibility for the policy of the Government is upon the American Congress and not upon us. But so long as protection is the policy, we contend for our place under that policy—and we accept that as the fixed policy of the present administration.

I have said about all, I think, Mr. Chairman, that it is necessary for me to say, because, as the schedule of hearings indicate, the proponents of the different farm commodities will expect to be heard at considerable length, and if I may I will not enter into the discussion of any of those special items in the farm schedule. I understand that sheep and wool and mutton products are to be taken up next. I think I will close, Mr. Chairman.

Senator JONES. They will undertake to show us as to how a tariff would affect the different farm commodities and products, whether the tariff would benefit one class or not or another class or not.

Prof. ATKESON. Well, if a tariff performs any of its purposes, it always benefits one class to the more or less disadvantage of some other class. That is fundamental.

Senator JONES. What I meant was, these other people who are to be heard here will undertake to show how the tariff will affect the specific product which they represent.

Prof. ATKESON. Undoubtedly. It seems unnecessary for me to go into that now. I would not hesitate to discuss the wool question; but since there are gentlemen here who are going to discuss that question specifically, I just wanted to lay down a few principles that seem to me basic and underlying the question of agricultural protection, and the one that I would rather that you would not get away from than any other is the fact that when the farmer disposes of his product that it is a finished product, as far as he is concerned.

BRIEF OF GRAY SILVER, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

This organization, with a membership of more than 1,000,000 farmers located in 46 States, necessarily views the tariff from the broad national standpoint. Various representatives of the federation have appeared to discuss the schedules in detail when they were under consideration by the Finance Committee. Our specialists have made studies of the need and effect of tariff on farm products in view of the peculiar and unprecedented situation in world trade at this time.

Since the expressed policy of the Nation is for a protective tariff, the problem before Congress is to so adjust the duties as to afford the most thorough protection to the industries that should be fostered for the national welfare, while at the same time not adversely affecting foreign trade, or international economic relations.

The farmers' interest in tariff question in the past has been twofold.

(1) As a producer he desires protection in fair relation to the protection given to manufacturing industries from the competition of foreign products produced under conditions of natural advantage or very cheap labor.

(2) As a consumer he is opposed to excessively high tariffs which would unduly increase the price of the supplies which enter into the cost of his product, and rates which unduly increase the cost of manufactured products which farmers use as a part of the general consuming public.

At this time farmers have a third interest in the tariff and its effects, namely:

(3) As an exporter of over half of the Nation's excess balance of exports in foreign trade, he is interested in the effect of the tariff on foreign demands for his products and in maintaining the balance of exports over imports.

PROTECTION FOR FARM PRODUCERS.

Certain American farm products meet competition in the markets from the same or similar products produced at much lower cost in foreign countries. To allow these cheap products to flow into our markets unchecked would immediately result in so depressing our own industry in these lines as to reflect seriously on other lines of production that are of vital importance. Public welfare is best served by preserving a balanced agricultural production which will afford a reasonable profit and maintain a prosperous agricultural commodity. Rates of duty should only be high enough to prevent the depression of our markets by the importation of large quantities of foreign goods. Prohibitory tariffs are seldom desirable and often injurious to trade in general.

Since protection against foreign competition is a national policy, it is essential that agriculture be considered in its proper relation to the protection of the entire country. The production of our farms must be considered the finished product of this industry in the same manner that machinery, shoes, clothing, etc., are considered finished products of other industry.

Experience with previous tariffs has given some indication of the rates of duty to be assessed to afford a certain protection to a farm product. The testimony of groups of producers of various commodities before committees of Congress shows the amount of protection that is regarded by them as necessary to maintain a given industry in competition with foreign goods.

Certain products may be produced in quantities sufficient to meet practically all needs of the country, provided the difference in cost in this and other countries is covered by a duty. While we have the soil and climate to produce wool and sugar equal to our entire needs, without a duty we can produce but a small part of our annual consumption because of the lower cost abroad. The point to be decided from a national standpoint is, What amount of our production of each commodity shall and can be assured by a protective tariff? The public interest demands that a balance be made between the advantages of complete domestic production and lower cost of imported products. Excessive tariffs which would increase all prices would not be to the advantage of the Nation nor to the producers ultimately.

TARIFF ON PRODUCTS THE FARMER BUYS.

The greatest single group of consumers in the Nation are our agricultural people who are interested in getting the goods they consume at the lowest cost consistent with prosperous conditions in industry, which in turn assures a normal consumption of farm products. The American farmer has the highest standard of living of any agricultural producer in the world and consumes more manufactured goods per capita than the people of any other country. He normally offers the greatest market for American manufactured products and also the greatest attraction for the foreign manufacturer. The proposed protection of his industry will be of little advantage to him if the cost of the things he buys are relatively higher and if his buying power is not increased. The price the farmer receives for his product is, in the last analysis, the amount of articles for consumption for which he can exchange his crop. Consequently, the tariff on the products which he sells must bear a fair relation to the duty on the supplies which he buys. A high duty on supplies which are imported, such as fertilizers, jute bags, etc., increases farmers' cost and tends to restrict production.

Any scale of rates of duty on farm products must be judged by two conditions: First, it is sufficient to cover the labor cost differential between American and foreign production; and, second, does it bear the proper relation to the rate on manufactured products which this same producer must buy?

TARIFF AND FOREIGN MARKETS.

The American farmer produces a surplus of several products which must be marketed abroad, and is vitally concerned in the effect the tariff may have upon the outlet for his export surplus. The Nation as a whole has had a favorable foreign trade balance almost continuously for 100 years; only 3 years since 1897 have the imports exceeded exports in value, and that was in relatively small amounts. On the contrary, the excess of exports has grown since the depression of 1893, averaging near to one-half billion dollars until the beginning of the World War, when values began to rise and the excess of exports amounted to over $4,000,000,000 in the calendar year 1919.

Agriculture has provided the largest part of this excess of exports from our earliest history. From 1852 to 1881 agricultural products made about 80 per cent of the total of domestic exports. During the next 30 years there was a decline until in 1911 when agricultural products provided about 54 per cent of all exports. This decline was checked by the opening of the World War and the volume of exports increased steadily until 1920. The increase in values was even more rapid, due to the advancing prices. The beginning of the decline in value was shown in 1919 while the difference in tonnage was relatively small.

There has been a tendency in recent years for agricultural exports to be offset by relatively larger proportion of agricultural imports, thus imposing on agriculture a heavier share of foreign competition.

ADJUSTING THE TARIFF TO CHANGING CONDITIONS.

At the present time the economic relations of nations are subject to changes that can not be anticipated. This makes it especially difficult to fix rates of duty which will meet all emergencies.

A means of tariff adjustment which will operate quickly is needed. The extension of the powers of the President or the Tariff Commission to meet any emergency, operating within limits fixed by Congress, would aid greatly in increasing the protective services of the tariff.

By constant study and investigation this body should be able to quickly adjust tariff rates to changing conditions in international trade without the delay of referring the entire matter to Congress.

THE BASIS OF VALUATION.

In the present tariff bill there appears the new American valuation plan. The adoption of this system would involve radical changes in the system of collecting customs duties and require the entire reorganization of the revenue service.

The first effect of this system of valuation would be to increase the amount of duty to be paid, since the Fordney bill provides that the duty be calculated upon the wholesale market price which includes distribution costs in addition to production costs. When goods are imported that have not been sold here, an American price must be named by the customs officials which in effect obligates them to perform a price-fixing duty.

In view of the discussion of the effect of this American valuation, present rates as determined for farm products must be regarded as tentative until the rates on supplies which the farmer purchases have been revised. A proper balance must be maintained. Since most agricultural duties are on a specific basis and most other duties are on the ad valorem basis, the American valuation would disturb the relations of these rates seriously if it should have the effect of increasing duties as is generally stated. The rate of duty should be sufficient to cover the advantages in lower labor cost and a part of natural advantages of foreign producers, but not the difference due to business inefficiency.

The importation of foreign goods would be disturbed because of the uncertainty as to the amount of the duty if it should be based upon a fluctuating wholesale price.

GENERAL TARIFF RELATIONS.

(1) The farmers of the country are generally in favor of tariffs that will protect American producers against the competition of extremely cheap goods produced in

other countries where labor is maintained under very low standards of living. They believe in a fair relation of tariffs between farm products and manufactured products.

(2) The agricultural products upon which a protective tariff is effective are relatively few. The recent experience with the emergency tariff indicates that the restrictive effect on trade of agricultural products is slight except in a few instances. Moderate tariffs will not seriously change the rate of trade, but excessive tariffs would probably do so to the ultimate disadvantage of the country.

(3) Farmers interest in protection is not confined alone to his industry but extends to American manufacturers. American industries and business provide the greatest market for American farm products. Normal employment is necessary to maintain normal agricultural consumption. Maximum income on farms means maximum consumption of manufactured goods. Consequently the protection of agriculture is also protection for our other industries since it conserves their home market through sustained buying power of farmers.

No tariff can protect the American farmer from the competition of the cheaper products which his surplus meets in the foreign market, therefore the home market must be carefully safeguarded.

(4) There must be reasonable limits to such protection, however, in order not to foster profiteering and to preserve the force of competition of the foreign products. Protection for manufacturers must bear a fair relation to protection for agriculture.

(5) The nature of foreign trade will determine the status of agriculture. The outstanding examples of this are Great Britain and Germany. For 50 years previous to the recent war Great Britain allowed her agriculture to suffer without affording it protection. While her tariffs were not at first designed to be protective tariffs, such have been adopted since the war under the title of safeguarding of industries. Protection of British industries was afforded through cheap ocean freight rates.

In Germany the policy of the Government to foster agriculture through effective protection developed a much stronger agriculture, though the purpose was to gain military power. The advantage of such a policy was clearly shown in the war when, without the aid of other nations, Great Britain alone would probably have been defeated because of the shortage of food without aid from the United States while Germany was not starved. A prosperous agriculture is the basis of national prosperity.

(6) To preserve foreign trade there must be a large balance of imports to offset exports. In the past agriculture has borne an equal share of imports as compared with exports. This ratio should not be seriously changed. Tariffs that are prohibitory on imported products that make up the large part of our trade must therefore be objected to by farmers. A reasonable rate of duty that will not seriously disturb the balance of imports is more desirable than an excessive rate which would act as tariff barrier.

(7) The constant production of a surplus of foodstuffs is the consumer's best insurance against a scarcity and the resulting high price. Without an outlet the American farmer would be penalized when he produced a surplus by the low prices due to a restricted market. He would have no incentive to expand production and output would decline; the farmer as a consumer of manufactured goods would be weakened and all business would feel the effects just as it has this year when farm depression has been reflected throughout the business structure. If a shortage resulted and high prices came the consumer would be forced to pay more. Manufacturers would be forced to seek a market for their goods abroad in competition with those from other manufacturing nations.

Moderate rates or protection on agricultural products with a moderate rate on a corresponding manufactured product is to the best interests of both producer and consumer.

Farmers are asking only for a rate that will afford them an even opportunity with foreign producers to maintain the industries in their present development, with opportunities to grow as a means of cheaper production are devised by better practice and scientific improvements.

It is not desirable from the national standpoint to have rates of protection of manufactured products which will enable them to be sold constantly at far above the level of prices of similar products in other countries. Such an artificial trade barrier is not only unjust but dangerous and doomed to collapse sooner or later with disastrous effects upon business as a whole, though a few individuals might temporarily make large profits.

Valuation for importation should reflect the cost of production and the duty represent the difference in labor cost. Tariffs above that become embargo. Such valuation can only be secured in the country where the imports originate.

Trade is a matter of fair exchange and relations with the United States to other nations are now such that a large volume of trade must be maintained. A healthy foreign trade in agricultural products is the best stimulant to American agricultural production.

STATEMENT OF JOHN H. KIRBY, PRESIDENT SOUTHERN TARIFF ASSOCIATION, HOUSTON, TEX.

Senator GOODING. I want to say, Mr. Chairman, that a little more than a year ago an organization was formed in the State of Texas, known as the Southern Tariff Association. Since that time every Southern State has become a member of that association—in fact, several Eastern and Western States—so that to-day they have a membership of 41 States. This association represents 62 different industries, and linked with it is membership of 247 State and local organizations. The president of that association is here this morning, Mr. Chairman, and I would like to ask him to tell the committee why this organization was formed, its purposes and aims. I have the pleasure of introducing Mr. John H. Kirby, of Texas, president of the Southern Tariff Association.

Senator MCCUMBER. Mr. Kirby, we shall be very glad to hear from you.

Mr. KIRBY. Thank you, Senator. We of the South thoroughly appreciate the courtesy of this committee in giving us this chance to present some of our problems, which, of course, we must do in a very brief way.

Following the suggestion made by Senator Gooding, I will state that the Southern Tariff Association grew out of the distress, largely, of the agricultural elements of the South, under the application of the new doctrine which has come to be known as the doctrine of free raw materials.

Personally, I am not a producer of any product—my leading business being the manufacture of lumber—that solicits or desires or could be affected by any form of tariff legislation with respect to that particular commodity. But I am interested in the public welfare and in the thrift of my customers and in the progress and prosperity of my country. Therefore, upon the urgent request of the farmers and stock raisers of Texas, I took upon myself the work and the duty of acting as president of this association at its inception.

The association was first composed of farmers and stock raisers in Texas. Then it grew and other southern States became attracted to us, until it has reached the magnitude outlined to you by Senator Gooding.

Distress brought it into being. The cotton farmer of Texas in 1920 found that his cotton seed had undergone frightful shrinkage in value—that was true not alone of Texas but all of the South—the shrinkage amounting to something like $300,000,000. We knew that a part of this was in consequence of the deflation program of the Government through the Federal Reserve Board, but we were convinced that the greater part of it resulted from the importation duty free of vegetable oils from the Orient and from the Tropics.

The peanut farmer in the South, whose crop in 1919 had sold for practically $100,000,000, could not in 1920 sell for $10,000,000, largely from the same cause.

The egg and poultry growers of the South, who had enjoyed some prosperity prior to 1920, found themselves unable to keep their hens, largely from the importation free of duty of eggs from China.

The woolgrowers of Texas found their spring clip and their fall clip still in the warehouses at San Antonio, San Angelo, Del Rio, and El Paso, and other concentration points, without a bidder for that commodity, all through the free importation into this country of foreign wools, largely from Australia and Argentina.

The cattle raisers of Texas (and every farmer in Texas is a cattle raiser; not big herds, though some men have large herds) found that their meats had shrunk until there was no demand for their steers, all through the free importation of meats from Argentina. We can not compete anywhere in this country on our ranges with the ranges of Argentina; we can not fatten our steers anywhere in this country with the expensive feed that we must provide for them in competition with the steer growers of Argentina.

There they plant clover, and inclose it, and then at feeding time, instead of employing men and buying expensive feed, they turn their steers into these clover fields, so that a steer in Argentina 3½ years old will weigh 200 pounds more than a steer of the same age anywhere in the United States. They can kill and dress those steers in Argentina for less money than we can here, because they have a lower wage scale; they can load them in the refrigerator ships in the ports of Argentina and ship those carcasses to the principal markets of this country for less freight than we must pay from Fort Worth, Tex., to those principal markets.

Under these circumstances of free importation of meats the cattle industry is being ruined.

The free importation of hides was taking the hide industry away from us. So that it really did not pay to skin an animal, unless you skinned him for other purposes than the recovery of his hide.

The free importation of mutton from Australia and New Zealand into the markets of this country in refrigerator ships destroyed the demand for American sheep.

So all down the line, the agriculturist of the South found everything that he produced practically on the free list, while he was compelled to buy his supplies in a tr d market.

Under those circumstances ti. Southern Tariff Association was organized to protest against the doctrine of free raw materials and to contend that in all tariff levies, whether for revenue or for protective purposes, there should be no discrimination against any industry or any section of the country. That is the way we started.

We have been charged with being a Republican side show. Permit me to say that 95 per cent of our members are Democrats. I do not want to introduce any controversial question, but I just want to put our position squarely before you. We come to you pleading for justice, not for favor, and to ask you that in the levies that you make you will give the agriculturists of our section of the country and all the products of our section of the country the same character of treatment that you accord other sections of the country, without discrimination toward them or toward us.

Senator McCumber. Let me say, Mr. Kirby, that the view of this side of the chamber has always been that the tariff is not a local but a national question; and we want to do entire justice. Sometimes, however, it is a little difficult when we always find the votes from your section against us in the matter of expanding our policy of protection over the whole country.

Mr. Kirby. We have been taught, Mr. Chairman, that protection was a wicked device of the Republican Party, created for the purpose of imposing unjust burdens upon the South. That has been the political contention heretofore, but we have been making some investigations upon our own account. We find that instead of this device having been invented by the Republican Party for wicked and despoiling purposes, that it originated with the Constitution itself; that the very first general act passed by the First Congress of the United States was a protective act, and one that recited in its preamble its purposes—to raise revenue to defray the expenses of the Government, and to encourage and protect manufactures against foreign goods, wares, and merchandise.

There were notorious impostors in that Congress, according to our modern philosophy in the South, because they gave assent to that preamble and bill; and among those impostors were men whose names appeared signed to the Declaration of Independence, men who had assisted in formulating the Constitution of the confederation under which we fought the Revolutionary War, men who sat in the convention that framed the present Constitution—James Madison was there, Richard Henry Lee, Charles Carroll of Carrollton, Elbridge Gerry, Abraham Baldwin, and many others who represented the brains and patriotism and purpose of the Republic at that time. And the act was vitalized by the signature of a man who was "First in war, first in peace, and first in the hearts of his countrymen."

Modern men there may be who say that the first act of the legislative body would perhaps be a per diem and mileage bill. That was not what those old patriots thought. The first thing was to protect American industry and give us a position in the world; that is what they thought, and that is what they have handed down to us and for which we steadfastly contended even up to the times of "Hickory Jackson"——

Senator McCUMBER (interposing). I wish to make clear that while we recognize your sympathy with our views, your vote is always against us; and we would like you to impress your influence upon the vote that will help us crystallize into law what their sentiments are where they agree with you.

Mr. KIRBY. We are trying to tell you, Senator McCumber, why we are not following our southern politicians. The business men of the South, the producers of the South, the bankers of the South—in fact, the whole South has awakened on this question.

Senator McLEAN. All but the voters.

Mr. KIRBY. They have awakened also. Did you notice what you got in the South the last time?

Senator McLEAN. We did not get enough.

Mr. KIRBY. You did in some States. You carried some States, to your amazement.

Senator WATSON. I think you ought to be congratulated upon the promise and the hope that you hold out. [Applause.]

Mr. KIRBY. I thank you; that is the encouragement we need.

We have come to look upon this as a purely economic question and not really one that ought to be the football of partisan politics.

There are a great many men affiliated with us who earnestly believe in a protective tariff, who have been investigating this economic question, and who believe—who know from history—that there has never been any prosperity in this country under a low tariff, when national and international conditions were normal.

Of course, my Democratic friends contend that under the Walker tariff of 1846 we had marvelous prosperity for a period of almost 10 years. But they have not stopped to consider world conditions and what brought about that prosperity. We prospered then, as I now know, but did not used to know, in spite of the Walker tariff. It was not a free-trade tariff, and it was not a discriminating tariff, but it was a low tariff. We prospered in spite of the Walker tariff, because immediately following its enactment we went into war with Mexico. By the time peace was restored we discovered gold in California. About that time the third Napoleon ascended the throne of France through revolution and all Europe went to arms; and in 1853 France and Great Britain put in with Turkey to whip Russia, and Russia was under blockade for a couple of years.

Then we had in that same period the Irish famine and short crops and distress throughout Europe, all of which made great drafts upon our farms, fields, and factories. So that we prospered in that time in spite of that Walker tariff.

But just as soon as peace came to Europe and the men who had been engaged in military lines went back to the arts of peace and useful, productive employment we had the panic of 1857. We have had panic and distress following every low tariff that has ever been put on the statute books in this country.

That is what we know down South, and that is the doctrine we are preaching, and that is the doctrine we stand for. But we are not standing for it in order to curry favor with the Republican Party, and we are not standing for it as partisans. We are standing for it as business men, as Americans who want to build up the country, to assist in continuing here the greatest country in the world. A country that has only 6 per cent of the area of the world and only 6 per cent of the population of the world and yet owns one-third of the property of the world and more than 40 per cent of the gold of the world and more than 40 per cent of the railroad mileage of the world is worth preserving.

I was old enough to know something of the conditions that fell upon the South after the Civil War. If you look at me you will see I am still a youth, but I was there at the time. [Laughter.]

The condition of the South at that time is duplicated to-day in Europe. I was a babe when the war broke out, and my father at that time was sheriff of our county, a man of property, who also owned slaves. But when I grew up—a few years after the war, say, within 10 years after the war—I plowed a yoke of oxen, because that father of mine was not able to buy another horse. My mother and my sisters spun and wove the cloth out of which the family clothing was made. My father made the family shoes from leather obtained from rude tanyards in the neighborhood. We worked long hours for little pay. Why? Because we were broke. Our Government was broke; our State government was broke, our county government was broke, and our municipal governments were broke. All our industries were broke and all our people were broke.

That same condition exists in Europe to-day. They will make the cheapest merchandise, the cheapest goods that ever came into the markets of the world. If you do not accord to American toil some protection against those cheap-made goods our American toilers will go to the level of the pauperized peoples of Europe and Asia to-day.

There are 20,000,000 people directly and indirectly engaged in manufacturing enterprises in this country. More than 50 per cent of them will be tramps if you do not continue this American policy, instituted by our forefathers in the first general act of the first Congress that sat under this Constitution; if you do not continue that general policy in the present economic condition of the world you are going to bring distress not only to every toiler, but you are going to bring tears and heartaches to every man and woman in America.

In that policy we agree with you, and we want to be represented in it with justice and without discrimination.

Now, I want to introduce these resolutions passed by a congress of this association held in Greensboro, N. C., on August 16 last [reading]:

First. That the tariff policy of the Sixty-seventh Congress was definitely settled at the November election.

Second. That we recommend such tariff schedules on southern products as will equalize the cost of production in this country with that of foreign countries, so far as may be consistent with the public welfare, such schedules to be so placed as to fairly distribute the burden and benefits among all industries without discriminating against any section, class, or product, to the end that there may be maintained American standards of living in every line of effort.

Third.—That we are opposed to the doctrine of free raw materials on agricultural, pastoral, and mineral products.

Fourth. That we appeal to all Congressmen to give consideration to the economic welfare of the South by favoring the same tariff policy for southern products that is applied to the products of other sections.

That resolution not only met with unanimous report of the congress held in Greensboro on the 16th day of September, but bears the signature of 414 banks in the State of North Carolina, being 70 per cent of all the banks in the State, and from which State all of the banks have not been heard from, but the relation of the banks in North Carolina to this resolution stood 414 to 11 against. In Mississippi there were 243 for to 5 against, or 81 per cent of all the banks in Mississippi signed this resolution; 269 banks, constituting 61 per cent of all the banks in the State of South Carolina; 257 banks, constituting 50 per cent of all banks in Virginia; and 239 banks, constituting 80 per cent of the banks in the State of Louisiana, signed this resolution, together with other banks from other Southern States, aggregating 2,254 banks voting in the affirmative and 32 banks declining to sign.

Senator WATSON. When you say that a bank signed, what do you mean?

Mr. KIRBY. The responsible officers of the bank, president or cashier, which bears the signature of the bank, and those signatures are here on file with your committee. I am just summarizing for your information.

Senator WATSON. I was wondering whether one person of a certain bank signed, or was some action taken by the board of directors; did the president and vice president sign it?

Mr. KIRBY. We think in most instances the board of directors acted, because we had in some instances statements from the officers of the bank that there was opposition, and notwithstanding the fact that the board of directors were in the majority for it, they would have to vote in the negative because it was their policy not to carry anything except by unanimous vote.

Senator WATSON. Where they signed, was it unanimous?

Mr. KIRBY. Yes, sir. In addition to that, certain agricultural commissioners of certain Southern States signed, including W. A. Graham, commissioner of agriculture in the State of North Carolina; B. Harris, commissioner of agriculture of the State of South Carolina; G .W. Koiner, of the State of Virginia; and Dr. F. A. Woods, of the State of Maryland. No commissioner of agriculture, so far as we are informed, has declined to sign, but these were merely signatures sent in by those interested in our work in the various localities.

Senator SIMMONS. Will you let me have a copy of this resolution?

Mr. KIRBY. We intend to file it. I think it is on file already, but you are welcome to that copy [handing copy of resolutions to Senator Simmons].

Senator SIMMONS. Is this what you call the signatures down here [indicating]?

Mr. KIRBY. Yes.

Senator SIMMONS. You mean these printed signatures?

Mr. KIRBY. The original, with written signatures, is on file with your committee here. That was typewritten for convenience.

Senator SIMMONS. Mr. Kirby, how did you procure the signatures of these banks? Did you have somebody to go around to each bank?

Mr. KIRBY. I did not handle it myself, Senator, but I do not understand that that has been the method. E. P. Wharton, of Greensboro, whom you doubtless know, and who is a friend of yours——

Senator SIMMONS (interposing). Yes.

Senator MCCUMBER. If you will permit me, I will explain it.

Senator SIMMONS. I would just as soon Mr. Kirby should explain it; he is the president of the Tariff Association.

Mr. KIRBY. Mr. Wharton was created chairman of the North Carolina division of this association, and the circular to the banks and the resolution were sent to the banks through Mr. Wharton, or under his direction—I do not know just the method. But the signatures came back and were filed with us at the central headquarters.

Senator SIMMONS. You do not know what sort of a presentation was made to the bank or whether any was made or not?

Mr. KIRBY. I do not know what kind of a letter accompanied the resolution.

Senator SIMMONS. Your impression is that it was just sent to them and sent back?

Mr. KIRBY. My impression is that the resolution was sent to them in printed form, together with the request to give it consideration, and that they approved it, signed it, and returned it.

Senator SIMMONS. And you say that the commissioner of agriculture of North Carolina signed that?

Mr. KIRBY. Yes, sir.

Senator SIMMONS. And the State commissioners of agriculture——

Mr. KIRBY (interposing). South Carolina, Virginia, Maryland, and Louisiana are the only signatures we have here. We know that the commissioner of agriculture in Texas is sympathetic, but I do not know whether he added his signature or not.

ITALIAN PRODUCTS.

STATEMENT OF L. J. SCARAMELLI, REPRESENTING ITALIAN CHAMBER OF COMMERCE, NEW YORK,

Mr. SCARAMELLI. Mr. Chairman and gentlemen of the Senate Finance Committee——

The CHAIRMAN (interposing). You reside in New York?

Mr. SCARAMELLI. I do.

The CHAIRMAN. What is your occupation and business?

Mr. SCARAMELLI. I am a merchant. I come before you as the president of the Italian Chamber of Commerce of New York.

The CHAIRMAN. Proceed.

Senator CALDER. That chamber of commerce is an organization of American business men dealing with Italian products?

Mr. SCARAMELLI. I was going to explain that, Senator. The Italian Chamber of Commerce is an American association of business men. It was incorporated and organized in 1886 under the laws of the State of New York and, with the exception of a few associate members with no voting power residing in Italy, the balance of them—nearly a thousand—are American business men.

Senator MCCUMBER. Why the particular name—the Italian Chamber of Commerce?

Mr. SCARAMELLI. It was organized in 1886, and the name has remained the same ever since.

Senator WATSON. Are all the members Italians?

Mr. SCARAMELLI. Oh, no; we have practically all the largest American bankers in New York City. Our chamber is composed of importers and exporters, representing Italian manufacturers and American manufacturers.

Senator WATSON. You merchandise to and from Italy exclusively?

Mr. SCARAMELLI. Our chamber is for the purpose of increasing and promoting business between the United States and Italy.

Senator MCCUMBER. That is the reason you use the Italian name?

Mr. SCARAMELLI. That is the reason.

The opinion and facts which I am about to give you represent the general view of our members interested in tariff matters. In order to save time, if you will allow me, I will go right in and begin to speak on a few articles, and I shall take, first, cheese.

The Payne-Aldrich bill had 6 cents a pound duty; the Underwood bill changed it to 20 per cent ad valorem; the emergency tariff 23 per cent ad valorem.

The Fordney bill provides for 5 cents a pound up to the valuation of 30 cents a pound and above that 25 per cent ad valorem. You can see that we are going from bad to worse. Just imagine, gentlemen, cheese worth 30 cents a pound will pay 5 cents and cheese worth 31 cents will pay 7½ cents a pound duty. I never could see why the Underwood bill changed from specific tariff to ad valorem; one reason, of course, was to reduce the tariff, and they did, because when times were normal 20 per cent meant 4 cents a pound, and that meant 2 cents lower than the Payne-Aldrich. Twenty-three per cent ad valorem, as per the emergency tariff bill, means exactly 12 cents per pound. The only cheese that runs anywhere like the cheese——

Senator SMOOT (interposing). It means 12 cents a pound?

Mr. SCARAMELLI. It means 12 cents a pound on foreign cheese coming into this country.

Gentlemen, if you will allow me to explain and then ask me all the questions you desire, we will proceed faster.

What I want to get at is this: The cheese that we manufacture in this country that might feel competition is the domestic Swiss cheese. We all know that Wisconsin and other States are making Swiss cheese in large quantities. To-day the imported Swiss cheese costs to import 65 cents per pound, New York City, duty paid. If you add 10 per cent, the usual wholesale profit, it makes a selling price of 72 cents a pound. The domestic Swiss sells from 25 cents to 45 cents a pound, and the cheese selling at 45 cents a pound is near in quality to the imported. There you can see a difference of 30 cents a pound in the selling price, and I ask you why we need 12 cents per pound protection?

Senator WATSON. You say that the 45 cents domestic Swiss cheese and the best grade that you import from Italy is comparable?

Mr. SCARAMELLI. About the same as to quality.

Senator WATSON. At what do you lay down the Italian imported Swiss cheese in the United States—what does it cost?

Mr. SCARAMELLI. Sixty-five cents.

Senator WATSON. Where does it come from?

Mr. SCARAMELLI. This Swiss cheese generally comes from Switzerland.

Senator MCCUMBER. How are you able to sell in competition with 45-cent cheese?

Mr. SCARAMELLI. We are not selling it. There is only a small quantity coming in now.

Senator MCCUMBER. Is it made from the same kind of milk?

Mr. SCARAMELLI. It is made from the same kind of milk and about the same percentage of butter fat.

Senator MCCUMBER. Is it made from cow's milk?

Mr. SCARAMELLI. It is made from cow's milk.

Senator MCCUMBER. And not from goat's milk?

Mr. SCARAMELLI. No; Swiss cheese is made from cow's milk.

Senator SUTHERLAND. They must make a very much larger profit than they do upon our cheese. It certainly does not cost more than American cheese—American Swiss cheese—does.

Mr. SCARAMELLI. I would say to you that it costs a great deal more money than to manufacture domestic Swiss cheese. Switzerland has a gold basis prewar exchange.

Senator WATSON. Why do they not buy the American product at 45 cents when they have to pay 65 cents for the other?

Mr. SCARAMELLI. They have to pay 75 cents for the imported.

Senator WATSON. What do we want? Why not buy the American?

Mr. SCARAMELLI. We do; but is it fair for cheese coming here for a century to be prohibited from importation just so long as it does not create competition with the American?

Senator WATSON. It would be prohibited anyway, would it not?

Mr. SCARAMELLI. Why?

Senator WATSON. But you have to pay 65 cents a pound for one and 45 cents a pound for the other; that of itself would prohibit, would it not?

Senator McCUMBER (interposing). Even though you deduct 12 cents a pound.

Senator WATSON. If you did not have any tariff, absolute free trade, are people going to pay 65 cents for foreign cheese when they can get almost as good cheese at 45 cents a pound produced in the United States?

Mr. SCARAMELLI. The fact remains that there is a demand for the imported cheese. A certain clientele has been getting it for years and years, and it is unjust, it seems to me, to prevent our people from getting it if they want it.

Senator WATSON. Is the American cheese just as good, so they can not tell them apart?

Mr. SCARAMELLI. I tell you some of it is just as good as the imported in my opinion, but others do not think the same because they demand the imported.

Senator WATSON. Can you tell one from the other if it were put on a plate, by sight or taste?

Mr. SCARAMELLI. By sight and also by taste you can tell the difference.

The cheeses coming from Italy—none are manufactured in this country to any extent. During the war, I, for one, started to make some Italian-type cheese here, but we could not succeed. In the first place, some of them, such as Roman cheese, is made of sheep's milk.

Senator WATSON. Is not imported Swiss cheese made of goat's milk?

Mr. SCARAMELLI. No; it is made of cow's milk. I am talking about Roman cheese now.

The CHAIRMAN. Milk in the dairies over there does not have the careful governmental inspection that it has here?

Mr. SCARAMELLI. Yes, they are subjected to inspection.

Senator SIMMONS. Do the cows over there give the same kind of milk they do over here?

Mr. SCARAMELLI. I suppose they do.

Senator SIMMONS. They do, if they are the same kind of cows.

Mr. SCARAMELLI. Gentlemen, if you will let me go along with the argument, we will proceed faster.

The Roman cheese, as I stated, which is made out of sheep's milk—during the war we put the proposition up to the farmers in this country to see whether it was worth while to milk sheep and make that cheese, but we found it would require a great many years to perfect the industry, and in addition to that the individual business would not have been big enough to make it worth while. Some one tried to make an imitation with cow's milk, but they did not succeed.

So we have the genuine article imported from Italy to this country, which is used by those men who are laying your railroad tracks, and you are charging them 23 per cent ad valorem. We claim that just so long as such cheese is not manufactured in this country, just so long as it is used by the poor laboring classes—because cheese, we all agree, is the next thing to meat, and should be cheaper than meat (and it is not at the present time)—12 cents a pound duty is entirely too high. We recommend that you should go back to a specific duty. If you do nothing else for us, gentlemen, have the Fordney bill go back to a specific duty, make it 5 cents a pound, and if you can not give us 5 cents a pound straight, let us go back to 6 cents, the same as the Payne-Aldrich, but please let us have a specific duty.

Senator McCUMBER. This is made out of sheep's milk, you say?

Mr. SCARAMELLI. Yes.

Senator McCUMBER. What does it sell for in this country?

Mr. SCARAMELLI. It costs 63 cents a pound to import.

Senator McCUMBER. Is that any better than the 45 cents per pound cheese?

Mr. SCARAMELLI. It is not comparable, sir. This is what is known as Roman cheese, made out of sheep's milk. It has a different quality, and there is no comparison whatsoever.

Senator WATSON. And you say that laboring people laying railroad track buy that cheese?

Mr. SCARAMELLI. Yes, sir. They used to at one time buy it by the pound, and now they buy one-half of a pound only. They have been accustomed to use it from their youth, accustomed to that particular taste of cheese, and it will be a hardship for them to be deprived of it. So, if you can not do anything else, go back to a specific rate, make it 6 cents, if you desire, but forget the present rate, which is unfair to our working man.

In addition to that, I want to explain another matter concerning specific duty: For the last eight years we have experienced all kinds of trouble in establishing the real market value before the appraiser in New York City, due to the fact that all this cheese is cured from one to two and three years before it is marketed, and the curing process makes practically every loaf of different quality; and I, if I wanted to be a sharp importer, could enter my cheese at 5 cents lower than any of my competitors, and the examiner would be absolutely helpless to determine as to whether I was wrong or right, due to the variation in quality.

We had a case the other day at the appraiser's store. The Government advanced some invoices, if I am correctly informed, just because an agent of this Government in Italy cabled market values of that particular kind of cheese, which was Roman cheese. We tried the case before the appraiser, and won out, in spite of the fact that you had your own agents cabling the market values. That goes to give you an idea of how the examiner is all up in the air. The examiner, perhaps one of the poorest paid of Government employees, can not expect to be an expert and capable of passing on the value of this class of cheese.

Senator WATSON. Where is Roman cheese made?

Mr. SCARAMELLI. Roman cheese is made in Italy.

Senator WATSON. How much of it is brought in in a year?

Mr. SCARAMELLI. Not very much now, because the production is not so very big at the present time.

Senator WATSON. It is not even mentioned in the report.

Senator SMOOT. You say the laboring man buys that cheese and pays a dollar a pound for it?

Mr. SCARAMELLI. He does; though instead of buying 1 pound as he used to he now buys one-fourth of a pound, but he wants that kind of cheese; and any time, if you have any Italians in your neighborhood, you see them and inquire about Roman cheese they will tell you right away whether they want the Roman cheese or not.

It is not fair, gentlemen, that you should insist upon a duty of 25 per cent, which is equal to prohibition.

Senator McCUMBER. What effect does the longer curing have upon the cheese?

Mr. SCARAMELLI. The older it gets the better quality, and some cheese is cured as long as four years.

Senator McCUMBER. It gets riper?

Mr. SCARAMELLI. It cures, I should call it. It has a sharp taste, which, for food purposes, is preferable, and none of it is made here.

Senator McCUMBER. It does not have the fragrance of the limberger? [Laughter.]

Mr. SCARAMELLI. Limberger is a different kind of cheese entirely. None of that comes from Italy. Limberger used to come from Germany.

Senator WATSON. The import of all kinds of cheese is 15,992,000 pounds, 5,000,000 of that was Roman; that leaves 10,000,000 of all other cheeses.

Mr. SCARAMELLI. I guess it is right. The largest importation of cheese in this country now comes from Italy. The next one, I believe, is Switzerland.

Senator McCUMBER. You do not think that kind of cheese that you are now speaking of is really competitive with any of the other brands, do you?

Mr. SCARAMELLI. There is none made in this country that finds competition with any of the imported.

Senator McCUMBER. I would not think so, if they were willing to pay $1 a pound for it.

Mr. SCARAMELLI. I do not exactly say a dollar a pound. But I simply say to you that it is not made here and there is a big demand for that cheese by the laboring classes.

As I stated, we ask the specific rate of duty be put back.

Senator SIMMONS. You say the laboring man buys and consumes that $1 a pound cheese?

Mr. SCARAMELLI. Yes, sir; they are doing it now.

Senator SIMMONS. And this duty you speak of does not protect any American industry?

Mr. SCARAMELLI. It does not, which adds too much to the cost of living of the laboring classes.

Senator WATSON. Is there any of that kind of cheese produced in this country?

Mr. SCARAMELLI. Absolutely none.

I want to say something about the contracts and call your attention to the fact that at the present ad valorem duty we can not contract for any cheeses abroad, because with an excitable market three months from to-day the value may be higher or lower and therefore we can not recontract here in advance without taking a gambling chance.

If you can not see your way clear to make it 5 cents a pound, make it 6 cents; but let us go back to a specific duty, because, after all, the valuation of all kinds of imported cheeses does not average more than 10 per cent difference.

I want to say a few words about lemons. The Payne-Aldrich bill had 2 cents per pound on lemons; the Underwood bill lowered it to one-half cent per pound. Now, the emergency tariff bill is 2 cents, and the Fordney bill 2 cents a pound.

There is very little to say about this article except the statistics show that California is supplying to-day 5,000,000 boxes of lemons, against 1,000,000 boxes imported from Italy. I am a Republican, and have been since I became an American citizen, and expect to be for the balance of my life; and if you can show me that California in increasing this industry to such a large production still needs 10 cents per pound protection in order to get a fair profit out of it let us give it to her—but I do know she is now making a handsome profit—and is it fair, gentlemen, to compel the poor classes to pay so much for lemons, which have become one of the necessities of our table? You have taken wine and beer away from us, and it is up to you to see that we get cheaper lemonade. [Laughter.]

The same thing applies to walnuts from California. Their industry has grown tremendously. I am selling them myself in New York City and prefer selling California walnuts because I get 10 cents a pound higher than for any imported walnuts. Just imagine, 10 cents a pound more, and I can not get enough from California; and yet the Fordney bill wants an increase from 2 to 5 cents a pound.

Senator McCUMBER. You say the California walnut demands a higher price?

Mr. SCARAMELLI. Sells at 10 cents a pound higher than any imported walnuts, and we can not get enough of them from California, because they do not grow enough; the consumers prefer the California walnuts.

Senator WATSON. And if we sufficiently protect the industry they will soon be furnishing enough of them to meet your requirements?

Mr. SCARAMELLI. They do furnish them.

Senator WATSON. But I mean enough to supply your demand.

Mr. SCARAMELLI. The reason they sell them is because of their quality. They have been able to establish a demand for their goods and gradually will put the importers out of business. We are having less coming from Europe every year. If you think California is losing money, let us give them 10 cents a pound protection. I want to say to you that we from New York believe that the million people, at least, who live between New York and Chicago claim that California, in this tariff, is getting undue advantage, and we believe it is up to you to see that we get a square deal in the East.

Senator McLEAN. Do you handle the pecan nut?

Mr. SCARAMELLI. No; I do not handle pecans.

Another article that I want to say a few words about is olive oil. The Payne-Aldrich bill had 40 cents per gallon in bulk and 50 cents on 1-gallon cans. The Underwood reduced it to 20 and 30; the emergency tariff 40 and 50, the same as the Payne-Aldrich; and now the Fordney bill changed it from gallon to pound in cans, which means still another addition of 10 cents a gallon in bulk and 25 cents a gallon additional in cans.

Olive oil is, in my estimation, a necessity for everyone, and particularly the poor classes, and is needed for medicinal purposes. California only grows enough to hardly supply the drug stores. I will give you the exact figures of the importation of olive oil, which is 5,000,000 gallons a year, and California only supplies 350,000 gallons.

We are perfectly willing to go back to the Payne-Aldrich bill, of 40 and 50 per gallon, but please stop there.

If you have never tried olive oil, tell your wife to fry fish in it, and then you will know how good olive oil is. It should be substituted for a great many fats, and I want to tell you if that was done your stomach would feel a great deal better.

Others have been before your committee on olive oil and asked a difference from bulk to canned, some asking 30 cents, some 15, and some 20. We claim that 10 cents is sufficient, but if you can not see your way clear we are perfectly willing to accept 35 cents a gallon in bulk and 50 cents a gallon in cans. Do not forget that a great part of the olive oil coming from Italy is packed with American tinplate, and if you could see your way clear in this tariff to give a preferential rate to the countries which use American raw products it might be a good plan. In order to protect California, which does not make enough oil to supply its own State, you are going to have olive oil pay the highest tariff in history; if you think that is right, go to it. But I know you are going to reduce the tariff to what you think is just, and at least back to the Payne-Aldrich bill, when the conditions were normal; and you will make no mistake to use that basis.

We have another article from the Pacific coast, and that is cherries, which had formerly been free since the beginning of history of the cherry trade. They have been taken from the free list, now assessed at 3 cents per pound in the emergency tariff, and the Fordney bill puts it back to 1½ cents a pound.

Gentlemen, every year 75,000 barrels of cherries come from Italy, and only 3,000 barrels are grown in the State of Oregon. The cherries coming from Italy are small for dipping purposes and are used by the American manufacturers here. Are we going to put a duty on cherries, which are needed by the American manufacturers, and are we going to deprive our poor people in the summer time, and particularly the Jewish race, from getting a nice cherry drink from our fountains? It is only fair to state, I would be perfectly willing to accept 3 cents a pound if it can be shown cherries are competitive. It is a different quality of cherries. They do not grow here. The Italian cherries are small, while those grown on the Pacific coast are big cherries. The Fordney bill has given some consideration to my argument, as I spoke before the Ways and Means Committee.

Senator McCUMBER. This argument is made in favor of the higher duty of our growers of cherries in Oregon, namely, that the cherry in Italy being so very much smaller, there are a greater number of them to the quart and to the pound, and in use of a single cherry in the top of ice cream or similar purpose, that you get so many per quart that they can take the place entirely of the American cherry, which is a very much larger fruit and perhaps equal if not more luscious. They base their claim on account of the number of cherries, the very thing which you speak of.

Mr. SCARAMELLI. That is just exactly what I say, because they are small they are preferred and demanded by American manufacturers; they can use them to better advantage for dipping purposes, and even if they could use the big ones there would not be enough to supply the industry of the United States.

Going to another article, and that is tomato paste and Italian tomatoes: The tomato paste in the Payne-Aldrich bill was 40 per cent ad valorem; under the Underwood bill it went back to 25 per cent, and the Fordney bill has advanced it to 28 per cent. Perhaps one reason it was only increased 3 per cent is because I argued this article before the Ways and Means and probably had some weight.

I have a factory in Maryland which cost $75,000 and I make this paste. [Exhibiting sample to the committee.] This other sample is the imported. [Exhibiting another sample.] They are both the same size, 200 cans to a case, and about the same quality inside. I can manufacture for $8 a case. We contracted last summer at $10 a case. This [imported] cost $14 f. o. b. Naples, with $3.50 duty, makes $17.50, and with 50 cents freight makes $18. I find I do not need any protection.

Senator MCCUMBER. How can you sell that, or practically have to sell it, for $18 in competition with another which you can sell for $8?

Mr. SCARAMELLI. We do not sell enough of it; that is the trouble. It used to be a bigger industry than it is, and it will come back if you don't pass a prohibitive tariff. I might say to you that the flavor of imported is better than the flavor of the domestic, due to the nature of the tomatoes. There is more food value in this shape of tomatoes than there is to the American, and it has a particular taste which is preferred by the immigrants. They want them, and are willing to pay $5 a case more. Just so long as the high tariff compels them to do so we do not need any more protection. At the present rate of exchange I am figuring the cost when I say $18 per case.

We also have a great deal of trouble in establishing market values. We would much prefer changing this article also to a specific rate of duty. Before the war, under the Payne-Aldrich, we used to get an average of $1.25 per case duty; we are willing to pay $2 and make the price 1¼ cents per pound on gross weight; $3.50 is not fair, because while we want to increase the revenue of this country we do not believe it is just to expect that the poorer class should pay $3.50 duty on a case of goods like this. [Indicating.]

Senator WALSH. Are there any other manufacturers of tomato paste than yourself?

Mr. SCARAMELLI. Plenty of them.

Senator WALSH. Then, do you claim that the tariff simply gives you an opportunity to make profits?

Mr. SCARAMELLI. No; it does not make any profit for us [importers].

Senator WALSH. You say you can manufacture yours for less than the imported?

Mr. SCARAMELLI. Yes.

Senator WALSH. And can sell it for less?

Mr. SCARAMELLI. Yes.

Senator WALSH. Is there not a temptation to raise your price in harmony with the figure the imported brings in order to make all that you can?

Mr. SCARAMELLI. Certainly; I understand now, you mean that in charging $3.50 duty I can raise the price on domestic accordingly?

Senator WALSH. So the tariff amounts to being a part of additional profit to you?

Mr. SCARAMELLI. Yes. I believe in protection, but if I can make a reasonable profit I do not want any more.

Senator MCLEAN. Is there domestic competition?

Mr. SCARAMELLI. A lot of it.

Senator MCLEAN. Does not that regulate the price?

Mr. SCARAMELLI. Of course, consumption and demand regulates the price of almost anything; but the main question is, just so long as the American manufacturer can sell his products to a profit, why should you charge $3.50 on the imported, when $2 would be plenty, and you be treating the poor people with justice? Here is a can of tomatoes. The Fordney bill has reduced the tariff to 10 per cent. Of course, that is right. From 25 per cent in the Underwood tariff the Fordney bill reduced it to 10 per cent. Here is the article [exhibiting can of tomatoes to the committee]. It is not manufactured in this country. This [indicating] is the shape of tomatoes that grow in Italy. At my factory in Maryland I have tried to grow these tomatoes, but the farmers would not grow them, because they said it takes too long to pick them. These are the same size cans as domestic and sell at $3 per dozen and the domestic sell at $1.40. We need no protection, and the Fordney bill did rightfully reduce it to 10 per cent, but we claim that instead of keeping it at 10 per cent, which does cause a lot of trouble in establishing market value, we should change to a specific duty and make it ¾ cent per pound, which will give you the same amount of revenue and we will be much happier and satisfied.

The chamber of commerce has made up a series of briefs, which I am not going to read, but which I am offering to be made a part of the record, with your permission, and in one of them is explained our views on the American valuation, which we do not approve of.

In closing, I say to you that my personal opinion, as I did not have a chance to discuss it with the board of directors of the chamber nor with the members—that in reading the President's message, I saw that if it was possible to apply American valuations on such articles that are destroying the industry of our country it may be a good policy. As a matter of fact, personally, I would prefer this, so long as we dealt with justice on the other side; Europe should see that justice be done to us as well; and if any one of those countries over there are shipping goods here that would mean the closing of the industries of the United States, we should protect ourselves.

If the Tariff Commission could gather information and submit proper changes with the consent and approval of the Senate, I believe that from time to time in these days, with everything upset, we would be able to change our tariff without playing politics with it.

Senator WALSH. You preach democracy and vote republicanism, do you not? [Laughter.]

Mr. SCARAMELLI. No, Senator; I believe in the protection of American industry, but at the same time I do not believe in increasing the tariff when it has a tendency to monopoly.

BRIEF OF L. J. SCARAMELLI, NEW YORK CITY, REPRESENTING THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK.

We beg to submit the following statements and recommendations with regard to custom tariff revision:

CHEESE AND SUBSTITUTES THEREFOR.

[Paragraph 710.]

This chamber desires to bring to the attention of your honorable committee facts which which they feel amply justify their contention that the present and proposed method of assessing duty on cheese demands revision.

The Fordney tariff bill levies a rate of 5 cents per pound on cheese valued at less than 30 cents per pound and a duty of 25 per cent ad valorem on cheese valued at 30 cents or more per pound.

In the first place, this chamber is firmly convinced that the duty should be made specific, as it always has been in tariffs previous to the last, the present ad valorem rate having proved unworkable. That it should not be more than an all-round rate of 5 or at the most of 6 cents per pound.

This chamber is opposed to the ad valorem rate, which we consider difficult of application, a breeder of unnecessary litigation, and in the last analysis working to the detriment of the honest merchant and to the advantage of the dishonest, who has not scruples about undervalueing his wares.

When we consider the diversified character of the cheeses imported—each specialties of the different countries from which they come—you will easily understand the task that confronts the appraiser. To add to this difficulty, is the fact that there are varying grades of each of the qualities imported. While theoretically it may be possible, we doubt if a man could be found expert enough to do justice to such a task.

Besides, value is not stable, but varies considerably, and this is especially so at the present time, due to unsettled conditions of the foreign-exchange market. It is also a hardship on the importer who buys in large quantities or upon contract. He has to enter his goods at times at the value paid by a competitor, who buys in much inferior quantities and with goods contracted for which are not all delivered at one time, but is at times compelled to change his entering price on each shipment to make market price, which puts him at a disadvantage in merchandising his goods at these figures, with the importer practically out of this market.

The prices of domestic cheese have greatly receded from the high levels reached during the war. This is entirely due to conditions of readjustment, as the imported have in no way offered competition. We are strongly of the opinion that prices will eventually arrive at a level very near prewar times. The domestic varieties will be affected sooner, as its sources of supply have greatly increased during the war, whereas the imported, with greatly dimished sources, may be more retarded in the decline of their prices.

This chamber, in consideration of the above stated facts, recommends an all-round duty of 5 cents per pound. This would supply, as it did formerly, ample protection to domestic production, and would be best as a revenue producer, as any higher increase of duty, especially at this time, would, we believe, prove disastrous to the future importation of cheese.

LEMONS.

[Paragraph 743.]

The duty on lemons, equivalent to about one-half cent a pound in the tariff of 1913, was increased in the emergency tariff to 2 cents per pound since incorporated in the permanent tariff bill. Now, it is a well-recognized fact that the only lemons imported into this country come from Italy, which supplied, prior to the war, about 2,000,000 boxes a year, out of a consumption of about 5,000,000. The State of California, the sole source of domestic supply, does not produce sufficient to adequately satisfy domestic demands. During the hot spell experienced in the past summer this was illustrated when, in the absence of an adequate foreign supply, discouraged by the high duty, lemons were sold in the New York wholesale market from $12 to $15 per box. This was a sad imposition upon the public during a time when lemons are most needed and most in demand, and many of the less fortunate were necessarily deprived by the price of their salutary use. These unheard of prices for lemons were due to the absence of an adequate supply to meet the requirements of the hot spell, and may happen again at any time. With the arrival of additional supplies and the passing of the excessive heat these prices soon collapsed and shortly after lemons sold around $3 per box.

This conclusively proves the futility of an excessive duty to stabilize prices, and the ultimate danger to the trade and inconvenience to the public involved in the exclusion of the imported article. This might be even more poignantly and sorrowfully brought home in the event of a failure of the California crop, not without possibility, considering its susceptibility to frosts.

Under the circumstances, we consider that the exigencies of the situation would dictate the encouragement of imported lemons under a reasonable tariff, as a protection to the domestic demand and as a safeguard against excessive prices. The high freight rate of $1.50 per box from California to the East, which was used effectively by the lemon growers in obtaining the advance in duty, has been greatly overcome by transportation by water. It now costs about 65 cents to transport a box of lemons from the Pacific coast by the water route, through the Panama Canal, and there is further a great possibility that rail rates will be materially revised downward in the near future, not to speak of the further reduction which will be made possible by the proposed repeal of the Panama toll act, as affecting American vessels engaged in the coastwise trade.

The importation of lemons, which had contracted during the war to about one and one-fourth million boxes, owing to difficulties of transportation, has since shown tendency to recover, but in such moderate proportion (1,419,000 boxes in 1920) as not to represent any obstacle to the profitable marketing of the domestic production, while operating as a safeguard against any monopoly of the market by the organization of domestic lemon growers.

The unprofitable character of the 1920 campaign, both for domestic as well as for imported lemons, which has been hysterically seized upon by the California growers as an argument for the present prohibitive rate on imported lemons, does not prove any ability on the part of imported lemons to undersell the California product, as it it is a well-known fact that the campaign in question proved disastrous for all concerned. That depression was an unavoidable consequence of after-war readjustment, and especially of the closing of the saloons through the enactment of prohibition and the temporary suppression of this important avenue of consumption, as well as a consequence of the high cost of sugar, and above all, of the cool summer, a factor, the temperature being of great moment in the fortunes of the lemon market.

The depression in the Italian exchange which was brought forward as the main argument for the prohibitive rate of 2 cents per pound enacted on lemons with the emergency tariff is a fallacious argument, since, whatever the disparity of the currency, the cost of merchandise is established on a gold basis, and will be higher or lower in lire according to the fluctuations of the exchange. We may state, on the authority of the New York Fruit Exchange, that, reckoning over a period of years, the seasonal average cost of the imported lemons is about $2.50 f. o. b. Sicily, to which, adding $1.58 as the expense incurred in delivering a box of lemons from Sicily to New York, we reach a total cost, for the imported fruit in New York, of $4.08 per box, against an average selling price of California lemons for the last 16 years of $3.92. Under these conditions we fail to see how a tariff of 2 cents per pound on lemons can be sought for any other purpose than that of stopping importation and securing a monopoly of the American market to domestic growers.

In conclusion, this chamber, from the facts above stated, feels justified in respectfully recommending to your honorable committee that the duty on lemons be reduced to 1 cent per pound, or should this be impossible, no higher rate be imposed than that of the Payne-Aldrich tariff of 1½ cents per pound.

WALNUTS.

[Paragraph 758.]

The Fordney tariff bill raises the duty on this commodity from 2 to 2½ cents per pound for walnuts not shelled and from 4 to 7½ cents per pound for shelled walnuts.

This chamber can not consider that the domestic walnut growers are justified in their contention that they require greater protection by higher duties on this article. The California walnut trade has experienced great prosperity in the last few years. From an output of 9,600 tons in 1910, domestic production increased to 28,100 tons in 1919. Such enormous increase, as these figures represent, does not bear out well the contention of domestic producers that they are not sufficiently protected.

While it is true that the importations during that time have also shown an increase, they are nowise so striking.

The total imports of fiscal year 1913 amount to about 13,331 tons, of which 8,145 were unshelled and 5,186 tons shelled. In fiscal year 1920 the importation had increased to 22,391 tons, of which 13,639 were unshelled and only 8,752 were shelled.

These figures demonstrate that, while in the past 10 years California has trebled its production, the imported show only an increase of a little over 60 per cent in the shelled and of about 70 per cent in the unshelled.

We fail to see how these figures bear out the statement that the California producers have suffered from competition of the foreign nuts. It may, therefore, be stated that, besides the increase of production, the enormous prices at which their crop has been sold in the past few years greatly added to the prosperity of those growers. As the imported have not competed with them in quantity, neither have they competed in price, the California product having consistently sold at prices far above those realized by the imported.

It may be noted, however, that in these past few years the high prices obtained have shown a tendency to curtail demand, and the best informed men in the trade realize that, if this trade is to maintain the prosperity it has enjoyed in the past, prices must evidently settle at a level somewhat lower than those lately prevailing.

For these reasons this chamber is opposed to any increase of duty at this time, it being convinced that the present duty, having been sufficient for protection and revenue up to now, will be even more so in the future.

Walnuts, like the other nuts in this schedule, are a nutritious food, and consumption should be encouraged rather than discountenanced. The unshelled walnuts, like all other unshelled nuts imported, are used strictly in connection with baking and the manufacture of confectionery. They compete with no industry in this country, and are a necessary article to the trade which they supply. Coming in, as they do, as a raw material, and competing with no home product, duty should only be levied in the interest of revenue. The present rate of 4 cents per pound should be considered ample for this. Any advance would only embarrass this trade, curtail imports, and cause unnecessary high prices here.

This chamber, therefore, respectfully recommends that the duty of 2 cents per pound on unshelled walnuts and of 4 cents per pound on shelled walnuts be unchanged, and in case that is not possible no higher rates be levied than provided by the Fordney tariff bill.

OLIVE OIL.

[Paragraph 50.]

The Fordney tariff bill proposes a duty of 7½ cents per pound both on container and contents, if in containers weighing with the immediate container less than 44 pounds, and of 6½ cents per pound of olive oil not specially provided for. The emergency tariff levies 50 cents per gallon on olive oil in bottles, jars, kegs, tins, or other packages having a capacity of less than 5 standard gallons each; and of 40 cents per gallon in other containers not specifically provided for in said section.

The proposed rates mean an increase over the present duties respectively of 10 cents per gallon on oil in bulk and of 7 cents per gallon on oil in packages.

This chamber desires, first of all, to impress upon your committee the necessity that duty on olive oil should continue at no higher rates than those of the emergency tariff now in force, which already represent an increase of 100 per cent in the duty on oil in bulk and of 66⅔ per cent on oil in package, over the former rates.

Olive oil is a food of prime necessity and medicine besides to a great number of the population of this country, many among the poorer classes in whose diet it takes the place of butter and other fats, with the advantages of the greater economy and the hygienic benefits, exclusively identified with nourishing, upbuilding, and health-giving qualities.

The war has done considerable, and, if not remedied, irreparable damage to the importation of olive oil into the United States. This importation, which previous to our entry into the war had been increasing annually at a rate of from one-half to a million gallons, has since decreased to an alarming extent and is still far from recovery, as the following figures will show:

United States imports of olive oil.

	Gallons.		Gallons.
1910-11	4,405,827	1916-17	7,533,149
1911-12	4,836,515	1917-18	2,537,512
1912-13	5,221,001	1918-19	4,283,136
1913-14	6,217,560	1919-20	6,812,596
1914-15	6,710,967	1920 [1]	4,078,811
1915-16	7,224,431		

[1] Calendar year.

The reasons of this decrease are numerous and varied. Production has fallen somewhat during the war, owing to the cutting down of olive trees for wood in some parts of Italy due to the penury of fuel, to the lack of fertilizers not always obtainable, to the ravages of the olive fly, and to the lesser care of cultivation forced by the scarcity of labor, called under the colors. The available supply of olive oil, therefore, is lesser to-day than it was before the war, no new planting, except perhaps to replace dead trees, having taken place in the meantime, and, even if it had, with the slow growth of olive trees, requiring decades before they come into bearing, production not becoming available before at least 15 years, unless olive groves are extended in Italy, which was not the tendency in prewar times, there is not likely to be in future, even in favorable years, an oversupply of olive oil in that country.

According to statistics recently published in the New York Journal of Commerce, the olive oil crop in the Mediterranean countries for the season 1920–21 has been estimated at 597,000 metric tons, the following countries contributing to this total: Spain, 210,000 tons; Portugal, 35,000 tons; Italy, 150,000 tons; France, 10,000 tons; Algeria, 15,000 tons; Tunis, 15,000 tons; Morocco, 12,000 tons; New Greece, 70,000 tons; other countries, 80,000 tons. The total world's production of olive oil was estimated a decade ago as ranging between 733,000 and 916,000 metric tons, the decrease in supply being thus manifest.

While the output has been lesser, the cost of production has, on the other hand, greatly increased. To begin with labor, its cost is now seven times greater than before the war, while the day's work, which used to be from sunup to sundown, has dwindled to eight hours. Then the cost of material has greatly increased, the item of tins and cases alone, which was before the war about 10 centesimi (hundredths) of lira per gallon, having reached now 3 lire per gallon. Maritime freight, which figured at 2 cents per gallon in prewar times, is now 10 cents per gallon. Besides this, consideration should be given to the notable increase that has taken place in the price of the oil itself at the primary markets. The result is that to-day American consumers, finding olive oil out of their reach on account of its exceptional high prices, may be compelled to resort to surrogates, such as cotton, corn, peanut, and soya-bean oils, tending to displace it, not on account of their intrinsic qualities, but by reason of their low prices. The fall in the price of surrogates, such as cottonseed oil, is due in large part to the failure to do the usual export business.

The olive-oil trade should be encouraged in the interest of public health. The medical profession universally indorses its high medicinal properties. It does not compete with any home industry. California, the only State producing a little olive oil, and being, next to New York, the largest consumer of imported olive oil, is not a factor in the olive-oil trade, as it does not even produce enough for her own consumption, and has to import largely of this commodity, notwithstanding the advantages of a 50 cents per gallon protective duty, of a 22 cents per gallon transcontinental freight, and of freedom from any fiscal restrictions as to trade operating as a further protection.

The present total area of olive groves in California was estimated in 1918 by the State Department of Agriculture equal to 31,023 acres, of which only 18,801 were bearing fruit and 12,222 had not come yet into bearing. The yield in 1919 was 14,000 tons of olives. It is estimated that with the entire 31,023 acres yielding their full capacity the total would not exceed 24,000 tons, an output, however, which will require many years before it can be reached. As it takes about 1 ton of olives to yield 40 gallons of olive oil, California could not possibly hope to produce in any one year more than 960,000 gallons of olive oil. This represents only 11½ per cent of the total annual consumption of olive oil in this country, which is estimated, according to the importations for calendar year 1919, at about 8,302,000 gallons. But, as a matter of fact, less than one-half of the California olive crop is pressed into olive oil, the balance being packed into tins and otherwise prepared. E. F. Woodward, a California olive grower and authority on this subject, estimated the California olive-oil crop in 1908 at about 350,000 gallons, and it can not have materially increased since then.

Developments of recent years cause us to view the olive-oil importation from another angle. It is coming more and more to be imported as a raw material entering into and developing industry in this country. In the past few years packers of fish—especially tuna and sardines—have used vast quantities of olive oil in their packing. This is practically a new industry developed since the war, and increased cost of olive oil would greatly retard, if not destroy, it. Besides, the packing of olive oil, imported in bulk, into bottles and tins has grown to considerable dimensions, gives employment to many people, and creates a demand for tins, bottles, shooks, and other materials, all of which benefits industry here.

A slight survey of figures gives us a vivid proof of this. Whereas, before the war in 1913, only about one-third of the olive oil was in bulk, we find that in 1919 this had risen to about seven-eighths of the total importation. So that to-day we must consider and treat olive oil more in the light of a raw material feeding an industry here than as a finished or manufactured article entering into immediate consumption.

On account of the material of American origin that the packing abroad requires, the importation of olive oil in this country should be looked upon in the light not of competition but as a stimulus to American industry and trade.

While this chamber is in favor of maintaining a difference as now existing in the rates of duty between olive oil in bulk and olive oil in packages of smaller size than 5 gallons, this difference should remain as it is, in order to encourage the use of olive oil in its original package, and to give to the consumer the guaranty that is carried with it; to discountenance the mixing of a lower with a higher grade of oil, and because most of the packing material, such as tinplate and shooks, used for the olive oil imported, is after all of American origin, of which Italy is the largest buyer in this country, and for which American packing has the advantage of lesser cost.

If the overseas trade of this country, built during the war, is to be continued, it must be prepared to take back some merchandise in exchange, as this country can not expect to be paid always in gold. To this end, it seems advisable to encourage the importation of an article which is one of the staple productions of the Mediterranean countries and which does not enter into competition with any home product and besides aids in the development of business at home. Under such a category should olive oil be classed.

In conclusion this chamber recommends that the rates of duty on olive oil should remain as they are at present in the emergency tariff, representing already an increase of from 66⅔ to 100 per cent over the former rates, namely, that they continue at 40 cents per gallon on olive oil in bulk and of 50 cents per gallon on olive oil in containers of less than 5 gallons. These rates, while ample for the purpose of protection, are also sufficient for revenue purposes.

CHERRIES IN BRINE.

[Paragraph 738.]

They have been taken from the free list of the tariff act of 1913 and assessed 3 cents per pound in the emergency tariff. The Fordney tariff bill has assessed them 1½ cents per pound.

Cherries in brine have been imported in former years to the extent of 75,000 barrels. These are in the nature of a raw material for use by confectioners and bakers. Cherries of the variety imported, which are smaller in size than the domestic, are not grown to any appreciable extent in this country, and, therefore, do not enter into competition with any domestic product. There is no possibility of any large production of this article in this country for many years, as the very nature of the tree requires many years before it will bear in sufficient quantity to be of commercial value. Since the 3 cents impost has been in effect the importation has greatly contracted and small have been the shipments of cherries in brine this year, greatly to the detriment of the American confectionery industry, which depends so much upon that imported product.

This chamber therefore recommends that, if it is not possible to return them to the free list, where they should be, they should be assessed no more than proposed by the Fordney tariff bill, namely, at the rate of 1½ cents per pound.

FILBERTS.

[Paragraph 755.]

The Fordney tariff bill raises the duty from 2 to 2½ cents per pound on filberts not shelled and from 4 to 5 cents per pound on shelled filberts.

Filberts are not produced in this country in a commercial way, so that the question of protection to domestic industry has no bearing in the consideration of the duty on this article.

As a means of revenue, we consider that the present duty, of 2 cents per pound on the unshelled and 4 cents per pound on the shelled, is sufficient. Any material increase in these rates, we are convinced would curtail consumption and defeat the ends of revenue.

The unshelled filberts are used chiefly for domestic consumption, and, while not exactly a luxury, experience has taught us that a too enhanced value easily would make them become a luxury. At convenient prices, on the other hand, they are readily sold. High prices practically destroy their demand. This has been more than once illustrated in the case of the high prices that have prevailed during the war.

The shelled filberts are consumed almost entirely as a raw material in baking and in the manufacture of candy. To increase the duty it would only add an unnecessary burden to their trade, which would eventually show decrease in demand, as the trade would be forced to use cheaper substitutes.

That the present tariff has worked well for revenue is shown by the fact that importations, from 8,480,118 pounds of unshelled and 1,946,488 pounds of shelled nuts, under the old rates of 3 cents and 5 cents per pound in fiscal year 1913, yielding, respectively, $257,588 and $72,531, with a total in duties of $330,119, increased to 20,581,528 pounds of unshelled and 6,970,072 pounds of shelled nuts, yielding in revenue, respectively, $411,628 and $288,802, namely, a total of $700,430 in 1920 under the present rates.

From the foregoing statement, this chamber concludes that the prevailing rates are the best adapted for the needs of revenue and respectfully recommends that the present rates of 2 cents per pound for unshelled filberts and 4 cents per pound for shelled filberts be continued as they are.

TOMATO PASTE OR SAUCE.

[Paragraph 770.]

The Fordney tariff bill raises the duty on tomato paste from 25 to 28 per cent.

Prior to the war, the importation of this article was about 300,000 cases annually. During its forced absence, American manufacturers have tried to supply this demand, but the greatest output scarcely exceeded 100,000 cases. This is chiefly due to the fact that the domestic product does not attain the high flavoring qualities, nourishing value, and color of the imported. For this reason many consumers have preferred to do without it, rather than use the domestic sauce, which they found unsatisfactory, and consumption was, therefore, curtailed. Prior to the war the domestic, then an insignificant factor, sold at $4 per case of 200 tins of 6½ ounces each, and the imported for about $8. During the early part of the war the price of the imported soared as high as $24 per case, at which price it was preferred to the domestic, which had risen to $12. With the passing of the imported from the market, owing to embargoes, the domestic sold as high as $18 per case, consumption fell considerably, and never reached over 30,000 cases per year. While the cost of production may have increased during the war, it was not enough to justify the rise from $4 to $18 per case. It was simply taking advantage of the absence of the imported. The higher the tariff burden on the imported, the greater the chance given to the domestic to take advantage of the market, profiteering to the detriment of the consuming American public. This article is essentially a part of a poor man's diet, and, going on record in favor of a specific duty equivalent to the present ad valorem rate as applied to prewar or normal prices, this chamber recommends that the duty be assessed at 1 cent per pound.

This rate will approximately assess this commodity at the same duty which prevailed before the war, and, furthermore, taking into account the prewar market price for this commodity, the duty recommended by this chamber will approximately be the same as the duty which is now levied on this article under the present tariff.

CANNED TOMATOES.

[Paragraph 770.]

The Fordney tariff bill provides a duty of 10 per cent on canned tomatoes.

The variety of canned tomatoes imported from Italy is the egg or pear shaped description, not canned here. It could never come in sufficient quantity to seriously affect the immense American pack of tomatoes, which is the largest in the world, and has little to fear from this imported specialty. This is true as to price as well as to the quantity and quality.

Calculating a specific duty on similar lines as above, this chamber recommends a specific rate for this product of one-half cent per pound, which is equivalent to the proposed 10 per cent.

ARTICHOKES, PEPPERS, AND OTHER PRESERVED CANNED VEGETABLES.

[Paragraph 773.]

Likewise artichokes, peppers, and other preserved canned vegetables, which, while grown, have never been successfully canned here in any quantity and which the Fordney tariff bill assesses like the present tariff at 25 per cent, should also be assessed at the same rate of specific duty of 1 cent per pound.

PRESERVED FISH.

[Paragraph 721.]

Many of the varieties of imported fish are assessed under paragraph 721 of the Fordney tariff bill at the rate of 26 per cent ad valorem if packed in oil, and at the rate of 20 per cent if salted and in immediate containers, weighing with their contents not more than 30 pounds each, and at the rate of 1½ cents per pound if in containers weighing with their contents more than 30 pounds each, including the weight of the immediate container with the contents. They generally follow the lines of other imports in being specialities, and as a rule not found or not much produced in this country. Some, like the anchovies, have not adequate substitutes here. Of other qualities, like tunny, while good imitations are packed on the Pacific coast, it must, however, be said that they are not the same type of fish. The tunny from the Pacific coast, while an excellent fish, has not the taste of the Mediterranean and does not adequately supply the wants of those seeking the latter. While sardines have been extensively packed in olive oil during the war, they have not succeeded, however, in acquiring the patronage of the consumers of sardines. The latter-day demand is falling off considerably for these articles, showing conclusively that the discriminating public, when it can not have the genuine article prefers to do without it.

Duties should, therefore, be assessed so as not to put too great a premium on the justifiable satisfying of the wants of this particular consuming public. The fish, packed in oil, is now to be assessed 26 per cent. Following our suggestion to make rates of duty specific, and equivalent to the present ad valorem rate as applied to normal prewar prices, this chamber recommends that the duty on fish in oil be placed at 2½ cents per pound. As to fish in brine, this chamber recommends that it be assessed at the specific rate of 1½ cents per pound, excepting salted sardines or sardelles, which is a cheap variety of fish not prepared in this country, for which this chamber recommends a specific duty at the rate of 1 cent per pound.

PEAS AND BEANS, PREPARED AND PRESERVED.

[Paragraphs 763 and 767.]

The Fordney tariff bill raises the duty on these commodities from 1 to 2 cents per pound, an increase which this chamber considers excessive.

There is no question that, considering the advantages of modern facilities employed in packing and the vaster supply of the raw materials, prepared vegetables can be packed at least as cheap in this as in any country of the world, even allowing for the higher cost of labor, the difference of which in the aftermath of war is comparatively less to-day than it once was. In general, during the war the importation of the articles covered by the above-stated paragraphs was practically stopped by embargoes placed by foreign Governments on the export of food products from their respective countries. A survey of statistics gives us ample proof of this, as imports of prepared vegetables, which in fiscal year 1914 had reached the total of $4,710,137, fell to $1,593,363 in fiscal year 1919.

This chamber, while considering the rates superfluously high, and believing that 1 cent per pound would be ample, indorsed, however, the principle of assessing the duties on preserved vegetables, and generally on food products whenever practicable, on a specific basis. Ad valorem duties are always more or less breeders of misunderstanding or litigation. Many times the honest importer becomes an innocent victim. The dishonest is ofttimes benefited. Specific duties would do away with these injustices and the unpleasantness of litigation.

Value is a fluctuating quantity and is not easily arrived at. This is more so in the case of imported articles, which are more or less specialties, and in the case of which prices vary according to the prestige of the different packers. Another fault of the ad valorem duty is that it presupposes that all exporters sell and all merchants here purchase at the same price, as the entering price is the same for all.

This is far from true and works to the detriment of the larger operator or of the shrewder merchant. It works to the disadvantage of the man who buys on contract for future delivery, as the entering prices may be changed on each arrival and place him at times in great difficulty to ascertain the proper entering value. It increase the hazard of the importer's speculation, for, besides the danger of fluctuation of the goods, he must also contend with similar fluctuation in the duty.

HEMP AND HEMP TOW AND HEMP HACKLED, KNOWN AS "LINE OF HEMP."

[Paragraph 1001.]

The Fordney tariff bill takes this raw material from the free list and levies on hemp and hemp tow a duty of three-fourths of 1 cent per pound and on hackled hemp 1½ cents per pound.

Hemp is a raw material essential to and largely employed in the manufacture of high-grade cordage and twine, in which is required great tensile strength, of shoe and harness threads, in which like qualities are also of primary importance, of carpet yarns, and of rough linens; all uses, these, for which the Italian raw hemp has valuable qualities of its own, far superior to all other hemps, that can not be substituted by any other fiber. The best twine, for special purposes, are made of this material, which has strength and durability superior to those of any other hemp, surpassing them in quality and usefulness.

It is, therefore, important that this article, representing a raw material necessary to American industry, should be maintained on the free list, where it was placed at the last tariff revision, in recognition of the just claims of American manufacturers of cordage, twine, carpet yarns, and linen to have it exempted from fiscal burden. Any duty on it now would be a hindrance to American manufacturers, and a burden to American consumers, who for special purposes can not do without it.

According to the census of 1914, the cordage, twine, and linen industries of this country alone used 22,752,353 pounds of hemp and hemp tow, valued at $1,861,817, against 19,724,070 pounds for $1,496,125 in 1909. Of the amount used in 1914, 9,318,771 pounds valued at $1,583,354 were manufactured into hemp twine, an increase over the corresponding production of 1909 of 8,013,349 pounds, valued at $1,091,291. In 1914, 5,707,668 pounds, valued at $3,409,136, of linen thread and 10,799,628 square yards for $1,765,798 of linen fabrics were produced in the United States, showing increased value in comparison to 1909. The fact that, besides the cordage, twine, and linen industries, with a yearly aggregate output of products valued at $65,000,000, the use of hemp is allied to a good many others, such as the carpet industry, representing alone a yearly production of $69,000,000, shows how wide is the field of application and usefulness of this article.

Hemp was largely imported before the war. In fiscal year 1914, 8,339 tons, valued at $1,472,460, were received. Although war restrictions and requirements interfered with this trade during the last five or six years, and a difficulty in procuring this material was experienced in every industry using it, because of its having been requisitioned for war purposes, with the cessation of hostilities it again became available to the usual channels of commerce, but under the disadvantage of the high prices to which the war has raised this article, as shown by an average cost of $666.25 in 1919 as against $177.34 per ton in 1914, little has so far been imported.

Its use will unquestionably increase with the approaching of normal prices, provided its cost is not increased by a duty impost, which would be injurious to many industries hitherto employing this hemp, and made possible by reason of its freedom from duties. As it can not be substituted by any other material, its higher cost and consequent lesser use would only cause less efficiency and lesser possibility for American manufacturers of competing successfully in the world's markets with their products.

This chamber does not ignore that the high prices which have prevailed during the war have stimulated the production of hemp in the United States, especially in the fertile limestone soils of the blue-grass region of Kentucky, in the rich prairie and limestone soils of Wisconsin, on the alluvial bottoms and basins of California, and on the muck lands of Ohio, Indiana, and Michigan. Production in this country has developed under the present fiscal regime of exemption from duty, because the price of hemp has been profitable. Otherwise it will pay the American farmers far better to grow other crops, such as wheat and tobacco, giving better financial returns. In fact, notwithstanding the protection at first of $20 and then $22.50 per ton on hemp, which existed in the two tariffs that preceded the present, domestic production never exceeded a yearly output of 5,000 tons, and was usually below that figure; while in

1917, without any protective duty on hemp, whether raw or hackled, domestic production was reported to have increased to about 25,000 tons.

The growing of hemp is in a thriving condition, because machinery has brought about a revolution in this industry. Hemp is now grown and handled as easily as any staple American crop. The drudgery of hand labor has been eliminated, and the last few years' crops have been handled throughout by labor-saving machinery. Previously the crudest devices had been used in growing and handling the crop, with an excess of hand labor that made the production too expensive. All this has now changed.

The hemp harvester, which was used for the first time in 1917, has become, like other specially devised machinery now used in this country, a revolutionary factor in hemp production. This machine, another American invention to be proud of, cuts and spreads the hemp stalks at one operation, and it does a better job of spreading for retting than is done by hand, as they still do abroad. And while prior to 1917 the lifting and breaking of the stalks was done by hand, now a gather binder is used.

Central mills for breaking the hemp stalks and cleaning the fiber by efficient machinery are another recent and far-reaching addition to the hemp industry. The breaking and scutching process, which remained a back-breaking drudgery until recent years, is now performed in this country entirely mechanically, so that the production of hemp, from the time when the seed is planted in the ground to the latter stages of elaboration of the fiber in its finished baled condition of hemp, line of hemp, and hemp tow, is performed by such modern and improved labor-saving machinery as to reduce the factor of labor in its cost of production to a minimum. Due to these improvements, hemp is produced to-day in this country, notwithstanding the higher cost of labor, far more cheaply than abroad, where hand labor still prevails, requiring a far greater number of operatives to perform the same work which here is done by machinery with very little help.

The above is sufficient evidence that the hemp industry has not only been maintained but actually prospered without governmental aid. It has, in fact, become a competitor of the imported, now confined to the manufacture of high-grade articles, as shown by the decreased importations of this article since 1917, the year that marks the revival of the American hemp industry, when importations have been as follows: Fiscal year 1917, tons 9,635, valued at $2,487,477; 1918, tons 6,813, worth $2,748,376; 1919, tons 2,396, valued at $1,601,349; 1920, tons 4,076 for $1,735,273.

From the foregoing facts it is evident that no duty is needed by American growers of raw hemp for the purpose of protection, as their industry, under free trade, has grown to such an extent that it is capable to exist and prosper on its own merits. Further, that exemption of hemp from duty means protection to American manufacturers, who, by the free avenues of supply of this raw material, are enabled to develop the production of the manufactured article and to stimulate consumption, of which the first to benefit is American production. Furthermore, that the reimposing of any duty on raw hemp would yield very little revenue to the Government, $100,000 or $125,000 at the most, would handicap manufacturers, and bring no benefit to the growers.

This chamber, therefore, respectfully recommends that hemp and tow of hemp and hemp hackled, known as line of hemp, which does not advance it further than a condition of raw material, be returned to the free list.

HEMP YARNS.

[Paragraph 1004.]

Imported now under duty on the basis of 12 per cent ad valorem on yarn not finer than 8 lea or number; 20 per cent ad valorem finer than 8 lea or number and not finer than 80 lea or number; finer than 80 lea or number, 10 per cent ad valorem, it is strongly recommended that these duties be maintained without the increases proposed by the Fordney tariff bill, which would levy on single hemp yarns not finer than 8 lea, 8 cents per pound, but not less than 20 per cent; finer than 8 lea and not finer than 60 lea, 8 cents per pound plus one-half cent per additional lea, but not less than 23 per cent; finer than 60 lea, 35 cents per pound, but not less than 23 per cent. The proposed increases would stop all importation of a semiraw material, such as this, which is in the interest of American manufacturers in various lines of industry to obtain at the least possible cost.

Previous to 1913 yarns of this nature were not imported to any extent, and going over the figures showing the importation for the following years, it is to be found that, while not in very large quantities, these yarns were, however, imported in quantities varying from several thousands of pounds in 1913 to about 300,000—

400,000 pounds in 1914, and about 1,000,000 pounds in 1915-16, decreasing again in 1917 down to zero in 1918, on account of transportation difficulties and export restrictions at countries of origin. In 1919 the importation again started, reaching about 1,000,000 pounds in 1920.

What has been imported is almost all yarns of the coarser grades suitable for twine or cordage making or for filling purposes in the manufacture of carpets. The consumption of this yarn by the home industries, is without comparison, by far, greater than the amount of pounds imported and likely to be imported in the future under the present tariff, which proves that the present tariff protects amply the home industry of hemp yarns. It gives, in fact, possibility of importation on a very competitive price and on a very small scale; while on the other hand it is very advantageous to American industries using these yarns, as this competition keeps the price on a just level (the raw material being free of duty) and assures the consumer of having always the best material, which answers its purpose best.

Imported hemp yarns, especially those not finer than 8 lea, supply a pressing need of the American carpet industry. Yarns of this class are scarcely manufactured in the United States owing to the difficulty of production, and to the objection of labor to the hard work necessary to their manufacture. Some spinners have been compelled to abandon the production of this line of yarns because of unwillingness of labor to work at it, so that there are only two or three spinners in the United States producing this kind of yarns and providing an insufficient supply of same for the needs of the important carpet industry of this country. Carpet manufacturers are therefore compelled to resort to more expensive substitutes, to the detriment of their industry.

By returning the raw hemp on the free list (therefore placing the American yarn manufacturers from the start on the same basis of the foreign), it would seem that a duty ranging from a minimum of 12 per cent to a maximum of 20 per cent ad valorem should protect the American manufacturer to such an extent (also in consideration of the fact that the ocean freight and insurance on yarn is evidently much higher than the ocean freight on raw material) that any higher duty should be unfair to the ultimate American consumer of the yarn.

However, it seems as if a lower rate of duty should be advantageous to American carpet manufacturers on these yarns, as the price of same would consequently lessen. The present basis of duty guarantees a steady revenue to the United States Treasury, which on the basis of 12 to 20 per cent must have varied, it is presumed, anywhere from $20,000 to $50,000 yearly. If the duty should be increased, this revenue would undoubtedly be stopped immediately.

This chamber, in consideration of the above-stated facts, recommends respectfully that the proposed rates of the Fordney tariff bill on hemp yarns be reduced 75 or 50 per cent less than the proposed figures; and, should this be impossible, then that they be replaced by paragraph 341 of the Payne-Aldrich tariff (1909) substituting, however, the ad valorem rates therein stated by equivalent specific rates.

HEMP THREADS, TWINES, OR CORDS.

[Paragraph 1004.]

The Fordney tariff bill assesses duties on threads, twines, and cords not finer than 8 lea, 16 cents per pound; finer than 8 lea and not finer than 60 lea, 16 cents per pound and three-fourths of 1 cent for each additional lea or part of lea in excess of 8; and finer than 60 lea, 56 cents per pound; but in all such cases not less than 23 per cent.

The importation of these articles has been practically nil under the present tariff of 20 per cent if not finer than 5 lea and of 25 per cent if finer than the proposed Fordney rates, much higher than even the Payne-Aldrich tariff rates would make importation absolutely prohibitive.

This chamber therefore respectfully recommends that the proposed rates on threads, twines, and cords of the Fordney tariff bill be reduced to 75 or 50 per cent less than the proposed figures; and should this be impossible, then that they be replaced by paragraph 340 of the Payne-Aldrich tariff of 1909.

LEATHER GLOVES.

[Paragraph 1433.]

This chamber does not ignore that the manufacture of gloves has become an important industry in the United States, turning out, according to the census figures of 1914, 3,082,376 dozen pairs of gloves, valued at $21,614,107. Compared to these figures, the 562,018 dozen pairs of gloves, valued at $7,920,750, imported in fiscal year 1920 are a relatively unimportant factor, importation supplying only one-fifth of the consumption.

The gloves import trade has been hurt considerably by war conditions, which have practically reduced it to one-half of its former level of 1,183,443 dozen pairs, imported in fiscal year 1913. This has given American manufacture an opportunity to replace the gloves formerly supplied by foreign countries, a trade which has labored since the war with restrictions and difficulties of all kinds, chiefly lack of materials, increased cost of production, and taxation, higher freights and insurance rates.

To-day imported gloves play but a secondary rôle in the supply of American consumption, and their field is practically confined to women's gloves, which is not the principal line of production in this country. While, in fact, 76.8 per cent of the domestic production was in 1914 of men's gloves, 9.4 per cent of gloves for boys, only 13.8 per cent represented women's and children's gloves. On the other hand practically 97.5 per cent of the importation in fiscal year 1920 was of women's gloves, and only 2.5 per cent of men's gloves.

Importation, therefore, takes place in a line of production that affects the least the domestic manufacture. The latter, notwithstanding the higher cost of labor in this country, can partly offset this disadvantage by more intensive, more systematic, and quicker methods of production, by lesser cost of power, by greater economy in freight and distributing expenses, and by the privilege of nearness to market. By the further aid of reasonable and not prohibitory duties, which are sufficient for protection on an article, like gloves, of ordinary apparel and not a luxury, is well able to maintain its dominant position in the supply of consumption, notwithstanding any temporary ability, through abnormally depreciated exchange, of foreign manufacture to supply this market at attractive prices. Any such possibility is, however, only temporary, as no stable business can be developed on a unstable exchange, which is bound to recover from its present depression in a no distant future.

Had it not been for the fact that the rates on gloves of the Underwood tariff are not of a prohibitory character, importations would have been impossible since the war. Now that it is showing symptoms of recovery, after unprecedented difficulties, it should not be killed by the reenactment of prohibitive rates such as those proposed in the Fordney tariff bill equivalent to an increase of at least 100 per cent on foreign cost.

This chamber, after careful study of the fiscal régime on gloves, begs leave to submit hereunto a comparative statement of the present (Underwood) and the proposed (Fordney) rates, together with its own recommendations in the matter, to which it respectfully bespeaks the consideration of this honorable committee:

Gloves (leather).

	Underwood tariff.	Fordney bill.	Our recommendation.
1. Men's, women's, or children's glace-finish Schmaschen (of sheep origin).	Not over 14 inches in length, $1 per dozen pairs and 25 cents extra per dozen pairs additional for each inch in excess of 14 inches.	Not over 12 inches in length, men's, $4; women's and children's, $3 per dozen pairs and 50 cents extra per dozen pairs for each inch in excess of 12 inches.	Not over 14 inches in length, $1.50 per dozen pairs and 35 cents extra per dozen pairs for each inch in excess.
2. All other women's and children's gloves wholly of leather.	Not over 14 inches in length, $2 per dozen pairs and 25 cents extra per dozen pairs for each inch in excess.	....	Not over 14 inches in length, $3 per dozen pairs and 35 cents extra for each inch in excess.
3. All men's leather gloves, n. s. p. f.	$2.50 extra per dozen pairs.	....	$3.50 extra per dozen pairs.
4. If lined with cotton or other vegetable fiber.	25 cents extra per dozen pairs.	$2.40 extra per dozen pairs (except if lined with leather).	75 cents extra per dozen pairs.
Lined with knitted glove or with silk, leather, or wool.	50 cents extra per dozen pairs.	....	
Lined with fur..........	$2 extra per dozen pairs..	Lined with fur or leather, $4 extra per dozen pairs.	$3 extra per dozen pairs.
All pique and prix seam gloves.	25 cents extra per dozen pairs.	Embroidered or embellished, 40 cents extra per dozen pairs.	40 cents extra per dozen pairs.

ARGOLS OR CRUDE TARTARS AND WINE LEES, AND TARTARIC ACID.

[Paragraphs 1 and 9.]

Argols and tartaric raw materials, containing no more than 90 per cent of potassium bitartrate, are subjected by the Fordney tariff bill to a duty of 5 per cent ad valorem, namely, to the same rate as at present in force and containing above 90 per cent of potassium bitartrate to 5 cents per pound, the same rate being levied on cream of tartar and Rochelle salts; tartaric acid is rated at 6 cents per pound.

The proposed rates represent an increase of 100 per cent on argols containing more than 90 per cent of potassium bitartrate on cream of tartar and Rochelle salts, and an increase of 87.50 per cent on tartaric acid.

Argols and wine lees are the raw materials from which cream of tartar, Rochelle salts, and tartaric acid are manufactured. They are by-products of the wine industry, the only available source of tartaric acid which has not yet been obtained synthetically. Tartaric acid and its salts are used chiefly in the preparation of medicinal compounds and of food products, as in baking powders and beverages, as mordants in the printing of fabrics and in other technical uses. The most important use is in the manufacture of one variety of baking powder, extensively consumed in this country in domestic bread making and also exported. The yearly output of the baking-powder industry alone represented in the United States, according to the census of 1914, a value of nearly $22,500,000 and an invested capital of over $35,000,000, giving work to over 3,600 persons. Exports of these, which had, like the industry, been steadily increasing, represented in fiscal year 1918 nearly $2,000,000. Even before prohibition was enacted, which cut off any American supply, the American wine industry furnished only 1 per cent of the world supply of tartaric raw materials. This country to-day is wholly dependent upon the wine-making countries of the Mediterranean, and chiefly upon Italy, France, Algeria, Spain, and Portugal, for its importations of tartaric raw materials. Importations, taking one year with another and allowing for war or tariff conditions, have been pretty steady, with a tendency of late years to increase, as shown by the fact that, while during the first five years of the past decade they averaged yearly about 28,035,000 pounds, they have during the last five years averaged 30,050,000 pounds.

It has been the traditional policy of the United States to encourage the importation of these crude materials, and this policy should be adhered to by leaving unchanged the present ad valorem rate of duty on argols or crude tartars and wine lees, which befits a product the value of which varies according to its actual contents in tartaric acid.

Imports of cream of tartar gained with the removal of the 5-cent rate which obtained previous to fiscal year 1914, and had kept importations for the period 1911–1913 at a yearly average of 57,710 pounds. The present rate of 2½ cents per pound, which replaced the former in 1914, has increased importations to a yearly average for the three fiscal years ending June 30, 1918, to 68,556 pounds, the large amounts imported in 1914 and 1915, respectively, of 812,857 and 764,868 pounds being due not solely to the change in the tariff but mostly to the stress of war conditions, stimulating importations in order to provide for emergencies as evinced by their falling back to a more conservative average in the following years. This shows that the readjustment of the rate under the tariff act of 1913 has operated advantageously for the interest of revenue and practically without prejudice to American refiners, as the unabated, in fact increased, imports of raw materials clearly demonstrate.

A somewhat analogous course is shown by the importations of tartaric acid, which from a yearly average of 149,014 pounds for the period of fiscal years 1909–1913, when the rate was first 7 and then 5 cents per pound, increased with its reduction to 3½ cents in the last tariff act to an annual average of 393,588 pounds during the last five fiscal years, after having attained somewhat striking totals in 1914 with 848,574 pounds, under the stimulus of the tariff change, and in 1915 with 820,105 pounds under the stress of providing for war emergencies. It is true that importation from a moderate increase in previous years, accentuated somewhat in 1920, when a total of 797,367 pounds was reached; but this is solely to the exceptional conditions of the foreign exchange, which have prevailed during that period, the only time when it became possible for foreign manufacturers, on account of the unprecedented depreciation of the lira, to sell their articles to any extent on this market, which had always before been controlled almost entirely by home manufacturers. Had it not been for the exceptionally abnormal exchange, foreign manufacturers would not have been able to sell to any appreciable extent on this market, the tariff having, since the war, played a relatively unimportant rôle in influencing imports into the United States in comparison to the exchange, with its striking fluctuations.

The present spasmodic conditions of exchange can not, however, last much longer, as they are neither in the interest of Europe nor of this country. A more settled and stable condition is bound to follow in the no great distant future, and it would unquestionably be unfair and inequitable to base our calculation in assessing duties to-day on the existing disparity, which can not endure. If they were so based, upon return to more normal conditions the protection accorded to domestic manufacturers would be increased to such extent as to work prohibitively on importation, and, while giving the manufacturers in this country an undesirable monopoly of the market, would also void the purposes of revenue and destroy a sound competition that alone would ultimately benefit the consumer.

The cost of manufacture in Italy has increased greatly since the war, labor being paid now for an 8-hour day fivefold what it received before the war for a 9-hour day. In the supply of materials required in the manufacture other than tartaric raw materials it is almost superfluous to state that Italy is at a great disadvantage when compared with this country, expecially in the items of machinery, coal, and chemical supplies, which it has to import from this country, on which it has to pay freight and duty, and which offset any disadvantage of the American manufacturer for the difference of freight paid on the greater bulk of the tartaric crude material in comparison to the finished products.

As soon as an improvement in exchange shall have eliminated that the margin, which only of late has made possible importations into this country, and as soon as a more settled state of industrial conditions, both here and abroad, shall have made more stable the present fluctuating cost of production, it will be seen that the present rate on tartaric acid is sufficiently protective for domestic manufacturers, who have found in the increased consumption of tartaric acid, through the enactment of prohibition, a compensating factor for the temporarily increased imports of this useful organic acid.

On the contrary, the proposed increase from 3½ to 6 cents per pound on tartaric acid could operate as injurious to the importation of this commodity as did the Dingley rate of 7 cents and the Payne-Aldrich rate of 5 cents, which practically killed its import trade.

The present rates of 3½ cents per pound on tartaric acid and of 2½ cents per pound on cream of tartar have stimulated imports without visible prejudice to American manufacturers, whose importations of crude materials have continued to be equivalent to more than five times those of the refined articles, and appear therefore to this chamber as the optimum rates both for the purpose of revenue and for that of protection, and this chamber therefore asks that they continue unchanged. Should, however, an increase be deemed unavoidable, this chamber respectfully recommends that the rate on tartaric acid be fixed at no more than 5 cents per pound.

CITRATE OF LIME AND CITRIC ACID.

[Paragraphs 1 and 46.]

The Fordney tariff bill places a duty of 7 cents per pound on citrate of lime, an increase of 700 per cent against the present duty of 1 cent per pound, on raw material necessary to American industry and hardly produced in this country.

Citrate of lime, the raw material from which citric acid is manufactured, is an indispensable material to American manufacture, of which this country imported annually before the war between five and six million pounds and to a somewhat greater extent in fiscal years 1915, 1916, and 1917 to make up for the lesser amount imported in 1914, when it had just been taken off the free list, and placed for revenue purposes under a duty of 1 cent per pound. During the two fiscal years that followed our entry into the war, importations were restricted owing to the unsettled conditions of shipping, so that receipts in fiscal year of 1920, amounting to almost 10,500,000 pounds, made up for the deficiency of the two previous years.

While California has, since the war, started the industry of citrus by-products, its production is still of small importance in comparison to the large amount of citrate of lime needed by American manufacturers of citric acid. In 1919 the California production of this raw material was reported equal to about 232,000 pounds and that of citric acid to about 75,000 pounds, which means that California does not supply at the present time more than 5 per cent of the citrate of lime annually imported in the United States, and does not produce more than 2 per cent of the citric acid manufactured in this country. Even allowing for such increase in the output of domestic citrate of lime as seems reasonable, in view of 75 per cent increase in acreage of now nonbearing lemon trees coming into production in the distant future, it is hardly to be expected that the output of citrate of lime in California would increase to any important percentage of the supply needed by American manufacturers of citric acid. The production of it has increased from 2,102,256 pounds in 1916 to 4,032,897 in 1917, notwithstanding the lowering of the rate of duty from 7 to 5 cents per pound at the last tariff revision, which deduction, while it increased importations from a yearly average of 78,964 pounds during the period of fiscal years 1910-1913 to an average of 571,765 pounds since 1913, did not reduce the average annual importation of citrate of lime into this country. The latter increased on the contrary from a yearly average of 5,152,864 pounds in the period 1910-1913 to one of 5,867,000 during the last seven fiscal years ending June 30, 1920. This shows that the moderate lowering of the rate on citric acid has not worked to the prejudice of American manufacturers, while any loss to revenue ($10,435) has been amply offset by the gain from the 1-cent rate on citrate of lime ($58,670) assessed for revenue purpose.

The manufacture of citrate of lime in Sicily, from which is derived 95 per cent of our supply of this imported raw material, is an important feature of the lemon industry, of which it absorbs the culls, representing about 30 per cent of the lemon production. It had to be organized in a sort of cooperative form to insure its existence from the ruinous depression that ruled formerly. During the war, which had a depressing effect on the exportation of the fruit, owing to unsettled shipping conditions, it converted into citrate of lime the surplus cull production, which was somewhat greater than usual, but owing to the scarcity of labor, the shorter hours of work, at least the fivefold increase in wages, and the much higher cost of coal and other materials the cost of manufacture has also augmented greatly the price of citrate of lime, which was 187.5 lire per quintal, having risen to 700 lire per quintal in 1919.

Under the increased cost of this raw material and other disadvantages confronting manufacturers in this country, such as increased freights, increased costs of labor and of materials, etc., and considering that even for a good many years to come California will not be in a position to supply any appreciable amount of this article, we believe that no higher duty than the present rate of 1 cent per pound should be levied on citrate of lime and such is the earnest and respectful recommendation of this chamber.

The Fordney tariff bill proposes a duty of 12 cents per pound on citric against 5 cents in the present tariff.

Citric acid is consumed principally in the manufacture of beverages and effervescent salts; also in some lines of technical use. After the spurt in imports, caused by the shipment in 1914 of amounts which had been held up previously in expectation of a tariff change, and in 1915 by war-emergency requirements, especially since New York replaced London to a large extent for the reexportation of citric acid to Central America, the West Indies, and Far East, it was only with the abnormal conditions of exchange, which in this, as in many other cases, has influenced importations more than the tariff itself, that any chance of business has existed for imported citric acid, a condition which is only temporary and will disappear as soon as the exchange shall have dropped to a less abnormal level, an improvement which can not be too far distant.

It would be not only unwise, but also unfair, in the present unsettled and particularly hysteric condition of the exchange, when cost of production abroad, as well as here, can not always be reliably calculated, to base rates of duty, which are destined to become permanent, on criteria to offset the depreciated currency of the country of origin, as, upon return to more stable conditions this would eliminate any further possibility of importation and give the manufacturers in this country a monopoly of a market which they are unable to supply.

If cost of production has increased in this country since the war, it has to a far greater extent augmented on the other side, where the economic changes brought about by the war have been felt even more acutely than here, in the cost of labor no less than in that of fuel and materials other than citrate of lime, in freights no less than in overhead expenses, without the favorable prospect for increased consumption of citric acid shown by this country since the advent of prohibition.

The domestic industry, notwithstanding the higher cost of labor enjoys over Sicily decided advantages in the cost of production of citric acid. In fact, while citrus culls in California are shipped to the factory by the carload, in Sicily they have to be carried in most cases by animal traction at a relatively higher cost of transportation. Moreover, the cost of fuel and materials, important items of the cost of production, is greater in Sicily than in this country, and the wider use of labor saving machinery by domestic manufacturers counterbalances to a great extent the higher cost of labor.

With reference to a statement made by H. M. May of the Exchange Products Co. of Corona, Calif., before the Ways and Means Committee of the House, relative to the cost of working 1 ton of lemons into citric acid, reported in a total of $14.76, equal to a unitary cost of citric acid of cents 36.9, this chamber wishes to point out that the reported factors of said cost are rather exaggerated, especially the item of labor reported for 1 ton of lemons equal to $4.69, as 3½ hours of labor required for such elaboration are certainly not paid in California, $4.69. The unitary yield of citric acid from 1 ton of lemons is moreover reported of only 40 pounds while it is in fact of 43.69 pounds, which would lower to 31.5 cents the unitary cost of production of citric acid.

Under the present rapid readjustment to a prewar base of the price of citric acid the present 5-cent rate represents already a protection of over 10 per cent to the American manufacturer.

In consideration of the afore stated facts, showing that the present duty of 5 cents per pound on citric acid, while sufficiently protective for American manufacturers, is also the safest for the purposes of revenue and the interest of consumers, this chamber recommends respectfully that it be maintained unchanged and that, should an increase be unavoidable, a return to no higher rate than that of 7 cents per pound of the Payne-Aldrich Act, be adopted.

CITRON AND CITRON PEEL IN BRINE AND ORANGE AND LEMON PEEL IN BRINE.

[Paragraph 740.]

Citron and citron peel is not produced in this country and has to be imported entirely for the requirements of confectioners, which is done by shipping this raw material of the candying industry preserved in brine. This commodity has always been admitted free of duty, but the Fordney tariff bill places a duty on it of 2 cents per pound, wholly unjustified, as there is no domestic industry to protect, and the import amounts, therefore, to a burden on confectioners and consumers.

Likewise the orange and lemon peel referred to in the above paragraph is the peel of these fruits, shipped in brine, for the purpose of candying or preserving. It is essentially a raw material required by confectioners and not obtainable in commercial quantities except from the countries where the citrus-fruit by-products industry makes this by-product available. The quantity produced in California, where the citrus by-products industry has just been started, is yet insignificant in comparison to the demand. Importation of this article is therefore devoid of any competitive character.

It is important that manufacturers of candied fruit in this country should obtain these products as cheaply as possible, which could not be the case if they were burdened with duty. For obvious reasons, making further explanation superfluous, this chamber, in the interest of American industry and labor, earnestly entreats your honorable committee to return these articles to the free list.

ALMONDS.

[Paragraph 754.]

The Fordney tariff bill raised the duty of 33⅓ per cent, namely, from 3 to 4 cents per pound on almonds not shelled, and of 300 per cent, namely, from 4 to 12 cents per pound, on shelled almonds.

While almonds may be classed by some as a luxury, they in fact represent a very valuable food product. They are a nutritious and healthy food. Those imported in the shell find their utility for household use, while the shelled supply the bakers and confectionery trade. During the past few years, when prices soared considerably, the demand was greatly curtailed, showing conclusively that this article can not stand more than a reasonable impost. Any considerable increase in the price of almonds can not fail to do immeasurable damage to their consumption. The California output has grown to considerable proportions, the 1919 crop, which was the largest ever recorded, being estimated at 7,250 tons. This is ample proof that domestic production is sufficiently protected by the present tariff rates, which have in no way retarded the development of this industry in that State. In the same year 1919–20 importation of almonds unshelled amounted to only 3,700 tons, while that of the shelled amounted to over 13,000 tons.

While the importation has shown increase, it has been gradual, especially in unshelled almonds. The shelled has shown the most striking increase, having doubled since 1913. The reason for this is that shelled nuts are not an industry here, and the trade which it supplies, the bakery and confectionery, have shown tremendous expansion during that period.

The more rapid increase in the demand of California unshelled almonds as compared with the imported shows conclusively that the California production has little to fear from the competition of the imported. The present duty of 3 cents a pound represents about one-fifth of the value, and it is amply sufficient to cover any protection.

As to the relative cost of production here and abroad, there is no widespread difference. Almonds, being an arboreal crop, do not require the amount of manual labor necessary to field crops. In this country there is the special advantage that whatever labor is required, such as tillage and spraying, is performed by labor-saving machinery. The orchards in California, being but comparatively recently planted, have the advantage of the higher unitary yield of trees in the prime of life. Further, of the greater economy in the cost of production, through scientific planting and proper care of cultivation.

The alleged unproportion of the duty between shelled and unshelled almonds is justified by the reason that the shelled are to a great extent a raw material necessary to one of the largest and most thriving American industries, the candy trade. While the unshelled may compete with the foreign for the choice of the housewife, there is no fear of competition to domestic production from imported shelled almonds.

In conclusion this chamber earnestly recommends that if it is not possible to maintain the present rates of 3 cents per pound on unshelled and 4 cents per pound on shelled almonds, which have worked well both for revenue and protection, no higher duties be enacted than 4 cents per pound on almonds with the shell and 6 cents per pound on the shelled.

MACARONI, VERMICELLI, AND ALL SIMILAR PREPARATIONS.

[Paragraph 726.]

The Fordney tariff bill proposes a duty of 1½ cents per pound on macaroni and similar preparations. This chamber desires to submit to your honorable committee the following evidence, showing that this duty is ample for the purpose of protection and most advisable for revenue.

In this endeavor it is necessary to survey the conditions of the macaroni trade, regarding both importation and production in this country, as they were before and during the war, and as they are now.

The industry of alimentary pastes, which is one of the oldest and most important of Italy, had greatly developed prior to the war, especially in the districts of Genoa and Naples, which enjoy a traditional reputation in this trade. The export trade of Italian macaroni had reached in 1913 a total of 156,000,000 pounds equal to 7,099,000 boxes, 5,000,000 boxes alone being shipped to the United States.

From the outbreak of the war Italy ceased to be a factor, as far as the export of macaroni is concerned, owing to the embargo placed on this essential article of food. Deprived of this source of supply, the American market was left entirely to the disposition of the domestic producers. To their credit it must be said that they have taken freely advantage of this opportunity. Aside from the increased production, due to the stimulus of necessity, they vastly improved the quality of their product.

Excellent macaroni is made to-day in this country, and while the imported macaroni would still enjoy a preference with many, there is really no great difference in their comparative intrinsic quality. Of course, advantages of ages of experience, of natural and climatic conditions, of water, etc., can not be easily overcome, and in the last analysis the perfection attained by the Italian product, when made entirely of semola, will ever enjoy the advantage that always goes to an article admittedly known as "original" or "genuine." In conclusion, however, we do not think that some of the best brands of domestic macaroni will suffer much in comparison with the imported. At any rate not at the present time, when the imported macaroni is manufactured with only 75 per cent semola, while the domestic is made entirely of semola.

We speak particularly of the future. For the present the home producers need have no fear of foreign competition. It is impossible, under present conditions, for Italy to again become a factor in this market. In the first place Italy has suffered great hardships during the war, and is still suffering to-day from lack of wheat. She produced less than two-thirds of her own wants of this staple, and the balance she has to import, at enormous sacrifices, mostly from this country. These sacrifices are made especially acute at present, due to the disparity of her money, and on the horizon nothing has as yet appeared that might ameliorate these conditions. How is it to be expected that Italy can buy wheat in the United States, bring it to Italy, and return it to us manufactured into macaroni at a price that will compete with domestic production? For, besides the disadvantages of the money exchange and the added freight, which increased since the war from four to five times, it must be acknowledged that the cost of manufacture has greatly advanced in Italy from the prewar period. Wages have advanced many times over. All materials used, as well as the cost of the upkeep of properties and plants, show a corresponding increase, so that the Italian macaroni manufacturer to-day is working under multiple disadvantages in the difficulty of obtaining and in the augmented cost of wheat, in the advanced cost of labor and in higher overhead expenses.

What further proof is needed that she can not become a factor than the significant fact that the export of macaroni from Italy, against a corresponding import of wheat, has now been permitted for some time, and during this period but a few trifling shipments have arrived in this country, and these were offered, on the average, at a figure 50 to 60 cents per box higher than the domestic?

We feel justified in stating that macaroni can to-day be produced cheaper in the United States than in Italy.

A few figures will clearly demonstrate this fact, together with the absolute impossibility for Italian paste to compete with the domestic product. Italian macaroni is offered to-day at 52.50 lire per box of 22 pounds f. o. b. loading port, which at the rate of exchange of say 25 lire, is equivalent to $2.10 per box. Adding for freight 16 cents, insurance 2 cents, duty, at 1 cent per pound, 22 cents, we have a total cost of imported macaroni of $2.50 per box, delivered in New York.

Domestic macaroni, selling to-day at the rate of $1.70 per box of 20 pounds, namely, at an equivalent of $1.87 per box of 22 pounds, shows an advantage in price of something like 63 cents, thus proving that the present duty is amply protective for domestic manufacture.

It should be noted further that domestic macaroni, manufactured as it is with all semola, has an easy advantage at present over the imported, not only in the price, but also in the quality, which for the time being is better in the case of the domestic article.

When the foreign macaroni shall again be made with 100 per cent semola, its cost will necessarily increase in proportion, thus showing even a greater disadvantage in comparison with the domestic article from the standpoint of competition, which will be entirely out of question.

In prewar days, such as in fiscal year 1914, imported macaroni sold in New York from $1.35 to $1.45 per box of 22 pounds, against 77 cents to $1.10 for the domestic product. These prices show that even before the war domestic paste had the advantage of 1 cent per pound in the price, which we believe ample protection for such an essential article of food as macaroni. Long before that time the domestic macaroni industry had experienced conditions favorable to a substantial development, later realized to a far greater extent under the stimulus of war conditions.

The domestic manufacturer is to-day practically master of the supply of this article to American consumers, and not only in absolute control of the market of this country, but also on the way to become a formidable factor of competition against foreign manufacturers in the export trade, a rôle this with which it was not identified before the war.

Many are the new and large factories that have come into existence since the war, besides those that were already doing a prosperous business before. Domestic production has increased enormously, and has firmly gained the patronage of customers formerly using foreign macaroni, and domestic manufacturers are more than able to maintain and further develop this important trade.

It is very problematical, therefore, whether, even when the Russian granary shall have opened again to foreign manufacturers—and God knows how far that may be—they will again be able to recover a part of the position they formerly held on this market, and this because of the many disadvantages that they have to overcome, which practically excludes such possibility.

As before stated, Italian macaroni is not likely to ever attain the important part it once enjoyed in our market. We therefore believe that the duty should be assessed to provide revenue without discouraging or prohibiting entirely the importation, as it would be absolutely unfair to prevent certain elements with a preferred taste for the imported article from satisfying their wants or to further encumber an industry that has already suffered so much from the dire consequences of war.

This chamber is firmly convinced that any addition to the proposed rate of 1½ cents per pound would be an added burden that the imported macaroni, already greatly handicapped, could not endure, and which is entirely unnecessary for the purpose of protection and unadvisable for revenue.

This chamber would consider unjust that a trade built up after many years of hard work, and which has already suffered greatly through force of war circumstances, should be further discriminated against.

Sentiment, we appreciate, has no place in tariff making, but who amongst us would not regret the passing of real Italian spaghetti, the pioneers who introduced to us this table delight?

This chamber therefore most respectfully recommends that the duty on macaroni be continued at its present rate of 1 cent per pound or that, if an increase is unavoidable, it be not raised more than at 1½ cents per pound, as proposed by the Fordney tariff bill.

CATTLE.

[Paragraph 701.]

STATEMENT OF J. A. HAPPER, EL PASO, TEX., REPRESENTING AMERICAN CATTLE GROWERS OF MEXICO.

Senator LA FOLLETTE. What is your name and address?

Mr. HAPPER. J. A. Happer, El Paso, Tex. I also represent Mr. Packard, who could not get here in time. He wired me to represent him. Mr. Sheahan was here this morning, but had to leave.

I have been asked to present this matter in a written statement of one page, addressed to you gentlemen, which is as follows:

We represent the Association of American Cattle Growers of Mexico, that owns approximately 8,512,000 acres of land in Mexico, valued conservatively at $2 per acre, amounting to $17,024,000; also 95,000 head of stock cattle, valued at $25 per head, amounting to $2,375,000; the total investment being $19,399,000.

We desire to present to your committee some figures and statements wherein we hope to show that it is to the interest of the people of the entire country, as well as to the interest of the cattle producers, that stock cattle under 2 years of age should come in duty free.

According to the United States Census in 1900, there were 50,583,777 head of beef cattle in the United States, and according to the census of 1920 there were only 35,424,458, a shrinkage of 15,159,319.

Senator SMOOT. For whom do you speak?

Mr. HAPPER. For the American Cattle Growers of Mexico.

In the same period of time the population of the United States increased from 77,256,630 in 1900 to 107,436,441 in 1920 (Stat. Abs. U. S., p. 32), an increase of 30,177,811. Should this shrinkage continue in the next 20 years at the same ratio, it is easy to see that beef for people in moderate circumstances will be exceedingly expensive and scarce.

We quote the following from The Producer, the official organ of the American National Livestock Association (p. 10, vol. 111, No. 1, June, 1921):

"That there has been a great shrinkage in the number of beef cattle is abundantly proved by the census figures, and is fully corroborated by the depleted ranges of the West. This shortage should become more evident later in the year. Undoubtedly there will be some liquidations in dairy cattle on account of unprofitable prices for dairy products, and this will to some extent increase the meat supply. But, on the whole, prospects for the beef producer seem brighter than for some time. For several years he has been confronted with a buyer's market. Now the situation promises a change, and the seller should hold the whip hand."

In the spring of this year the Secretary of the Treasury found the condition of the cattle industry in such a precarious condition that, after consultation with cattlemen, bankers, and Treasury officials, he arranged with various bankers in the United States for a fund of $50,000,000 to be loaned to cattle raisers on long time, to save this industry.

The stock cattle under 2 years of age that have come into this country in recent years—or that will come into the country in the future—all go to pastures or feed lots to be finished for our beef markets and consume the surplus farm products of this country.

Gentlemen, I just want to add this, that for the last five years they have had droughts in what we call the stock ranges in the West. They have come intermittently in the Southwest and in the Northwest. When we had a drought in the Southwest they might have grass in the Northwest, and vice versa. But the ranges in our part of the country are depleted. We want the chance, when the ranges are such that we can not raise stock cattle for feeding, to move them back and forth across the lines, or to import them from Mexico or Canada or wherever it is necessary.

The importations of stock cattle for this purpose are infinitesimal to what is used in this country for different purposes, and we believe that if younger cattle can be brought into this country without a duty, these cattle under 2 years of age—we do not mean beef cattle—it will be not only to the advantage of the people of the entire country, but to the stockmen themselves in the West.

If there are any questions that I can answer I would be very glad.

Senator SMOOT. There are not very many that would come over from Mexico, are there?

Mr. HAPPER. Very few; very few from Mexico and not very many from Canada of stock cattle.

Senator SMOOT. I mean, those less than 2 years of age.

Mr. HAPPER. Less than 2 years old I am speaking of. That is all we ask with reference to.

Senator SMOOT. There would not be very many that would come in, anyhow, would there?

Mr. HAPPER. No; not many.

(The witness submitted the following statement:)

Beef cattle on farms, 1920.

Alabama	322,434	Nevada	332,299
Arizona	768,197	New Hampshire	18,277
Arkansas	345,806	New Jersey	6,766
California	1,229,086	New Mexico	1,237,541
Colorado	1,434,423	New York	63,170
Connecticut	11,025	North Carolina	182,702
Delaware	1,752	North Dakota	674,529
District of Columbia	19	Ohio	577,450
Florida	518,350	Oklahoma	1,265,317
Georgia	478,940	Oregon	570,697
Idaho	512,512	Pennsylvania	248,555
Illinois	1,292,778	Rhode Island	1,706
Indiana	599,694	South Carolina	117,386
Iowa	3,048,198	South Dakota	1,818,784
Kansas	2,975,390	Tennessee	492,486
Kentucky	433,659	Texas	4,767,572
Louisiana	487,709	Utah	397,563
Maine	33,475	Vermont	14,200
Maryland	53,666	Virginia	403,985
Massachusetts	10,089	Washington	193,819
Michigan	332,859	West Virginia	332,441
Minnesota	940,842	Wisconsin	287,346
Mississippi	461,241	Wyoming	814,386
Missouri	1,714,894		
Montana	1,057,418	Total	35,424,458
Nebraska	2,470,779		

STATEMENT OF CHARLES E. WISWALL, CANANEA, SONORA, MEXICO, REPRESENTING THE CANANEA CATTLE CO.

The CHAIRMAN. Where do you reside?

Mr. WISWALL. Cananea, Sonora, Mexico.

The CHAIRMAN. What is your occupation?

Mr. WISWALL. I am a cattle raiser.

The CHAIRMAN. Are you an American citizen?

Mr. WISWALL. Yes, sir; my family lives in California.

The CHAIRMAN. On what point do you want to speak?

Mr. WISWALL. I want to speak on the tariff on live cattle.

The CHAIRMAN. And advocate a higher duty or lower duty?

Mr. WISWALL. I want to try to get a lower duty on some classes of cattle.

The CHAIRMAN. What State do you come from originally?

Mr. WISWALL. I am a native of Illinois; I vote in Arizona.

The CHAIRMAN. How long have you been residing in Mexico?

Mr. WISWALL. I have been residing there 20 years.

The CHAIRMAN. You run a large business there, do you?

Mr. WISWALL. Yes, sir.

The CHAIRMAN. Is it a corporation?

Mr. WISWALL. Yes, sir.

The CHAIRMAN. What is the name of the corporation?

Mr. WISWALL. Cananea Cattle Co.

The CHAIRMAN. You are the superintendent?

Mr. WISWALL. I am the manager.

The CHAIRMAN. Do you own much of an interest in the company as well?

Mr. WISWALL. It belongs exclusively to my wife and her children, my stepchildren.

Senator WATSON. Do you vote in the United States?

Mr. WISWALL. I vote in Arizona. That was my last residence in the United States.

Senator SMOOT. How much land do you own in Mexico?

Mr. WISWALL. We own 425,000 acres.

The CHAIRMAN. Do you live there all the year around?

Mr. WISWALL. Practically, Senator; I am there probably 75 per cent of the time.

Senator SMOOT. How many head of cattle have you?

Mr. WISWALL. Thirty-five thousand.

Senator SMOOT. And where is your market?

Mr. WISWALL. All over the United States, principally in the Northwestern States; also in California to a large extent.

Senator SMOOT. Feeders?

Mr. WISWALL. Feeders, practically exclusively.

The CHAIRMAN. Proceed.

Mr. WISWALL. I also represent, as vice president, the Association of American Cattlemen of Mexico. There are not very many of us left. Our association consists of about 25 men. We have lots of land and not very many cattle. The ownership represents, I believe, about 8,500,000 acres and only 95,000 head of cattle.

The CHAIRMAN. Do they own these lands outright or only grazing privileges?

Mr. WISWALL. They own them outright, sir. But the lands naturally are capable of carrying many more cattle than they do at the present time. I have also told you whom I represent personally.

We have been importing cattle into the United States for the last 20 years. You will recall that under the Dingley and Payne-Aldrich tariff laws cattle were dutiable, under 1 year of age at $2 per head; cattle up to a valuation of $14 per head paid $3.75 per head and over a valuation of $14 per head paid 27.5 per cent ad valorem. We encountered two difficulties in the application of this law. In the first place, there is absolutely no way in the world of telling when a calf is 12 months of age. A well-grown calf 11 months old is larger than a 13 months old calf which has not done well, and you can see how that may lead to many questions.

The second difficulty was in applying the ad valorem rate of duty when cattle were valued at over $14 per head. We had great difficulty in arriving ofttimes at the valuations with the customhouse officers. You can readily understand how one bunch of cattle will be thin in flesh, and have poor breeding, while another bunch of cattle of the same age will be of good quality and of good flesh, and there was no way of arriving definitely at the value. We were entirely at the mercy of the customhouse appraisers, who often were not experienced cattlemen. Our bills of sale were considered valueless, because very frequently unscrupulous cattle buyers would come in there and make out false bills of sale; and the result was it was necessarily unsatisfactory both to the importers and to the customs-house officers alike.

Therefore, we were very much relieved when cattle went on the free list in 1913. The importations of cattle while on the free list—that was a period of seven and one-half years, as you know—more than doubled. During the last seven and one-half years they have averaged about 500,000 head annually. Cattle importations from Mexico jumped to 625,000 head in the year 1914. That was the year after cattle went on the free list. This was not because cattle were allowed to come in duty free, but because of revolutionary conditions in Mexico, and everybody owning cattle there was trying to get them out in that year.

The Canadian importations, which amounted to practically nothing up to the time cattle went on the free list, commenced to jump very rapidly, 28,000 being imported in 1913, and it increased to 550,000 in 1919. They were off again last year, however, to 316,000 head. As you know, the emergency tariff bill went into effect on the 28th day of May of this year. This bill had the effect of practically cutting off all importations from Mexico. The Canadian importations are off about 75 per cent. I talk now of the months from June to September of this year. I was not able to get any data regarding October.

To show you how Mexico importations have fallen off, there have been but three entries of cattle from Mexico since the emergency bill went into effect—one in June of 1,010 head, one in August of 34 head, and one in September of 327 head, a total of 1,371 head.

We made the importation of the 1,010 head in June, and I would like to give you the results of it. These were yearling steers. We received $19 per head for these yearling steers on the cars at Hereford, Ariz. We paid $3.50 per head export duty to the Mexican Government; we paid $3.90 per head import duty to the American Government, a total of $7.40 per head in duties, which left $11.60 a head for the steers. This was exactly the same class of cattle which we sold 12 months previously at $42.50 per head to Denver parties, and after paying $3.50 to the Mexican Government it left us $39 per head net for our cattle instead of $11.60 this year.

Senator SMOOT. You are no worse off than cattle raisers in America.

Mr. WISWALL. I am not making any complaints; I am just telling facts; I am not telling any hard-luck story. You can readily appreciate that we can not raise yearlings for $11.60.

Senator SIMMONS. What was the highest price you got for yearlings any year?

Mr. WISWALL. $42.50. We contracted sales in 1920 at $45; but money conditions got very bad in the spring of 1920, and the party who contracted them fell down on the contract.

In 1911, which was the first year I was managing this outfit, and for the first sale of yearling steers I made we received $20 for our yearlings. They increased in price from year to year; never went back until 1920, when the contract price was $45, and they went back in one year from $45 to $19.

Senator SIMMONS. What were you getting for that same class of yearlings before the war?

Mr. WISWALL. In 1914, for instance?

Senator SIMMONS. No; take 1912 and 1913.

Mr. WISWALL. I will tell you, Senator. In 1911 we got $20, and they increased at just about the rate of $2.50 a year. In 1914 they were stationary; it was a very bad year all over the country.

Senator SIMMONS. What did you get that year?

Mr. WISWALL. My recollection is that we got $27.50.

Senator SIMMONS. In 1912 what did you get?

Mr. WISWALL. $22.50.

Senator SIMMONS. And $20 in 1911?

Mr. WISWALL. Yes, sir. As you know, the bill that you are now considering calls for a duty of 1 cent per pound on cattle under 2 years and 1½ cents per pound on cattle over 2 years of age. The request that we want to make is this: That you reduce the duty on the young cattle under 2 years of age.

Senator SMOOT. To what?

Mr. WISWALL. We would like to get them in free, if possible; any reduction will be welcome, of course.

Senator SIMMONS. How many cattle are there coming into this country from Mexico and Canada since 1911 and 1912?

Mr. WISWALL. How many came in?

Senator SIMMONS. From Mexico and Canada?

Mr. WISWALL. In 1911, Senator? In 1910 there were 5,000 from Canada. What there were from Mexico I can give you in just one moment. In 1911 there were 182,000 head of cattle imported into the United States.

Senator SIMMONS. How many from Mexico?

Senator SMOOT. Nearly all of them.

Mr. WISWALL. Probably nearly all of them.

Senator SIMMONS. Five thousand from Canada?

Mr. WISWALL. In 1910; yes, sir.

Senator SMOOT. In 1910, 1911, and 1912 Canada was shipping all of her stock, nearly, to Great Britain.

Senator SIMMONS. In 1911, you say, we got 5,000 from Canada, and how many from Mexico?

Mr. WISWALL. About 182,000.

Senator SIMMONS. When normal conditions return, we will say, do you anticipate that exportations from Canada and from Mexico will be larger than they were before the war?

Mr. WISWALL. From Mexico it is an impossibility, because Mexico is depleted of cattle.

Senator SIMMONS. That is what I want to get at.

Mr. WISWALL. Canada has more cattle than she had 10 years ago, probably 50 per cent more.

Senator SIMMONS. Then, your opinion is that we need not anticipate a much larger importation of cattle from Mexico in the immediate future than we received just before the war?

Mr. WISWALL. It is impossible that we should receive them.

Senator SIMMONS. I want to ask you what effect, in your opinion, does the importation of 180,000 cattle from Mexico have upon the price of cattle in the United States, if any?

Mr. WISWALL. Senator, people would say that I am prejudiced, because I am in business in Mexico.

Senator SIMMONS. I am asking your frank opinion, and I will accept it as a frank and candid statement, if you will give it to me.

Mr. WISWALL. There are about 13,000,000 head of cattle marketed in the United States annually. What effect would 160,000 have on 13,000,000? I do not think it would be felt. But, as I say, people would say that I am prejudiced, and probably I am, because I am in business in Mexico.

I want to explain briefly, if I may, why we ask for one rate on cattle under 2 years and another upon cattle over 2 years. In the first place, 2 years of age is an age we can arrive at absolutely in a cow or steer. When a calf commences to shed its milk teeth, or first-growth teeth, it is about 22 months old; and when it gets to be 24 months old it has two large second-growth teeth in place in the middle of its lower jaw. So that by examination of an animal's mouth, which can be done in a moment, there is absolutely no question whether it is under or over 2 years of age. That is one important reason why there should be that division at the age of 2 years.

The other is that practically all of the cattle which are imported into the United States which are under 2 years of age, with the exception of a very few which come in from eastern Canada, are stockers or feeders; that is, all the cattle from Mexico coming into the United States go to grass. Most of our cattle go to the Northwest—Montana, Wyoming, and Colorado—where they are put on grass and fed out and marketed as grass-fat cattle at the age of 4 years. That is not true of Canadian cattle, although I am not as familiar with Canadian as I am with Mexican conditions.

Senator SIMMONS. Let me ask you another question. You say you sold your steers this year for $11?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. What did you have to pay for beef cattle, getting them ready for the market, to send them over here to be fed?

Mr. WISWALL. We sold them to people to be grazed by them.

Senator SIMMONS. Do not people sometimes send cattle to a range and pay for their feed?

Mr. WISWALL. Yes, sir; we have done that ourselves.

Senator SIMMONS. How much would be paid in the way of cost of feed under such circumstances?

Mr. WISWALL. We ran 3,500 steers on the Rosebud Indian Reservation, in South Dakota, for three years. We paid 50 cents per head per month for the grazing. That was in 1918, 1919, and 1920. The price was very excessive.

Senator SIMMONS. How many months did you have them on the grass?

Mr. WISWALL. About 30 months, or a little over 30 months.

Senator SIMMONS. Why did you have to keep them on the grass that long?

Mr. WISWALL. We had to keep them until they were 4 years of age. An animal fed on grass does not mature until it is 4 years of age.

Senator SIMMONS. They were sent there when they were what age?

Mr. WISWALL. Yearlings, or 2-year-olds.

Senator SIMMONS. And you paid 50 cents a head?

Mr. WISWALL. That was a very small part of the expense. We had the wages of our men and the interest on the money, borrowed to carry them on, to pay.

Senator SIMMONS. I understood you to say that you paid 50 cents a month for grazing.

Mr. WISWALL. Yes, sir.

Senator SIMMONS. And there were how many months' grazing?

Mr. WISWALL. We moved our cattle to Dakota in May, 1918, and sold them in November, 1920, 30 months.

Senator SIMMONS. Did you have any other expense connected with the cattle after you sent them over here?

Mr. WISWALL. A great deal of expense.

Senator SIMMONS. You had to look after them?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. That was just for the privilege of grazing and feeding?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. You had to attend to the cattle?

Mr. WISWALL. Yes, sir.

Senator SIMMONS. So that the amount per head that was spent in this country after the cattle arrived here was about one-half of what you got for them, was it not?

Mr. WISWALL. In this particular case, unfortunately, it proved to be more than we got for them. I was giving our reasons for asking that cattle under 2 years of age be put in one class and those over 2 years of age in another class, stating, as the principal reason, because we were definitely able to arrive at the age of 2 years and, next, because practically all cattle under 2 years of age which are brought into this country, with the exception of a very few which come in from eastern Canada, are stocker or feeder cattle; that is, our cattle go to the West and Northwest to be put on the grass and kept there from one to three years, the Canadian cattle, many of them, going direct to the feed lots. Of course, they are larger cattle than Mexican cattle and in almost all cases better bred cattle. But I appreciate the fact that that is not reason enough for asking that the rate on young cattle be reduced. Our basic reason for making this request is because we believe that there is no overproduction in the United States to-day, and we also believe that there is no large number of cattle, even in Mexico or Canada, which would be thrown on the market if young cattle were put on the free list. I fully appreciate the fact that many people will disagree with me—American cattlemen.

Senator JONES. What is it that makes you believe there is no overproduction of young cattle in the United States to-day?

Mr. WISWALL. I will give you my figures, in just a moment, Senator.

Senator JONES. All right.

Mr. WISWALL. I think you gentlemen who were here at the hearing Thursday will recall the three gentlemen—Mr. Cowan, of the American Cattle Raisers' Association, and Mr. Spiller, of the Texas-Southwestern Cattle Raisers' Association, and Mr. Mercer, from Kansas. I do not recall who Mr. Mercer represented, but I think Mr. Mercer's remarks are typical of the remarks which I have heard in meetings of cattle growers' associations all over the country. Mr. Mercer made the statement before you, in asking for protection, that in two years there would probably be, if present conditions continue, an actual scarcity of cattle in this country. Within a few minutes he made the statement that he thought at present the cattle industry in the United States was producing enough cattle to supply the wants of the country. When American cattlemen are seeking financial aid from the Federal Government, they usually give the impression that the industry is on its last legs. Here is a clipping which comes from the Los Angeles Herald of October 2, which gives the impression that Eugene Meyer got on his trip through the country. This is dated Washington, October 1. [Reading:]

"A serious cattle shortage will confront the United States within a year unless live-stock raisers stop the flood of immature cattle to the slaughterhouses," Eugene Meyer, head of the War Finance Corporation, said to-day.

Meyer returned to-day from a tour of the cattle-raising country in the West and Middle West.

Here is an article showing the way the cattlemen talk who think there is no shortage of cattle or that the shortage is not serious. This is from the "Producer," the official publication of the American National Livestock Association. It is from page 7 of the October number, by D. A. Millett, of Denver, Colo.:

It is true that the western range country shows some depletion in cattle population; but when the fact is faced that, according to the 1920 census, the State of Iowa had about as many cattle of all classes on January 1, 1920, as the States of Montana, Wyoming, Nevada, Arizona, and New Mexico combined, the real importance of the so-called range States shrinks in comparison.

That statement was pretty well answered on page 11 of the same magazine. I will be very brief. [Reading:]

"The marketing of western cattle," by A. Sykes, president of the Corn Belt Meat Producers' Association.

Mr. Sykes goes on to say that—

The only fairly complete figures as to live-stock shipments by States are those compiled by the Bureau of Markets for the year 1918. Eliminating the three Pacific States, these figures show that in that year some 353,000 cars of cattle and calves were loaded in the 14 States, out of a total for the entire country of 623,000 cars. The 1920 census figures show much the same thing.

So from that it would look, after all, as if the range States in the country were a pretty important factor in the production of cattle. I think you have all seen, a great many times over, statements that the Northwestern States of the country are depleted of cattle; that is, the ranges of Wyoming, Montana, and Western South Dakota. When I came through Chicago last week I went out to the stockyards a short time to see if I could get some figures on the receipts of western range cattle at Chicago for this year compared with other years.

I also secured the figures from Omaha. Omaha and Chicago are the two principal markets for western range cattle. Of course, Sioux City and St. Joseph and St. Paul are also markets for western cattle, but Chicago and Omaha are the principal markets.

The receipts this year for the first 10 months, to November 1 of this year, were 75 per cent of what they were last year, and were 38 per cent of what they were in 1919. It is only fair to say that in 1919, on account of the drought in the Northwest, there was a tremendous movement of cattle to Chicago and Omaha. While receipts were 38 per cent of 1919, they were 47 per cent of 1918. But, at any rate, it all goes to show that there has been a tremendous reduction of cattle in the Northwest.

Senator WATSON. Statistics of imports into the United States numbered 294,207, mostly from Canada and England. Were they feeders or beef cattle?

Mr. WISWALL. From what I have found out, Senator, in looking over the figures that are available—I was going to come to this later, but I will answer your question now—about 50 per cent of the cattle which have been coming from Canada for the last two years are beef cattle for immediate slaughter. At one time, I am told, when Canada commenced to import cattle into the United States, they were all beef cattle. But the high prices during the war and the tremendous demand for cattle caused Canadian cattlemen to jar loose of some of the younger stock, and the figures I got were these: Fifty per cent beef cattle, 25 per cent calves. Of course, it means calves for immediate slaughter, and I expect a great many were dairy calves; and 25 per cent stockers and feeders. Those were figures I got from Canadian sources.

From Mexico I can only give you—there is no classification—what we import ourselves, taking that as a basis. Our importations have averaged for the last 10 years over 10,000 head of cattle annually; about 33⅓ per cent of these cattle were stockers under 2 years of age; and about 20 per cent were beef cattle that went to Los Angeles; balance stockers, feeders, and canners over 2 years of age.

I started to say that, perhaps, the strongest argument that I can give you is the census figures for 1920. I do not like to burden you with them, because we have heard them many times.

Senator CURTIS. We wish you would leave those figures out, and you can call our attention to them, because the committee has a great deal to do, and we have those figures all before us in the tables here.

Senator WATSON. You can file your brief.

Mr. WISWALL. There are 32 head of beef cattle in the United States to-day for each 100 inhabitants, compared with 45 per 100 inhabitants in 1910 and 65 per 100 inhabitants in 1900. I think that is about the very strongest argument we could make in our behalf. I readily understand that while my figures may be admitted as correct the American cattlemen of the United States will naturally say our cattle market is so badly demoralized that we should not allow the importation of one head more to further demoralize the market.

If there was an overproduction, I think this argument would be sound, but as there is no overproduction and as there is no prospect of any large surplus of cattle coming into the market from any outside source, I think we ought to look into the reason for the present demoralization in the cattle market. I can definitely say, without danger of being contradicted, I believe, it is caused by overborrowing during the bonanza years in the cattle industry, which has caused forced liquidation at the present time.

The time of the starting of this liquidation can be definitely located. It was in the fall of 1919. There was a tremendous drought in Montana, Wyoming, and the western Dakotas in the summer of 1919. Cattlemen there found in the fall that they either had to go to market with their cattle or they had to ship south to pastures—to Texas, New Mexico, and Arizona—or they had to buy expensive feed to carry them through the winter. The result was that a great ~~many of them~~ went to market. You can see that three times as many cattle went to market in 1919 as in the present year. As a result, you all know that the cattle market broke badly, as it always will when cattle are sent to market that should not be sold, and that liquidation has continued from that date to this very minute. It is still going on in the western markets. You know the situation in the spring of 1920.

I have to say that it was an absolute impossibility for northwestern cattlemen to borrow money to buy stockers and feeders in the Southwest. In the fall of 1920 bankers were thoroughly frightened, as they saw the value of their collateral depreciated, and insisted on cattle being sold, and in the fall of 1920 there was just such another condition as in the fall of 1919, and this fall exactly the same thing occurred again. I think an example of how our cattle sold the last four years will show you just how the market has gone.

In 1918 our cattle coming to Chicago sold at 15 cents per pound; in 1919, when there was a tremendous run, they brought 11 cents in Omaha; in 1920, when the market was weak because the bankers were forcing liquidation, they brought 9 cents a pound in Omaha; and this fall those same cattle were bringing 5½ cents and 5¾ cents a pound in Omaha, where they brought 15 cents in 1918.

I think it will be admitted that forced liquidation is the cause of the cattlemen's trouble at the present time; but I do not think I have said anything to show you why bringing in more cattle would not further demoralize the markets. My idea is this: The reason that it would not further demoralize the cattle market is that our cattle, stockers and feeders, do not go direct to these markets, where there is open trading from day to day and where really cattle prices are fixed. On the other hand, cattle buyers come down to our place, ride around the pastures, see the cattle, and if they are satisfied we trade with them. Those cattle are shipped direct from our shipping point to pastures for which they are intended. In that way they do not pass through any of the principal markets.

I do not want to say they do not pass through any of those markets, because they do go through El Paso and Denver to the Northwest, and frequently a man will go to the Southwest and buy steers and possibly be able to turn them at a profit in Denver and do so, and then go back and buy more cattle. That happens frequently. But they do not go with the idea of throwing them on the open market.

Senator JONES. Tell us, please, about the prices of the cattle that have not gone onto the market that you speak of. Have those prices gone down also?

Mr. WISWALL. Naturally, Senator.

Senator JONES. To what extent?

Mr. WISWALL. I do not think you were here when I commenced to-day. I stated that we had sold our cattle this spring at $19, whereas a year ago we had sold them at $42.50, speaking of yearling steers.

Senator JONES. You have mentioned as controlling factors, in order to substantiate your position that there is no overproduction of cattle in this country, only two things, if I have been able to follow your testimony correctly. Those two are the population of the country and the number of cattle in the country. From that you argue that there is no overproduction. I will ask you if there are not some other very important factors which should be taken into consideration?

Mr. WISWALL. I mentioned, Senator, the receipts of western range cattle at Chicago and Omaha so far this year as compared with other years; that indicates——.

Senator JONES (interposing). That indicates merely the number of cattle in the country. Are there not some other factors which are even more controlling than those you have mentioned? Overproduction, it seems to me, must be measured by the demand.

Mr. WISWALL. That is very true.

Senator JONES. And apparently you have left out of your equation that factor. You are assuming that there are so many people in the country, so many cattle in the country, and therefore the demand for cattle ought to be a given amount. But that does not appear to be the case now.

Mr. WISWALL. No.

Senator JONES. Our 105,000,000 people will not consume in such times as these as many cattle as 75,000,000 would under other circumstances, and while there may not be an overproduction of cattle in normal times, is it not apparent from the low prices of cattle that there is an overproduction for the consumptive demand?

Mr. WISWALL. No; I do not agree with you there, Senator, because I believe the low prices have been caused absolutely by forced liquidation and by the marketing of many cattle which never should have been brought to the market.

Senator WATSON. Let me interrupt. The expert furnishes me statistics showing that we exported during the first nine months of this year 161,608 head, while we imported 75,988 head, or more than two to one. That would seem to indicate that there is no great shortage. Do you know what kind of cattle those were we exported?

Mr. WISWALL. Yes, sir; they were beef cattle.

Senator JONES. And you left out the fact that we exported large quantities of meat. We export a large quantity of fresh meat, and we export a large quantity of canned beef and pickled beef, and that would indicate that we have a surplus of these products; and, moreover, is not the demand for beef governed largely by the supply of other meats—pork and mutton and that sort of thing—because when one class of meat gets a little high and another is low, there will be a change from one to the other, and you have to take into consideration the entire meat supply when you are considering the question of supply and demand of one kind of meat, it seems to me.

Mr. WISWALL. The mutton consumption in the United States is comparatively very low. I feel this way: I think that the American nation is a beef-eating nation. I think that when it comes back to normal we will see our beef consumption rapidly increase, much more rapidly than our production can increase. I admit that the consumption of beef is certainly much lower to-day than it has ever been before for a great many years, and it seems to be on the decrease all the time. Whether it is because of the industrial conditions all over the country, or whether it is because of advertisements to "Eat no meat and eat something else," I do not know.

Senator JONES. And will you not agree to this fact, that hte price of stock cattle, such as you want to import, now being sold in the United States is less than the cost of production?

Mr. WISWALL. Yes; certainly. But I say this, Senator, that it is all caused by these people having been forced to liquidate. I could cite many instances of that.

Senator JONES. That means there is an oversupply of cattle except at a very reduced price; that is what that means?

Mr. WISWALL. No; pardon me, Senator. It means this: You know every cattleman is a borrower. There is not one in a hundred that is not a borrower; and you know that for many years the money was offered to us instead of having to go and hunt for it, and, as a rule, these cattlemen would borrow at least two-thirds as much as the cattle were worth. Cattle have fallen 50 per cent. The result is that the collateral that the bankers have is not worth the amount of money loaned on it, and they are simply forcing these men to sell, every single day of the year. They are doing it to-day; they are selling everything they can lay their hands on—young heifers and cows. You know a poor yearling simply will not bring any money. When a cattleman wants to get money for his cattle he has to go to market with fat cattle.

Senator JONES. Then would not overshipment of cattle into the United States add to that demoralized condition?

Mr. WISWALL. Those cattle do not go direct to the market.

Senator JONES. But is not the stocker market just as much demoralized as the beef markets?

Mr. WISWALL. But, Senator, the people who buy stockers, for instance, young steers, do not go to Kansas City or Omaha.

Senator JONES. I know they do not, but they go to a market. They go to some buyer, and that market seems to me, if I know anything about conditions, is just as much demoralized as the market at Kansas City or Chicago.

Mr. WISWALL. All markets are demoralized at present.

Senator JONES. All markets are demoralized at present; and would not the importation of additional cattle from Mexico add to that demoralization?

Mr. WISWALL. I think the importation is so comparatively small that it would not be felt.

Senator WATSON. If normal times were restored in the United States and they reached the usual degree of prosperity, with usual demand for cattle, the duty that you would be compelled to pay under this tariff would not demoralize your business and prevent your raising stockers and feeders to import into the United States?

Mr. WISWALL. We are in the cattle business and are going to stay in the cattle business.

Senator WATSON. Precisely.

Mr. WISWALL. And we have got to adjust our business to meet the conditions. If you put an impossible duty on, we have got to find a market some place else or else go broke. We are going to try to stay in the cattle business.

Senator WATSON. How long have you been in the cattle business?

Mr. WISWALL. Fourteen years.

Senator WATSON. And have not gone broke yet?

Mr. WISWALL. Not yet.

Senator WATSON. You are in luck.

Senator GOODING. You are better off than most Americans in the cattle business.

Mr. WISWALL. The advantage in Mexico which we have over those in the United States is that when we go to a bank they will not look at us; we can not borrow a nickel on our cattle in Mexico. That is what saved us.

Senator JONES. Have you gone into the question of your cost of production down there?

Mr. WISWALL. No, sir. But I will be very glad to give you any information I can on that subject.

Senator JONES. I wish you would tell us something about the finished cost of production in Mexico and in New Mexico, for instance.

Mr. WISWALL. I can only speak for myself; that is, the figures of my own company. I do not know what other people's figures are. For instance, in the year 1920 our total expenses of all kinds, including interest and rent, and operating expenses and improvements—because we charge our improvements to ranch expenses—was $240,000. We branded 14,000 calves; we gathered 12,000 yearlings this year, that is about $20 a head for our yearlings, on the Mexican side of the line.

Senator JONES. You charge improvements to expense?

Mr. WISWALL. To expense; yes, sir.

Senator JONES. And you own the land?

Mr. WISWALL. Yes, sir; we own 425,000 acres, and we lease 375,000 acres.

Senator JONES. How much rent do you pay?

Mr. WISWALL. We pay 6 cents an acre.

Senator JONES. What part of Mexico are you in?

Mr. WISWALL. Sonora, right adjoining the international line.

Senator WATSON. We have given you an unusual amount of time. I suggest that you file your brief, and we will read it.

Senator GOODING. That is Mexican money?

Mr. WISWALL. No, sir; that is American money.

I wish to add one point which perhaps I have not made clear. Our cattle are sold before they are imported into the United States. For that reason it seems to me that they can not in any way affect the price of stocker cattle in the United States.

All cattle from Mexico are handled in this way, and I am told, but have no personal knowledge, that most young stocker cattle from Canada are also handled in this way. As nearly as I can arrive at the figures, I estimate that of the 316,000 head of cattle imported from Canada in 1920, 80,000 head were calves and 40,000 head were stockers and feeders between the ages of 1 and 2 years.

Of the 60,000 head imported from Mexico, I estimate that one-third, or 20,000 head, were under 2 years old. The exportation of calves from Mexico is prohibited by the Mexican Government. In other words, probably 60,000 head of stockers and feeders under the age of 2 years were imported into the United States in 1920.

I do not think it probable that that number would be exceeded for some years to come. There is no longer the attraction of high prices to tempt the Canadian cattleman to sell his young cattle, and the cattle industry in Mexico is at a complete standstill.

LIVE STOCK, MEATS, AND HIDES.

[Paragraphs 701-703 and 1582.]

STATEMENT OF SAMUEL H. COWAN, FORT WORTH, TEX., REPRESENTING AMERICAN LIVE STOCK ASSOCIATION.

Mr. COWAN. I live at Fort Worth and represent the American Live Stock Association.

The CHAIRMAN. The committee will be pleased to hear any additional statement you may have to add to those you so ably set forth before the House Ways and Means Committee.

Mr. COWAN. Mr. Chairman and Senators of the committee, I have many times appeared before committees of Congress, and several times before this committee and the Ways and Means Committee on this subject; and I therefore very fully appreciate the difficulties under which you labor and the difficulties which confront one trying to present the facts to the satisfaction of those whom you represent, and I am particularly conscious of the necessity of the conservation of time as much as the conservation of natural if not artificial resources. If I could handle the clocks as they have been handled in a few historic periods, I would make some time. But I can not do that.

At the outset of my remarks I wish to pay the highest compliment that it is possible for me to do to the gentleman who has just taken his seat, Prof. Rice.

I am going to submit to the stenographer here some statistical data, and the brief which we filed before the Ways and Means Committee, and to make reference to the most elaborate argument and brief I have ever prepared upon the subject, when the Payne-Aldrich bill was under consideration, and which was printed in a volume of the House committee proceedings in 1909, to which I will refer, and thus point to as complete analysis as we can make of the subject with respect particularly to the then tariff on hides. Well, I will not take so much of your time.

Referring again to the gentleman who has just closed his argument, I think he spoke in words of very great wisdom to this committee, and I wish the whole people of the United States and every man who serves the country through the political parties could hear it; could be conscious of the things he has shown here, in order to convince the people, in spite of politics, in spite of tradition, of the great necessity at this time, in particular, and it will remain so in the future, that we have our home markets preserved to our home production, where we can make a reasonable sufficiency or where we are capable of producing a sufficiency.

We have been in the unfortunate position, politically speaking, of having always believed in what I have just said. I would love to have had the opportunity to vote for what I have just said. I did undertake to do it when I voted for President Harding in Texas, and I voted for him on that proposition. I am not tickled to death about it, and I am not bragging about it, for I wish to add my criticism, if it is worth anything, to those who profess to protect the industries of this country and lose sight of this great fundamental basic industry, agriculture, upon which alone prosperity, indeed civilization alone, is based for the human race from nomadic times, when learning to domesticate animals and gather their food wheresoever they could at the very beginning of civilization. As agriculture progressed civilization progressed, and so it is and will be to the end of the human race; and it is amazing to me to know that we have among us in this country men of great wisdom in other things, perhaps, who, for selfish reasons and their desire to profit from the "industry of profiteers" that have grown up in this country in recent years, will have the nerve to say to the Congress and to this committee that you must "place these agricultural products or any of them on the free list," because they, as the time-serving advocates of the consumer, say it will help the consumer. And what do they care for the consumer?

I refer particularly to the manufacturer of shoes. I say that in my opinion it is demonstrated by the facts produced before the Ways and Means Committee during consideration of the Payne-Aldrich bill that they spread a propaganda throughout this country for free hides, with the object of fooling the people and many politicians into the belief that the people would get the benefit of it in shoes that were produced for themselves and their children. And even to-day, or at least just recently, our own Congressman from Texas voted for free hides, when 90 per cent of the people of that State would to-day vote for a tariff, if they had a fair show, on every agricultural product of that State, and there is not a man from the State who does not know that.

The documents to which I have made reference demonstrate beyond a question that the proportion of the tariff added to the labor that goes into a pair of shoes that comes from a cowhide, or a similar hide, was so small that to figure it at all in the retail price of the shoes is too silly to talk about. And yet I have understood that from one of the States in our southwestern country a new Member of Congress, under this recent régime, spoke in the House of Representatives in favor of having free hides, in order that the Member of Congress might aid the people in getting cheap shoes for children who go to school, and that in the presence of the fact that when we have free shoes in this country and free hides in this country we have paid the most unreasonable prices for shoes and few have been imported—145,000 pairs of shoes were imported into the United States in the year 1921, when both shoes and hides were free. Why would any one benefit by keeping that up, when my wife just the other day, out of her own money—I did not have it, the Lord knows—the people who employ me, the cattlemen, are broke—paid $13, in the city of

Washington, for plain, low-quarter shoes, because we are plain people. And for these gentlemen to have the nerve to come before Congress and advocate free hides for the farmers in this country staggers the imagination. I have not the patience to argue the question.

The time has come, I wish to say to this committee, when the people in this Nation who are engaged to-day in working with horns and corns on their hands and callouses on the bottoms of their feet, working 10 hours a day, for the mere chance to make a living; with their families wearing coarsest clothing and remaking their old clothes, with the repairing and use of all the agricultural implements and paying these enormous profits that are put upon them by some hook or crook—the people of this country are demanding, and they are going to have, the whole measure of protection against the profiteer of the farmer, and the producer and the live-stock producer, all of whom are working in the same line. Our country must go undeveloped; we can not even cultivate what we have, and it is a backward step for America to neglect the protection of these producers from the soil, just as certain as we live, unless you shall bring down the costs of what we buy from the manufacturer. I have to pay $180 for a wagon. When I went to Texas in 1878, 42 years ago, the Milburn wagon, the Studebaker wagon, the Baine wagon, and others sold and were bought for $75 each; but I paid for an ordinary wagon for one of my farms that I own, like the railroads own their property, for what I could owe on it—$180? The freight rate on that wagon is nearly as much from South Bend as the price of the wagon was then.

It is an amazing proposition that the concentrated wealth of the country, that which has been enabled to concentrate not only the wealth but the brains of the country, have always got the money to pay to present their specious arguments. This gentleman who spoke for the producer here was the first man I have seen who had money to get up the charts and prepare to present to you these things as they ought to be presented. But when the others come here they can fill the hotels, they can fill the offices in Washington. You can not even get into an elevator without meeting a lot of them. They are on the job, they know how to do it, and they work three shifts of eight hours each a day and get paid union prices, and preach poverty prices for the farmer.

That is the reason we are here. We do not need to ask you to do your duty, because we feel that you will do it. The House committee made a grave mistake in not putting a duty on live stock and live-stock products that would protect the producer of this country in the home market. If it gives him a monopoly, it will be the first monopoly that he ever benefited from. You can not, however, give him a monopoly. Why? Because we have the soil; we have the labor; we have the climate. We will always produce so that it is absolutely impossible to have a monopoly in farm products in the United States. We ought to-day to be producing sugar that will supply this country and make us an exporter of sugar. Any other nation in the world would have done it with our climate and our opportunities. But we have been so wedded to specious arguments which have been urged, the propaganda which has been spread amongst us, and to our politics, that we have simply played into the hands of this glut, on the theory that from him who has not shall be taken even the little he hath. I am so impatient with the whole situation that confronts our public life, with those who are controlling things in this country—and I suppose it is so all over the world—that I can scarcely believe, as I heard Frank Hegenbarth out in Washington say, that the stock raiser and the farmer can find a true friend in the city of Washington. They are growing here now; they are hearing from the country, and they are seeing the necessity; and our men, one of them a man from my own town, Fort Worth, where I reside, a city where live stock is one of the greatest businesses, voted for free hides on account of the fact that he wants cheaper shoes and was afraid to put a duty on shoes. I asked him how many shoes he thought were imported into the United States. He did not know. I said, "just enough to make one pair each for the population of Dallas during one year."

I speak these things plain, because I said to the Committee on Interstate Commerce the time has come to talk "turkey;" and that is the way I wish to impress this committee.

I mean no harm by what I say to you. I have the greatest respect for this committee and I have the greatest respect for all of the committees here in Congress. But I have no patience with the idea of refusing to give to the farmer and stock raiser of this country enough tariff protection to insure him a fair degree of preference; that will give him the preference in the markets of this country for what he produces. What are we going to do with this great western country that lies west of the corn belt? There is the intermountain country, with enough territory and land that can be irrigated to feed the United States were it necessary. Yet to-day, by reason of the freight rates, by reason of the situation that confronts the people of this country, it is going back, and it will keep going back. They need to have the benefits of the markets of this country.

This is not an ordinary case of importation, so far as meats and hides are concerned, in general commerce, because only those who bring this in are those who manufacture for exportation from the other surplus countries, just a few large packing houses can import the meat and the hides that come in in competition with the very same stuff they produce and sell for the most part in the sections of the United States which consume the surplus.

It is a question whether you will let that come in here and take the place of what they will produce here if they buy from us when we are selling steers to-day at $40 a head loss all over this western country.

I am glad we have got some eggs. I hope you will protect the eggs, because there are many instances—and this is verily true—where the stockmen who have been worth considerable money, that their families to-day are paying grocery bills from the products of the hens which the housewife is producing.

Senator CURTIS. Tell the committee what the steers cost which are now selling at $40 loss.

Mr. COWAN. Nobody will believe me, Senator.

Senator CURTIS. I know they will not, but I want you to tell, anyhow.

Mr. Cowan. Joe Mercer is going to follow me here, and he will tell you. They cost so much I am afraid to tell you.

Senator Curtis. That is what I want to get into the record.

Mr. Cowan. The State of Kansas has gone broke because Texas has gone broke selling them cattle to fatten; that is the size of it.

Senator Curtis. That is right.

Mr. Cowan. I want to make some remarks about some data which I want to introduce. A resolution was passed——

Senator Jones (interposing). Mr. Cowan, if you are not going to touch upon it again: You referred awhile ago to the fact that the meat packers were the ones who imported the meats into this country, and so on. Are you going into that in more detail?

Mr. Cowan. No; I just stated a fact that everybody knows.

Senator Jones. The point I would like to have you make clear, if you will, and if somebody else is not going to touch upon it—this country is a large exporter of meat?

Mr. Cowan. Only hogs, not meat.

Senator Jones. Of meat products—and it is my notion that the hog products are related to the cattle products, and we do export considerable beef products, if my information is correct.

Mr. Cowan. I will leave you the figures on that.

Senator Jones. What I wanted to get at was, if it is a fact, how they would import these beef products and mutton products so as to control the price of those products in this country. In other words, to find out how the meat industry of this country, for instance, can be benefited by a tariff.

Mr. Cowan. Answering your last question, as to how it would be benefited by the tariff—it would be in this way:

We have apparently an overproduction compared to the consumption of meats, resulting from many causes, and perhaps the most prolific cause is the very high price of retail meats. The other is the very large amount of unemployment and the ceasing to buy. Unless we can export a surplus when we have it, we are in a very bad situation, as will readily be understood. The other countries—South America, Australia, and New Zealand—export their meat products to the same consuming countries to which we would export ours; the same packers, with the exception of one or two English concerns, manufacture the product in those countries to export to Europe, the same as they manufacture in this country and in Canada to export to Europe. If it turns out that our situation here is such that a better price is obtained, good business would seem to turn the stuff here; and we did witness the importation into this country of an enormous amount of frozen lamb, as you remember.

If we have a good stiff tariff here we will not be made the dumping ground for stuff the world will not take; it will be taken out, because these gentlemen are in business to sell their products. So that we are to be very greatly benefited, first, in the stability of the market and, second, in the stability of the live-stock industry. If we have a staple market our home producer will agree to give a preference in our home market.

Senator Jones. Is not the real benefit that the meat producers of this country will get from the tariff that it will tend to stabilize prices?

Mr. Cowan. Just what I said, in my opinion, after a long study of it.

The resolution I want to offer—and I will file it—was passed by the mid-year meeting of the American Live Stock Association held at Salt Lake City in August, asking for a duty on hides of 20 per cent, which we think should be ad valorem, because there are such a variety of hides, which may be trimmed, and a specific duty by the pound would not be desirable; and on live stock fixed on a basis of 20 per cent. One of the reasons is that it will force all of it to be weighed, and that would give a chance for inspection as it comes in, and it would show just what comes in, how it comes in, and would enable us, so far as Mexico is concerned, probably to prevent stealing such things. You would not pass a tariff for that, but it is desirable from every standpoint, particularly if you put it by the hide, the various values they put upon it will enable one to get an advantage over the other; whereas if you put on an ad valorem duty there is a market price pretty well established known at the time of importation, as to how much it brings on some of the near-by markets per pound.

The National Wool Growers passed their own resolution with respect to wool, and it was indorsed also by joint convention, and these resolutions were fixed—those are the latest expressions on the subject, those resolutions representing the sentiment of the live-stock men.

RESOLUTION NO. 9.—TARIFF LEGISLATION.

Whereas, the American National Live Stock Association and all other live-stock organizations of the West and South are and have continuously been in favor of a reasonable tariff on importations of live stock, meats, hides, and wool, to the end that the American live-stock industry may be accorded a fair degree of preference in the home markets; and

Whereas, the House of Representatives, by passing the tariff legislation known as the Fordney bill, has placed hides on the free list, and has failed to impose a sufficient duty on live stock, meats, and wool to give to American producers such a degree of preference; and

Whereas, it is the right of the live-stock interests that this be corrected and that a duty sufficient for the purpose be placed on such products: Now, therefore, be it

Resolved, by the American National Live Stock Association, at its mid-year meeting in Salt Lake City, Utah, August 26–27, 1921, That we demand—

1. That hides be put upon the dutiable list with a 20 per cent ad valorem duty.
2. That the duty on live stock be fixed on the basis of 20 per cent ad valorem.
3. That the duty on fresh and prepared meats be placed at 20 per cent ad valorem, subject to a minimum of 4 cents a pound.
4. That the duty on wool be placed at the amount demanded by the National Wool Growers' Association, whose position on that subject we hereby indorse; and be it further

Resolved, That it is the sense of this convention that many Congressmen have been misled by specious arguments of shoe and leather concerns to the effect that free hides mean cheaper shoes, which arguments have been abundantly refuted by our experiences under a free-hide policy, with no importations of shoes; and that we call upon stockmen generally to demand of their Congressmen active support of a reasonable duty on these commodities; and be it further

Resolved, That this association take active steps to present arguments to the congressional committees in support of this resolution.

I wish to offer in this connection certain documents. The brief which I filed before the Ways and Means Committee on December 6, 1908, is in my statement there; I wish to offer that brief here. My statement is available in those prints, if desired. The brief covers the subject so thoroughly that I would like to have it in here, as it has never been printed by this committee.

The CHAIRMAN. Is that brief, Mr. Cowan, a voluminous document?

Mr. COWAN. It is rather voluminous.

Senator CURTIS. It was printed in the House hearings?

The CHAIRMAN. Do you want it printed here?

Mr. COWAN. No; just to have it available.

The CHAIRMAN. I understood you wanted it printed.

Senator LA FOLLETTE. It is difficult to get copies of those old hearings now.

The CHAIRMAN. I am entirely willing to have it printed.

Senator LA FOLLETTE. I would suggest that it be printed so that it will be here with the rest of this new matter.

The CHAIRMAN. I will agree and Mr. Cowan will agree that we do not want to cumber up the record with material that will crowd out the really good matter. If you want it printed, we will print it. If you are satisfied with the printings in the House hearings, we will let it go at that.

Mr. COWAN. It is the old hearing—1908.

The CHAIRMAN. The document will be printed.

Mr. COWAN. The principle and the method of analyses with respect to the extent which the tariff on hides would enter into shoes is also set forth.

BRIEF OF S. H. COWAN, FORT WORTH, TEX., REPRESENTING THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND THE CATTLE RAISERS' ASSOCIATION OF TEXAS.

WASHINGTON, D. C., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The American National Live Stock Association is composed of stockmen and associations of stockmen in cattle raising and feeding business in States west of the Mississippi River.

The Cattle Raisers' Association of Texas is composed of cattle raisers throughout the Southwest, in Texas, and the trans-Missouri States and Territories.

We oppose placing hides on the free list. We demand equality of opportunity.

It is singular that so many makers and manufacturers of leather should belabor themselves to get cattle hides on the free list, and in the same breath assert that the consumer will get the benefit.

If the consumer happens to do so, it will be because these gentlemen can't help it. Can anyone fairly doubt their intentions to pocket the "change?"

They are equally zealous to tell you that the stock raisers and farmers who produce and sell cattle can get no benefit of the tariff on hides, because, they say, the value of the animal is not affected by the value of the hide, at the same time complaining that hides are too high by the amount of the tariff on account of the tariff.

At the outset, these live-stock associations, which now appear in behalf of the cattle raisers west of the Mississippi River, against the proposal to put hides on the free list, make no objection to removing the tariff if it be true, as asserted by the tanner and the shoemaker, that the value of cattle on the market or elsewhere is not affected by the value of the hide on that animal.

Forty-five per cent of the cattle slaughtered are sold on the markets at Chicago, St. Louis, Kansas City, St. Joseph, Sioux City, St. Paul, and Fort Worth. About 5,000,000 per annum are slaughtered by the big packers, and about 320,000 by others at those markets. Total for the past year was about 5,320,000, exclusive of calves. The total slaughter exclusive of calves in the United States is approximately 12,500,000 head. On this basis there are slaughtered elsewhere in the United States 7,180,000 cattle exclusive of calves. Those who slaughter the cattle buy them either at the same markets or at similar but smaller markets and stock yards, to which they are shipped for sale at every important city in the country, or they are bought and driven in by local butchers. Of the 71,267,000 cattle in this country, more than 2,000,000 die of disease or by accident, and from that source comes probably more than 1,000,000 fallen hides.

There are hide dealers at every town and city, being more than a thousand such concerns listed in the yearly directories and yearbooks on hides and leather, who compete in both buying and selling.

It ought to need no more than a statement of those facts to show the absurdity of the claim that the stock raiser can get no benefit from the tariff on hides.

Fluctuations in prices of cattle and the wide range of prices of different grades of cattle are due to such a multitude of causes, more important than the 15 per cent of the hide value, that the attempt to draw the conclusion that the hide value is not even present, be it what it may, is mere sophistry. Precisely the same can be said of the fluctuations in prices of hides ranging to a much greater per cent than the amount of the duty. Such fluctuations prove nothing as to who gets the benefit of the 15 per cent duty.

Of course the consumer wouldn't get it if the packer, the tanner, and the shoemaker could get it for themselves. The situation is such that they can't do it. That is why the tanner wants it off.

The mere amount of the tariff is not the only issue; a home market is, above all, the desirable thing. If you take the tariff off cattle hides, that means that the tanners will stock up on the lowest-priced hides obtainable in the different markets of the world, and bear the price at home accordingly. Hides produced here will have to be sold on basis of the lowest world market, and we will have to ship them to Europe for sale. Thus the taking off of the tariff means a reduction in price much greater than the tariff figures. To satisfy you that such will be, as it was, the case, look at the quotation of hides from time to time. If, in order to market, we must first negotiate a sale and ship to Europe, our own stock raisers and farmers will lose the transportation, all charges, and commissions. The importance of this feature can not be overestimated.

For example, hides consigned to New York from South American points are, as we are reliably informed, being reconsigned from New York to London, because hides are higher in London. Now, the hide dealer in this country can't buy on expectation that such higher price there will continue; hence he must in safety discount enough to account for fluctuations.

The proposals of the tanners means upsetting a market the world over, of which he alone can take advantage.

Is that not "the milk of the coconut?"

We trust the committee will be cautious in its action, lest it most injure those who most need its consideration.

I.

We must assume in submitting these statements and arguments that on part of the committee there is an intention to deal fairly as between those engaged in different lines of business and as between different localities, and that the investigation is held for the purpose of the ascertainment of facts and conditions with a view of making laws for the whole country and not to subserve some special interest. If the judgment of the committee is to be based on facts, there should be no mistake in ascertaining them. The committee, we assume, is not a tribunal which merely affords an opportunity for interested parties to present their case, but owes the paramount duty to the country to itself ascertain the facts, whether those whose interest may be affected appear or not. No judgment by default, or decree pro confesso, can be had, nor should ex parte statements be taken as true merely because no one has come forward to deny them. That stock raisers and farmers can not be expected to appear individually at Washington, like the tanners and manufacturers of leather, is evident from the fact of the comparatively small interest each farmer or stock raiser has in dollars and cents in the 15 per cent tariff on hides. The aggregate is as large to them as to the leather men, but so diffused that they must rest their case with their representatives.

The associations above named, representing the cattle business, beg leave to file this written statement and argument, in answer to the claims of the tanner and leather manufacturers:

1. We insist that if there is to be a protective tariff the stock raisers and farmers are entitled to equality under the law, be it a good or bad law, as well as others, although it enhances the price of their products, because they are denied free access to the markets of the world for what they buy and are made to pay a higher price on account of the tariff on manufactured articles.

2. If the American stock raisers and farmers must patronize the American market for what they buy, they demand in turn the same benefit of furnishing the home supply with what they raise to sell.

3. The American stock raiser and farmer does and will furnish enough cattle hides to supply the consumption in this country unless forced to curtail business by low prices to meet foreign competition.

4. The reduction of cattle values from outside competition by free hides or free cattle, or both, will demoralize the cattle-raising business, lessen our home meat supply, and in the end increase the cost of meat and meat products and hides.

5. Fifty-five per cent of the hides of cattle produced in this country are skinned and sold by others than the big packers and are marketed everywhere. While the level of price has generally been more than in foreign countries from which we import cattle hides, it has fluctuated between extremes as much as at any of the hide markets of the world.

6. We dispute the claim that cattle raisers do not get any benefit of the 15 per cent duty on hides.

7. We dispute the claim that the value of cattle on the market is not affected by the value of the hides.

8. We assert that it costs the American stock raisers and farmers materially more to produce cattle and hides than it does in Mexico, South America, and Africa.

9. We dispute the claim that the public will receive the benefit of taking the duty off hides, but insist that the very motive which prompts the activity of the tanners and manufacturers for free hides is to pocket the profit themselves.

10. We assert that the tanners have now free access to the markets of the world for hides to make into leather for export, and that the shoe manufacturers are from year to year increasing their exports of shoes.

11. We submit herewith tables showing the commerce in hides, leather, and shoes, and comparative prices and values, covering imports and exports, for the years shown, as follows:

[Tables from "Commerce and Navigation," published by Department of Commerce and Labor, for 1907.]

Imports of merchandise, years ending June 30.

HIDES AND SKINS OTHER THAN FUR SKINS.

GOAT SKINS, FREE.

	1903	1904	1905	1906	1907
Total	85,114,070 $24,928,720	86,338,547 $23,971,731	97,803,571 $26,945,721	111,079,391 $31,773,909	101,201,596 $31,375,298
RECAPITULATION.					
Europe	28,284,362 $7,650,659	23,610,008 $6,045,880	26,719,106 $7,070,847	27,943,788 $7,354,564	24,984,277 $7,230,054
North America	7,504,785 $2,576,738	6,962,400 $2,457,220	7,041,262 $2,536,391	7,583,198 $2,968,560	8,552,898 $3,272,323
South America	8,506,367 $3,423,705	9,334,242 $3,833,199	10,155,540 $4,086,004	9,168,498 $3,748,422	9,783,131 $4,110,449
Asia	38,094,809 $10,676,005	43,203,905 $10,952,013	50,130,091 $12,169,113	60,353,396 $16,267,308	52,121,470 $15,548,087
Oceania	1,800 $358	13,810 $3,154	43 $13	12,042 $3,047	15,759 $2,878
Africa	2,722,947 $601,264	3,194,187 $680,265	4,757,529 $1,083,353	6,018,481 $1,432,008	5,789,061 $1,551,507

HIDES OF CATTLE, DUTIABLE.

	1903	1904	1905	1906	1907
Total	131,644,325 $16,159,902	85,370,168 $10,989,035	113,177,357 $14,949,628	156,155,300 $21,862,060	134,671,020 $20,649,258
RECAPITULATION.					
Europe	21,556,676 $2,284,199	6,013,280 $645,572	17,644,644 $2,078,274	44,182,223 $5,419,487	25,366,484 $3,519,383
North America	33,791,471 $3,103,633	24,189,244 $2,283,233	33,206,896 $3,281,566	39,971,082 $4,353,672	41,796,004 $4,741,513
South America	61,670,923 $8,855,984	43,298,485 $6,489,459	47,057,860 $7,444,873	52,225,524 $9,143,116	49,697,269 $9,574,598
Asia	14,076,278 $1,841,339	11,652,428 $1,539,076	14,326,162 $2,021,268	18,001,733 $2,733,288	16,409,285 $2,582,139
Oceania	113,917 $10,971	....	343,899 $31,503	910,398 $98,292	418,233 $53,394
Africa	431,060 $63,776	216,731 $31,695	597,896 $92,044	964,345 $114,205	983,745 $178,231

Imports of merchandise, years ending June 30—Continued.

HIDES AND SKINS OTHER THAN FUR SKINS—Continued.

ALL OTHER FREE.

	1903	1904	1905	1906	1907
Total	102,340,300	103,024,752	126,893,934	158,045,419	135,111,199
	$16,942,982	$17,045,304	$22,868,797	$30,246,198	$30,841,989
RECAPITULATION.					
Europe	76,289,334	77,166,396	97,776,851	122,746,218	98,640,447
	$12,515,444	$13,156,584	$18,286,796	$23,707,984	$23,549,037
North America	9,779,840	10,650,516	12,121,683	10,617,378	14,566,200
	$1,274,510	$1,316,780	$1,623,856	$1,568,104	$2,286,243
South America	5,929,803	6,093,864	6,580,443	8,003,137	4,928,336
	$1,041,085	$1,051,404	$1,070,696	$1,488,184	$1,131,150
Asia	4,766,431	3,986,399	4,348,318	9,433,874	9,958,616
	$945,245	$659,621	$750,682	$1,843,654	$2,073,151
Oceania	5,528,529	5,099,451	5,755,445	6,950,563	6,535,891
	$1,161,301	$857,193	$1,092,746	$1,588,100	$1,713,477
Africa	46,366	28,126	305,194	294,249	481,709
	$5,397	$3,722	$44,021	$50,172	$88,931

Exports of domestic merchandise, years ending June 30.

HIDES AND SKINS OTHER THAN FUR SKINS.

	1903	1904	1905	1906	1907
Total	12,859,549	32,727,643	10,268,722	10,752,827	15,396,806
	$1,224,409	$3,246,887	$1,051,641	$1,223,255	$1,760,032
RECAPITULATION.					
Europe	7,327,083	23,174,272	7,198,609	9,922,344	14,097,331
	$688,551	$2,251,697	$704,850	$1,114,742	$1,569,422
North America	5,511,559	9,508,058	3,143,047	826,423	1,133,841
	$533,259	$990,030	$343,816	$107,501	$162,727
South America	4,300	8,770	865	....	285
	$423	$979	$91	....	$28
Asia	756	3,451	19,611	4,060	165,349
	$122	$389	$2,225	$1,012	$27,855
Oceania	15,896	....	6,590	....	....
Africa	....	32,092	....	....	....
		$3,792	....	....	....

SOLE LEATHER.

	1903	1904	1905	1906	1907
Total	37,428,437	36,830,717	44,107,054	40,548,767	31,900,868
	$6,920,467	$6,978,497	$9,444,873	$8,186,279	$7,024,313
RECAPITULATION.					
Europe	35,439,006	33,507,547	26,618,897	34,826,486	28,004,052
	$6,444,209	$6,186,625	$4,970,789	$6,605,888	$5,904,511
North America	614,425	666,043	694,139	751,255	838,313
	$125,384	$133,877	$138,421	$100,851	$185,996
South America	23,681	16,672	3,829	1,215	2,555
	$6,989	$3,513	$891	$270	$629
Asia	951,813	2,312,508	16,290,457	4,703,053	2,768,241
	$249,304	$571,995	$4,227,307	$1,353,096	$862,833
Oceania	163,628	134,055	139,717	72,355	102,953
	$43,472	$38,542	$41,445	$23,161	$29,735
Africa	235,884	193,892	297,015	194,403	187,754
	$51,109	$43,945	$66,020	$43,013	$40,609

NOTE.—Average value sole leather, per pound, appears from the foregoing:

	Cents.
1903	18.5
1904	18.9
1905	21.4
1906	20.2
1907	22.0

Exports of domestic merchandise, years ending June 30—Continued.

UPPER LEATHER—PATENT OR ENAMEL.

	1903	1904	1905	1906	1907
Total	$122,782	$170,940	$166,320	$143,590	$157,088
RECAPITULATION.					
Europe	94,267	133,830	93,803	41,154	40,916
North America	6,086	17,201	39,048	56,442	69,249
South America	2,827	3,567	3,868	17,204	5,839
Asia	3,994	4,036	3,110	2,836	905
Oceania	14,061	9,402	18,686	19,418	23,500
Africa	1,547	2,904	7,805	6,536	16,679

UPPER LEATHER—SPLITS, BUFF, GRAIN, AND ALL OTHER.

	1903	1904	1905	1906	1907
Total	$13,493,499	$15,049,602	$15,057,791	$17,242,011	$17,779,716
RECAPITULATION.					
Europe	12,336,443	13,270,142	13,144,145	14,509,518	15,509,144
North America	389,079	493,306	682,918	832,117	723,707
South America	218,914	392,395	493,288	719,067	603,688
Asia	48,929	95,001	248,047	548,218	380,288
Oceania	450,340	764,697	467,443	613,064	546,326
Africa	49,794	34,061	21,950	20,027	16,563

ALL OTHER LEATHER.

	1903	1904	1905	1906	1907
Total	$982,251	$1,140,364	$1,813,154	$1,822,337	$2,727,513
RECAPITULATION.					
Europe	576,103	667,228	597,399	788,218	1,243,451
North America	315,620	328,464	412,913	560,780	954,885
South America	15,912	29,411	23,038	31,971	120,338
Asia	8,589	13,510	702,356	310,612	184,638
Oceania	46,027	65,062	50,686	108,262	182,860
Africa	20,000	36,669	26,762	22,962	41,341

BOOTS AND SHOES.

	1903	1904	1905	1906	1907
Total ... pounds	4,197,566 $6,665,017	4,642,531 $7,238,940	5,315,699 $8,057,697	5,672,249 $9,142,748	5,833,914 $10,666,949
RECAPITULATION.					
Europe ... pounds	1,273,485 $2,672,629	1,114,439 $2,447,368	1,149,899 $2,472,608	1,257,004 $2,591,144	1,215,428 $3,062,988
North America	1,985,768 $2,502,465	2,673,082 $3,300,200	3,425,111 $4,238,642	3,774,655 $5,637,349	3,883,856 $6,167,179
South America	175,122 $210,204	207,240 $282,903	206,117 $325,467	197,549 $363,310	229,478 $458,613
Asia	23,151 $43,570	22,178 $40,672	42,332 $77,277	47,074 $80,868	35,766 $54,782
Oceania	537,949 $942,150	503,809 $936,321	362,646 $673,056	312,869 $552,104	460,469 $792,464
Africa	202,091 $293,999	121,783 $231,476	129,594 $270,647	83,098 $187,973	58,917 $130,923

HARNESS AND SADDLES.

	1903	1904	1905	1906	1907
Total	$373,677	$560,346	$502,660	$691,575	$767,418
RECAPITULATION.					
Europe	30,887	35,274	32,842	47,540	38,002
North America	203,956	261,835	291,614	371,595	512,505
South America	56,099	95,898	86,885	121,749	123,630
Asia	14,208	19,136	40,611	16,597	31,158
Oceania	33,917	131,064	40,269	125,505	56,348
Africa	34,610	17,139	10,439	8,599	3,775

Exports of domestic merchandise, years ending June 30—Continued.

ALL OTHER.

	1903	1904	1905	1906	1907
Total	$1,064,496	$1,329,747	$1,318,046	$1,491,688	$1,984,385
RECAPITULATION.					
Europe	257,831	340,218	394,206	387,146	757,052
North America	608,050	751,461	731,036	883,073	988,555
South America	49,060	56,635	45,328	48,252	63,311
Asia	42,158	52,925	54,552	43,350	62,592
Oceania	79,671	113,052	69,098	115,691	94,232
Africa	27,727	15,456	23,826	14,176	18,643

Imports of hides of cattle (dutiable) for 10 years, their value and amount per pound.

[From Statistical Abstract, Commerce and Labor for 1907, p. 134.]

	Pounds.	Value.	Per pound.[1]
			Cents.
1898	126,243,595	$13,624,989	10.8
1899	130,396,020	13,621,946	10.4
1900	163,865,165	19,408,217	11.8
1901	129,174,624	14,647,413	11.3
1902	148,627,907	17,474,039	11.8
1903	131,640,325	16,159,902	12.2
1904	95,370,168	10,989,035	12.8
1905	113,177,357	14,949,628	13.2
1906	156,155,300	21,862,360	13.9
1907	134,671,020	20,649,258	15.3

[1] Estimate ours (only approximate).

Imports of hides, other than goats and cattle (not dutiable) for 10 years, and their average value.

[Taken from Table 161, Statistical Abstract, Commerce and Labor.]

	Pounds.	Value.	Per pound.
			Cents.
1898	54,607,531	$7,667,312	14
1899	66,965,785	9,877,771	14.7
1900	100,070,795	16,539,807	16.5
1901	77,989,617	12,995,567	16.6
1902	89,457,680	15,054,400	16.8
1903	102,340,303	16,942,982	16.5
1904	103,024,752	17,045,304	16.5
1905	126,893,934	22,868,797	18
1906	158,045,419	30,246,198	19
1907	135,111,199	30,841,989	22.8

Exports of boots and shoes for 10 years.

[From Statistical Abstract, Commerce and Labor, 1907.]

	Pairs.	Value.	Per pair.[1]
1898	1,307,031	$1,816,538	$1.39
1899	1,934,277	2,711,385	1.40
1900	3,016,720	4,276,656	1.41
1901	3,492,041	5,526,190	1.58
1902	3,966,766	6,182,098	1.56
1903	4,197,566	6,665,017	1.59
1904	4,642,531	7,238,940	1.56
1905	5,315,699	8,057,697	1.51
1906	5,672,249	9,142,748	1.61
1907	5,833,914	10,667,949	1.83

[1] Estimates ours (only approximate).

Comparative prices of leather and hides for 10 years.

	Sole leather, per pound.				Upper leather, per foot.							Hides per pound.		Buenos Aires (duty and costs paid).
			Oak.		Satin.		Kangaroo.		Calfskins.					
	Hemlock B. A. & Mont. Mid.	Union No. 1 Mid.	Scoured backs Mid.	Texas sides.	Eastern M.	Western M.	Eastern M.	Western M.	Boarded chrome fin.	Wax, 30 to 35 lbs. av.	Heavy native steers.	No. 1 buffs (Chicago).	Calfskins, Chicago and country.	
1897—July	19 @20	26@—	29@30	24 @25	10 @13	11 @14	....	....	....	60 @62½	8¾@ 9	8¾@—	11½@11¾	18 @18½
October	21 @22	28@30	31@32	26 @27	12 @15	13 @15½	....	....	....	65 @—	10½@—	9½@—	13 @—	20 @—
1898—January	21 @—	29@30	31@32	25 @26	11½@14	12½@15	....	....	22@24	65 @70	10 @11	9½@—	13 @13½	20 @—
April	21 @—	28@29	31@32	25 @26	12 @14	13 @15	....	....	23@24	65 @70	11 @11½	10 @—	12½@13	20 @—
July	21 @—	28@29	32@33	27 @28	12 @14	13 @15	....	....	25@—	70 @75	12½@—	10½@—	12 @13	20 @—
October	21 @—	28@29	31@32	25 @27	12 @14	13 @15	....	....	25@—	70 @72½	11½@—	10½@—	12 @12½	21 @—
1899—January	21 @—	27@28	30@31	25 @26	12 @13	13 @15	....	....	24@—	70 @72½	11½@11¾	9½@10	12¾@13	20 @—
April	22 @—	31@32	34@—	26 @—	12 @14	13 @15	....	....	24@—	70 @72½	11½@11¾	9 @—	12 @12½	18 @—
July	21 @22	32@33	34@35	26 @—	12 @14	13 @15	....	....	24@—	65 @72½	11½@12	9¾@—	12½@—	21 @—
October	23 @24½	34@36	34@—	28 @30	12½@14½	13½@15½	....	....	24@—	70 @72½	13 @13½	10½@—	12¾@13¾	24 @—
1900—January	24 @25½	35@36	35@36	31 @—	13½@14½	14½@15½	....	....	23@24	70 @72½	13½@—	10½@—	13 @13½	23 @24
April	24 @25½	35@—	37@38	30 @31	13½@15	14½@15½	....	....	24@—	70 @72½	13½@—	10 @—	12¾@13¼	24 @25
July	25 @25½	32@33	36@—	29 @—	11½@13	13 @15	....	....	23@—	65 @—	11 @—	8½@—	11 @12	23 @—
October	23½@24	29@30	32@33	28 @—	11 @12	12 @14	....	....	23@—	65 @—	11½@—	8½@—	10 @10½	23 @—
1901—January	24 @25	31@32	35@—	30 @—	12 @13	13 @15	....	....	22@—	60 @—	12½@—	8½@—	11½@12	21½@—
April	24 @25	32@33	34@—	29 @30	12 @13	13 @14	....	....	23@—	65 @67½	10½@10½	7½@—	11½@12½	....
July	24½@25	31@32	35@—	30 @—	11 @12	12 @13	....	....	23@24	62½@67½	12¾@—	9½@—	11½@12	....
October	24½@25	33@34	35@36	31 @—	11 @12½	12½@13½	....	....	23@24	62½@65	13 @—	9½@—	11½@12	....
1902—January	24 @25	34@35	37@—	31 @33	12 @13	13 @14	11 @12	14 @15	23@24	62½@67½	14 @—	9½@—	12½@12¾	21 @—
April	23 @24	33@34	36@—	30 @31	11 @12	13 @15	11 @12	14 @15	22@23	62½@65	12½@—	8 @—	11½@11¾	....
July	23 @23½	34@35	37@38	30 @31	10 @11½	12 @14	10 @12	12½@14	22@23	62½@65	13 @—	8½@—	11 @11½	....
October	23 @24	34@35	38@39	32 @33	10 @12	12 @14	14 @16	17 @19	22@—	62½@65	14½@—	9 @—	12 @—	....
1903—January	23 @—	34@35	37@38	30 @31	10 @11½	12 @14	10½@12½	15½@16	22@—	62 @67	13½@—	8½@—	12¾@—	21½@—
April	22 @—	33@34	38@40	31 @—	11 @12½	12 @14	10½@12½	15½@16½	20@—	67½@72½	11½@—	8½@—	12½@13	....
July	22 @—	33@34	37@38	30 @31	10 @12	12 @14	10½@12½	15½@16	20@—	67½@72½	12 @—	9½@—	11½@12	....
October	23 @—	32@33	37@—	30 @—	11 @12½	12 @14	10½@12½	15½@16½	19@21	62½@67½	12 @—	9 @—	10½@10¾	....
1904—January	23 @—	32@—	34@35	28 @29	11 @12½	12 @14	11 @12½	15½@16	19@20	65 @70	11½@—	8¾@—	12½@13	21½@—
April	23 @—	31@32	34@35	28 @29	11 @12½	12 @14	11 @12½	15½@16	19@20	65 @70	10½@—	9 @—	12½@13	....
July	22 @—	30@31	32@33	26 @27	11 @12½	12 @14	11 @12½	15½@16	19@21	65 @70	11½@—	9½@—	13 @13½	....
October	22 @23	31@32	33@34	29 @30	12 @13	14 @15½	11½@13½	16 @17	22@23	65 @70	10½@—	9 @—	13½@14	....
1905—January	22½@23	35@—	36@37	31 @—	12½@14	14½@16	11½@13½	17 @17½	23@24	62½@67½	13½@—	9¾@10	14½@14¾	22½@—
April	22½@23½	35@—	37@38	31 @—	12½@14	14½@16	11½@13½	17 @17½	23@24	65 @70	13½@—	10½@—	14½@15	....
August	22½@23	35@36	37@—	31 @—	14 @15½	15½@17	14 @14½	17½@19	22@23	70 @75	15½@—	12½@13	14½@—	....
October	24 @25	37@38	37@38	33 @34	15½@16½	17½@18½	15½@16	19½@20½	23@26	72½@75	15½@15¾	13½@13½	15½@16	25 @25½
1906—January	24 @25	37@38	38@39	33½@34	15½@16½	17¾@18½	16 @16½	19½@20	23@26	72½@75	15½@15¾	13½@13¾	16 @—	25½@26
April	25 @25½	36@37	37@38	32½@33	15½@16½	17¾@18½	16 @16½	19½@20	24@26	72½@75	15½@—	13½@13¾	15¾@—	26 @27
August	25½@26	36@37	37@38	33½@—	15½@16½	17¾@18½	16 @16½	19½@20	25@27	72½@75	15½@15½	14½@—	16 @—	27 @28
December	26 @27	37@38	39@40	34 @35	16 @16½	18½@19	16 @16½	20 @20½	26@27	75 @77½	16½@16½	13½@—	16½@—	27 @28
1907—April	26 @27	37@38	38@39	34 @—	15 @—	17 @18	15 @—	19½@—	22@25	75 @80	14½@—	12 @12½	15 @—	24½@—
July	26 @27	36@37	38@41	34 @35	15 @—	17 @18	14½@15	19½@—	22@25	80 @—	14½@15	11½@11½	14½@—	24½@—

Average price of hides in Chicago market, 1892 to 1904.

[Taken from p. 218 of Report of Department of Commerce and Labor on the Beef Industry.]

	Cents.		Cents.
1892	6.32	1899	11.02
1893	5.50	1900	10.61
1894	5.10	1901	10.87
1895	8.47	1902	11.55
1896	6.98	1903	10.58
1897	8.81	1904	10.63
1898	10.04		

Comparative prices for 1903 of different classes of hides.

[Taken from Report of Department of Commerce and Labor, p. 216.]

	Cents.		Cents.
Heavy native steers	11.69	Light native cows	9.64
Butt-branded steers	10.57	Branded cows	9.19
Heavy Texas steers	12.64	Native bulls	9.61
Light Texas steers	11.19	Branded bulls	7.69
Colorado steers	10.54		
Heavy native cows	10.07	Average	10.28

III.

In its report on the beef industry the Department of Commerce and Labor (1904) estimated our annual beef supply at 13,000,000 head, of which approximately 500,000 are annually exported, leaving 12,500,000 (see pp. 53 to 57); of this number it was estimated that the six large packers slaughter 45 per cent. If this be approximately correct, then, of the total, butcher hides produced by packers are 5,425,000. Since 1904 there has been an increase in cattle, other than milch cows, of 15 per cent (see 1907 Statistical Abstract). Assuming butcher hides to have had a similar increase, the total would be 14,375,000, of which the six large packers, however, have not increased their slaughter.

The Bureau of Animal Industry estimated about 2,324,773 cattle that die by disease and accident for 1904. To what extent the hides are taken we know of no figures to show. That it is a large per cent there can be no doubt, probably at least 50 per cent, or 1,162,386, total animal-hide production of fallen hides that go into the open market. Hides undeniably are as extensively produced and marketed as the distribution of cattle, which stock raisers, farmers, and small butchers produce and market everywhere.

The value of cattle hides imported for nine months, 1908, shown by Summary of Commerce and Finance of United States for September, 1908, was the average 11.5 cents per pound.

The importation of hides of cattle decreased in 1907 compared with 1906, and for the nine months ending September, 1906, 1907, and 1908, show a decrease in importation of hides of cattle; 1908 shows 6.4 per cent under 1907, and 18.4 per cent under 1906.

During the same nine months, importations of leather and leather articles declined as follows: 1908 under 1907, 45.8 per cent, and under 1906, 35.3 per cent.

During the same period (nine months' comparison), there was an increase in exports of shoes; 10.9 per cent over 1906, and almost as great export as for same period, 1907.

In the case of sole leather there was an increase 1908 over 1907 of approximately 7 per cent, though a large falling off as compared to 1906, which was an unusual year for importation of hides, which, no doubt, were made into leather and exported.

Sole leather is chiefly exported from imported hides, with a drawback equal to the tariff.

It may be fairly gathered, from the total cattle slaughter of around 12,500,000 to 13,000,000 head, and probably 1,000,000 fallen hides, that we produce cattle hides near 14,000,000, and at 60 pounds average, which is under the average green, and 15 per cent shrinkage in curing leaves 51 pounds per head, total weight cured hides, 714,000,000 pounds, as compared to about 134,000,000 pounds of cattle hides imported.

If we deduct the 31,000,000 pounds of sole leather exported, and the leather manufactured articles shown in the foregoing tables, it seems certain that so far as cattle hides are used for articles consumed in this country, our production is sufficient for our home consumption. Furthermore, that there is an open market for 55 per cent of butcher hides and all fallen hides, making in all about 40 per cent in hands of the big packers at time skinned, and 60 per cent widely distributed.

IV.

The Union Stock Yards, Chicago, have just issued for distribution among the stockmen attending the International Live Stock Exposition, now holding its annual meeting at Chicago, the following statement:

"*To stockmen and farmers:*

"Do you know that 44.7 per cent of the 2,154,690 cattle received at Chicago so far this year have been sold and shipped alive, mainly for eastern slaughter and export? Also, that last year the number was 43.9 per cent and the year before 40.6 per cent, while during several months this year over 50 per cent were sold and shipped alive?

"The significance of this increasing percentage of live shipments lies in the fact of growing competition among buyers on the Chicago market.

"Eastern buyers and exporters are constantly on the market, and they look to Chicago as headquarters for supplies, thus furnishing at all times full competition. From 40 to 50 per cent of the total cattle receipts at Chicago are sold on the market for shipment alive, mainly to eastern slaughtering points and to the seaboard for export."

On January 15, 1908, the same company issued and distributed the following card, showing the sale and disposition for a week and the wide range of slaughter:

"Just think of it! Outside buyers in a single day buy on the Chicago market and ship out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States.

"As showing the increasing outside competition in buying and wide range of distribution of live stock sold on the Chicago market, the following reports of the past week's shipments are quoted:

"Monday, out of 2,515 carloads received, outside buyers bought and shipped out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States. Fourteen consignees shipped 322 cars, while 181 consignees shipped 359 cars, and there were more than 100 different shipments of 1 carload each. Monday's cattle shipments totaled 10,475 head, breaking the record for one day. Of these, only 383 head were stockers and feeders.

"Wednesday, out of 1,744 cars received, 499 cars were sold and shipped alive to 198 different consignees at 167 different points in 10 different States.

"Thursday, 1,100 cars were received, while 420 cars were shipped to 132 different consignees at 78 different points in 16 different States.

"During the week there were shipped out 2,306 carloads, or 113,910 head of live stock, of which 1,655 carloads, or 34,839 head (averaging 21 head per car) were cattle, constituting 48.6 per cent of the receipts.

"This week, starting out with active markets, a strong demand from every source, and prospects for good prices, notwithstanding Monday's run of 3,050 cars, or about 136,000 animals, bids fair to exceed the above records.

"These figures prove that the outside demand and competition for beef cattle and all other live stock at Chicago is greater than ever."

Later and in February the same company issued a card containing similar information for one day's business, Monday, February 10, 1908, as follows:

"Chicago's enormous live-stock receipts and shipments create new records. Run promptly absorbed.

"Monday, February 10, 1908, the Chicago Union Stock Yards received 33,501 cattle, 1,303 calves, 87,716 hogs, 26,999 sheep, and 838 horses, or a total of 150,357 animals, in 2,933 cars, breaking the previous record of hog receipts and total number of animals received.

"Of the receipts, there were sold and shipped alive mainly to eastern slaughtering points and for export, 10,063 cattle, 28 calves, 21,138 hogs, 6,469 sheep, and 109 horses, or a total of 37,807 animals in 787 cars, breaking all previous records of hog shipments, total number of carloads shipped, and total number of animals shipped.

"The grand total handled by the railroads and the Union Stock Yards and Transit Company on that day was 188,164 animals and 3,720 cars, which is equal to a solid train over 28 miles long, or if ranged in single file would make a solid procession of animals over 200 miles long and require ten days to pass a given point marching constantly at the rate of 20 miles per day. This is something never before equaled. Moreover, all were quickly and easily handled.

"Monday's enormous receipts were promptly absorbed at only a slight reduction from the prices of the previous week, practically all being sold on day of arrival. Packers got upward of 51,000 hogs, shippers bought close to 25,000, and the remainder were mixed hogs, mostly sold to speculators. Of the 11,000 left over 4,000 were carried over by shippers and 7,000 by speculators, almost everything being sold.

"No other live-stock market in the world could have withstood such an enormous run in proportion without a disastrous break in prices. Yet so great is the demand for meats and live stock of all kinds at Chicago that Tuesday, with full ordinary receipts, hogs sold 5 to 10 cents higher and cattle and sheep about steady, while Wednesday's markets show further advances of 5 to 10 cents in every department.

"The above facts demonstrate the value to shippers of Chicago's splendid market facilities, her practically unlimited capacity for handling live stock, and the constant tremendous demand at Chicago for live stock of all kinds at the highest average prices.

"These statements of figures we have no reason to doubt, and they point to the fact that the stock raiser and farmer get the benefit of whatever competition there is for the entire animal and all parts going to make up its value. The eastern buyer gets the hide as well as the animal, and undoubtedly for both when he buys the one, relying upon his expectations to sell the hide as well as the meat in proportion to its value.

"The total cattle marketed at Chicago for 1907 was 3,305,314 head; calves, 421,934 head. Of the cattle thus marketed, there were 377,000 of western range cattle, or 11.4 per cent; the balance came mainly from corn-belt States. The committee will find, if it cares to investigate it, that Iowa leads in the total, and that the best cattle are marketed in one, two, and three carload shipments by the farmers from all the corn-belt States, and these furnish a large part of the shipments to eastern slaughtering points."

The contention that the farmer gets no advantage from higher priced hides is absurd in view of these facts, and that the hides are bought by the tanners from the local butchers. That the price of the hide is an important factor is so well stated in an article written by J. A. Spoor, president of the Union Stock Yards, of Chicago, appearing in the Live Stock World of January 1, headed "Live Stock Trade of 1907," that we copy as follows:

"No. 1 packer's heavy native steer hides made a decline from 16¼ to 16½ cents in January, to 11½ to 11¾ cents in December, or more than 28 per cent, making a difference in this item alone of nearly $4 per head in the returns from medium to prime native steers, while packer's prime tallow declined from 6¾ to 7 cents in January to 5¼ to 5¾ cents in December, or over 18 per cent, making a further difference in returns of about $1 per head, with the decline still greater on the poorer classes of hides and cheaper grades of tallow, and there was a similar decrease of values for all other by-products."

It is a matter of common knowledge among stockmen that there was a serious decline in prices of cattle during 1907, concurrent with the decline in hides. This decline was substantially similar at all markets. Of course there are a multitude of conditions which affect the price, and always present the effort of buyers to purchase at as low a figure as they can secure. When the supply is great the buyer dominates the market, and when the supply is less that power is less. That applies to the animal as whole, and necessarily to every part of it which competitive buyers can use; certainly to the hide, because there is no special expensive equipment essential to taking care of the hide and a ready market for them to the tanners. Aside from calves, the claim that the packers handle, on the average, the heavy hides and other slaughterers the lighter hides has little, if any, foundation, when it is remembered that they furnish the only market for canners on which the hide weight is much below the average.

V.

The controversy mainly arises on the demand of manufacturers of shoes, and tanners, that hides be placed on the free list, which is one of the plans advocated looking to a reduction in cost of leather. If the stock raiser and farmer must suffer for this reason, just let it go round, then the protective system will go down altogether.

Under the present law the tariff on cattle, hides (dry, salted, or pickled), is 15 per cent ad valorem, provided that upon all leather exported made from imported hides there should be allowed a drawback equal to the amount of the duty paid on said hides, etc. (See item 437, effective July 24, 1897.) On leather there is an ad valorem duty of 20 per cent, with the exception of certain sorts of leather not necessary to specify. On shoes and boots there is an ad valorem duty of 25 per cent. (See item 438.)

The proposition which is made by the above-named associations is that the duty on hides be not reduced, because the duty is very small, and they are as much entitled to it as anybody else.

The contention on the part of the manufacturers is that the tariff should be taken off hides on the theory that they want "free raw material." Hides are as much the product of labor and skill as anything else, hence can not be called raw material. The "free raw material" argument has for its major premise the denial of the right of protection to the producer of such articles as some one else wishes to prepare for market or manufacture in some other form, and to have and demand a protective tariff on what in turn he produces for sale sufficient to put the outside competitors practically out of business. The manufacturer in such a case asserts with great vehemence the correctness of the principles of protection that he desires to apply in such matters as to best subserve his own purpose, regardless of the effect it may have on others, indeed denying the same sort of rights to the farmer and stock raiser. As part of the plan he insists not only for the protective tariff on what he produces, but for the articles which he wishes to use in his business; he wants to buy in the markets of the world without having to pay any import duty, and to force the farmer and stock raiser to meet that competition. That is, that he be accorded the protection in order that he may increase his business, or the price, and that others equally meritorious as citizens of the country shall be denied the same privilege in order that he may profit.

He says it costs him more for labor and materials than his foreign competitor, overlooking the fact that the farmer and stock raiser is in the same boat.

The claim that no labor or investment is required to produce a hide is quite as applicable to tallow and meat. It takes three years to mature a 3-year-old steer, and where land is exclusively devoted to grazing an investment of an average of $50 in land and constant care and attention. The investment in the property on which to raise cattle and feed them is enormous, and the investment in farm value of cattle alone is many times greater than all the leather and shoe business of the country.

As applied to commodities of prime necessity which are not produced in this country, and as to which the stimulation of reasonable protection will not induce any considerable production, it may be, and as a rule probably is, best where the protective system is adopted as a policy of government to admit such articles free of duty in order that they may be manufactured and the finished product supplied to the trade without being burdened with the import duty. In such an instance we are concerned only in the use, manufacture, or trade of the article so imported free of duty, and we are not concerned in the producers of the article, and hence under no obligation to protect his interest as a producer. The case is entirley different when an article of commerce is a matter of extensive and general production in this country, where great numbers of people must suffer loss by being compelled to meet the price at which it might be imported free, when the cost of production in this country is greater than it is in countries from which such products would be drawn if imported free of duty.

In the case of hides, it is perfectly plain that if they are to be put upon the free list, then we must undertake to sell hides in all of the markets of the world in competition with those produced everywhere else, and that regardless of the circumstances of the cost of production. We must be robbed of our home market to seek one elsewhere so long, at least, as the markets in other portions of the country are better. The absurdity of the proposition as applied to hides of cattle so extensively produced in every State in the Union needs no argument to support it if the principle of protection is to be applied at all, and if when applied it is to be done fairly to all interests and not as mere favoritism, and by protective system we do not mean merely on leather products, but on all the farmer buys.

Perhaps the stongest objection to the protective system is that in its practical application it builds up an individual or a business or a class of individuals and their business by giving them an advantage over producers in foreign countries or the importers from foreign countries, which advantage must be paid for to the extent to which it may exist by the public of this country as consumers of the articles thus protected, and in this way the localities where the business which is protected exists is favored to that extent as may be business incidentally or directly connected with such protected industries, to the detriment of the other part of the country. The principles of government recognized in this country are that no special interests shall be subserved by law, and it ought not to be the intention, therefore, of the protective tariff to subserve a special interest. The object is to subserve the best interest of the entire country, and we may assume that the people of this country have decided correctly that that can be best done by a protective tariff, but at the same time they have not meant to decide that a protective tariff shall be applied with partiality and one large and meritorious class of people be deprived of it in order that some others may reap a greater profit in their business; and this is the very use to which the manufacturer here seeks to make by his demand for free hides and free wool.

The point at which the people suffer in such a case is that they pay a higher price for the protected article because there is a duty upon it. This may not be the case in all instances, but as a general proposition it can scarcely be denied. We may assume that the public has decided that it is best for the people as a whole that they should pay a higher price, if by doing so great industries are built up in this country, by protection from outside competition, laborers employed, and the manufacturer and laborer in turn becoming the customer for that which is produced in other spheres of industry. The theory is that if a factory can run, pay good wages, and supply the trade by furnishing a market for the farmer, and that although the farmer may have to pay a higher price for the manufactured article, he is thereby furnished a market for what he grows and gets a better market for it, and in the end is more benefited than damaged. That is to say, the great home market is built up. The ability of the people in this country as consumers to afford a market for the production of this country is wonderfully enhanced by the fact that we manufacture at home what we need and that we can better afford to pay more for it.

This is the backbone of the argument in support of the protective system, which means higher price on manufactured articles than would exist could we go into the markets of the world and import them free of duty.

Now, let us apply this argument to the cost of the production of hides. If the principle is good in the one case, it is good in the other, and it is plain to be seen that the producer of hides is as much entitled to a protective tariff on hides in order to enable him to get a higher price for the hides than otherwise he would get, and thus stimulate the production and make him better able to buy manufactured articles, as is the manufacturer. The right to equal protection of the law entitles the stock raiser and farmer to the benefit of a protective tariff on hides or wool, so long as it exists on the things which he buys, and the opportunity at least to benefit by it, precisely in the same manner and for the same purpose that the manufacturer is entitled to it can not be fairly denied.

Much has been said about benefit that the farmer derives from protection, but the instances are very rare where he derives a direct benefit from the duty on the articles which he produces. The benefit is said to arise from the general application of the protective tariff in that it affords him a better market wherever he can be protected, in order to enable him to get a better market and a better price. But on what principle can he be denied the same protection on his products, so that he in turn may become a better customer of the producer or manufacturer, and thus make a better market for the latter?

On what principle can it be asserted that the producer of sugar is entitled to a protective tariff which will not equally apply to the production of hides or the manufacture of leather? The tanner wants free hides; the shoe manufacturer free leather and free hides; both from selfishness.

The contention that some one between the producer of hides and consumer of leather takes advantage of his ability to monopolize the market on hides and deprive the stock raiser and farmer of the benefit of protection has no place in the argument upon the question as to whether or not the producer of hides is entitled to a protective tariff. If this is a monopoly against the hide producers, it is the duty of the Government to destroy it and not to destroy the producer of hides. If there is to be established the principle that wherever the producer of an article protected is deprived of the benefit of the protection by monopoly, and on that ground the product is admitted free of duty, the law will have placed a premium on monopoly, which it should destroy. It simply enables the monopoly to buy cheaper. Suppose, for example, the duty should be taken off the hides, and they should be bought in foreign countries and laid down in this country 15 per cent less than the present value of hides, who would get the benefit of it, if such monopoly exists as is asserted? The place at which to begin in point of law to meet conditions that may be thus produced by monopoly is not by taking the tariffs off so-called raw materials produced by the farmers and stock raisers of this country, who do not create monopolies, but to take the tariff off the manufactured articles, so that the consumer will get the benefit in the end. If the producers of leather in this country have sufficient control of the hide market that they can name the price at which the producer must sell the hides, they can equally be as powerful to name the price of leather made from imported hides.

Now, suppose the tariff were taken off the hides and they are permitted to go into the markets of the world and buy them as cheap or cheaper than they do in this country. Can anyone give any assurance that the price of leather will decline on that account? And suppose the price of leather does decline—who can vouchsafe that the manufacturers of shoes will sell them cheaper because of the lower price of leather? The fact is that neither the price of leather nor shoes has fluctuated with the price of hides.

It will be interesting to compare the price of hides, leather, and shoes at stated periods during each year for several years past. It will doubtless be found that the relative price of shoes was in the main not apparently affected by the price of leather or the price of hides.

From two-thirds to three-fourths of all the beef cattle produced in the United States come from west of the Mississippi River, and necessarily the hides are produced in that section. To say that the value of the animal is not affected by the value of the hide is equivalent to saying that it was not affected by the value of the wool nor the quality, character, or value of the meat. We might admit that under some circumstances the owner of the animal may not be able to get as much as it is worth compared with what the consumer finally pays for the finished and prepared product, but that does not mean that the value of the animal is not affected by an absolute higher or lower price of some material part of it. The question is, Shall the law declare that the producer of these great articles of trade shall be deprived of the benefit of protection for the same purpose which the manufacturer has it, upon the mere assertion of some one who perhaps knows nothing about it, that the value of the animal is not to be affected by the tariff on hides or on wool? A false assertion made for profit.

Equality of opportunity is a maxim of the law, and it lies in no man's mouth to say that a certain class shall not have it because of the assertion that it can not make use of it. It certainly can not if the law denies the right.

Undeniably the prosperity of the live-stock business in cattle, sheep, and hogs in the country west of the Mississippi River has made the upbuilding of that vast area possible, and has added commercially to the prosperity of the whole country. It is to that source which the manufacturers of the East must look to sell their products, and if the people of that great section are to be impoverished in order that profits may be still greater for the manufacturer in the East, or for any other reason, it will be a perversion of the professed principles underlying the protective tariff system. In only a few articles can they possibly directly benefit by protection. Shall it be denied on those?

It may be said that the motive on the part of the stock raisers and producers of hides and wool is for a protective tariff in order to profit by it; that is true. Why not? Surely no less can be said of the motive of those who seek to put hides and wool on the free list. If these articles should be put on the free list in order that the manufacturers may prosper to a greater extent than now by being able to seek a cheaper source of supply, why should not the farmer likewise be entitled to go abroad to buy his supplies, because to do so he may prosper more than now?

Millions of people are engaged in producing animals, hides, and wool. Shall they be sacrificed, and the manufacturers of those products, far less in number, be given a special privilege, on the mere assertion that to do so will reduce the price of shoes or clothes to the consumer? Cast up and see who is making the most profit. The manufacturer has no notion of reducing the price; his motive lies in getting the more profit from the man who toils to make the so-called raw material, and to buy the manufacturer's goods. He is not in business for benevolence. He haunts the halls of Congress and the hotel lobbies at Washington, while the farmer herds and feeds his stock, and tills the land and supports his family, for whom he buys the clothes and shoes from which the manufacturer profits. The manufacturer looks after making the laws in person, the farmer and stock raiser must leave it to his representative. What will be the result?

VI.

The live stock interests which are represented desire to call specific attention of the Ways and Means Committee to the importance of this industry to the prosperity of the nation, and that its trade should be fostered in every way to the end of the best market at home and abroad, and we here copy an extract from the pamphlet issued by the Agricultural Department Bureau of Statistics, Bulletin No. 55, as follows:

IMPORTANCE OF THE MEAT INDUSTRY.

With a meat export in 1900 amounting to one-eighth of the production, the growing of meat animals and the manufacture of the products derived from their slaughter are largely dependent upon the export trade, and the foreign marketing is essential to the maintenance of the present magnitude of the meat industry and of prices profitable to the farmer.

Although this is a country of meat eaters, with a total population estimated by the Bureau of the Census at 84,000,000 in 1906, the surplus of meat produced in 1900, as estimated in the preparation of this bulletin, was large enough to feed either the United Kingdom or the German Empire for nearly half a year, or both for nearly three months; the population of those two countries in 1901 was 98,000,000, as compared with a population of 76,000,000 in this country the year before.

If such an immense quantity of surplus meat food were to be confined within this country by the refusal of foreign countries to buy it, there would follow consequences to farmer, rangeman, slaughterer, and packer which would be financially disastrous.

In the valuation of all domestic animals in the census of 1900 the kind of meat animals having the highest value in the aggregate was cattle. The value of all cattle on farms and ranges and off farms and ranges in cities, villages, and elsewhere, was $1,500,000,000, about one-third of which is the value given to dairy cows and two-thirds to other cattle. Swine occupy second place in order of value, but much below the total for cattle, the figures given being $239,000,000. Sheep have third place with $171,000,000, and goats have the small place indicated by $3,400,000. A grand total value of all meat animals on and off farms and ranges, according to the census, was $1,929,000,000.

The latest annual estimate of the value of meat animals on farms and ranges made by the Bureau of Statistics of the Department of Agriculture, January 1, 1907, gives to dairy cows the value of $645,500,000, or an increase of $137,000,000 over 1900. The decreased total value given to other cattle, although the value is larger per head, somewhat offsets the increase for dairy cows, since the loss in other cattle is $85,000,000 from the value of 1900. The estimate for sheep for 1907 indicates an increase of $34,000,000 in value above the census statement, and for swine an increase of $186,000,000; there is no estimate for goats, which, for present purposes, may be regarded as having the 1900 census value.

Meat animals on farms and ranges January 1, 1907, increased in value in the aggregate $272,000,000 above the census amount of June 1, 1900, and rose to a total value of $2,152,000,000. The estimates of this department are for January 1, a time of the year when the number of swine and sheep is about one-fifth less than that on June 1, which is the census date, and the number of cattle is less in midwinter than on June 1. Hence, if the department's statements for January 1 were raised to a basis of June 1, the foregoing values for 1907 would be increased.

OTHER ITEMS OF CAPITAL.

Not only are the prices of meat animals directly affected by the marketing of the national surplus of meat, but likewise the value of the farms and ranges on which they are raised. While nearly all farms maintain at least one meat animal, the farms and ranges devoted especially to the production of live stock are the ones more directly affected.

The value of live-stock farms and ranges was estimated by the Bureau of Statistics of the Department of Agriculture in 1905 to be $7,951,000,000, by adding to the census valuation the increase of the succeeding five years. Some horse and mule farms are unavoidably included.

To the value of meat animals and of live-stock farms and ranges should be added the value of implements and machinery on such farms and ranges, or $235,500,000.

Then there is a large amount of capital invested in wholesale slaughtering, meat packing, lard refining, and oleomargarine establishments which was determined by the Bureau of the Census to be $238,000,000 in 1904.

The sum of the foregoing items of capital directly affected by the export of the national surplus of meat is $10,625,000,000 and this capital is directly dependent upon such disposal for its profitable use and, indeed, for the integrity of the investment.

In addition to the capital concerned there are annual productions that should be noted. Upon the basis of census values the farm value of the cattle, sheep, and swine slaughtered and exported alive in 1900 was $649,417,340. This is a computed value and may be above or below the fact for 1900; but whatever the true value was for that year, it was much larger for 1906, with its high values and large exports as well as perhaps increased home consumption.

The great annual corn crop of the country, having a value of $1,167,000,000 in 1906, is very largely converted into meat, fats, and oils, and a large fraction of this crop is exported in the form of the commodities mentioned.

Capital directly affected by exports of surplus meat.

Item.	Value.
Value of domestic meat animals on farms and ranges, January 1, 1907	$2,152,320,349
Value of domestic meat animals not on farms and ranges, June 1, 1900	48,627,220
Value of live-stock farms and ranges, 1905, autumn	7,950,919,310
Value of implements and machinery on live stock farms and ranges, June 1, 1900	235,477,714
Capital of wholesale slaughtering, meat-packing, lard-refining, and oleomargarine establishments, 1904	237,714,690
Total	10,625,059,283

COMPARISON WITH OTHER INVESTMENTS.

Better to understand the magnitude of the interests involved in the maintenance of meat exports, comparisons may be made with other aggregates of capital and classes of wealth. The capital directly related to meat production for export, $10,625,000,000, is five-sixths as large as all capital invested in manufacturing in 1904. It is barely under the figures representing the capitalization of the net earnings of steam railroads, estimated by the Bureau of the Census, June 1, 1904; it is a little greater than the estimated true value of all property situated in the South Central division of States in 1904,, as also of all property situated in the Rocky Mountain and Pacific regions. It is more than one billion dollars above the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, hay, and grain; or the estimated true value of all property situated in New England in 1904; or the estimated true value of the entire real estate of the South in 1904. It is nearly twice the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to general farming; or more than twice the estimated true value of street railways, shipping, waterworks, telegraph and telephone systems, electric light and power stations, Pullman and private cars, and canals in 1904.

Meat capital compared with other capital and classes of wealth.

Item.	Value.
Capital directly related to meat production for export	$10,625,059,283
Capital invested in manufacturing, 1904	12,686,265,673
Capitalization of net earnings of steam railroads, June 1, 1904	11,244,752,000
Value of real estate (1905, autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, hay, and grain	9,074,168,745
Value of real estate (1905, autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to general farming (including small specialties)	5,792,314,927
Estimated true value of street railways, shipping, waterworks, telegraph and telephone systems, electric-light and power stations, Pullman and private cars, and canals (1904)	4,480,546,909
Estimated true value of entire real estate of South Atlantic and South Central divisions, 1904	9,505,995,304
Estimated true value of all property situated in New England, 1904	8,823,325,592
Estimated true value of all property situated in the South Central division, 1904	10,052,467,528
Estimated true value of all property situated in the Western division (Rocky Mountain and Pacific regions), 1904	9,992,581,271

Under the heading "Stock of Meat Animals—Number in the World," same bulletin, it is stated:

It appears that contiguous United States has 74,200,000 cattle of the 424,500,000 cattle known to be in the world, or 17.5 per cent. British India has a larger fraction, or 20.9 per cent, but the fraction is smaller than that of the United States in every other country—one-half or less.

This country does not figure so largely in comparison with the total sheep, since the number in contiguous United States is but 53,500,000 of the 609,800,000 sheep, or 8.8 per cent. This fraction is exceeded by that of three countries. Argentina has 19.7 per cent of the world's sheep as far as known; Australia has 12.2 per cent; and European Russia 9.7 per cent.

The greatest prominence of this country in the possession of a meat animal is found in the number of swine. Of the world's 141,300,000 known swine, the United States has 56,600,000, or 40.1 per cent; Germany is the second country in order of importance with 13.4 per cent; Austria-Hungary follows with 9 per cent; and European Russia with 8.4 per cent.

In the possession of goats this country occupies a small place, since the number on and off farms and ranges is only 2.2 per cent of the world's goats as far as known.

The ages of cattle slaughtered is shown in Table 20 of same Bulletin (1900).

TABLE 20.—*Computation of slaughtered cattle, except calves, 1900.*

Item.	Per cent.	Number.
Total slaughtered	100	12,978,000
Steers, 1 and under 2 years	13	1,687,000
Steers, 2 and under 3 years	18	2,336,000
Steers, 3 years and over	17	2,206,000
Total steers	48	6,229,000
Bulls, 1 year and over	5	649,000
Heifers, 1 and under 2 years	13	1,687,000
Cows	34	4,413,000

As to slaughter of cattle and calves this bulletin shows as follows:

CALVES AND CATTLE.

On referring to Table 23 it will be observed that the computations previously explained in detail indicate an available slaughter of 5,831,000 calves in 1900, of 6,229,000 steers, of 649,000 bulls over 1 year old, of 1,687,000 heifers, and of 4,413,000 cows. The number of cattle available for slaughter, not including calves, was 12,978,000, of which 240,000 were exported alive, so that the cattle, except calves, slaughtered in this country was 12,738,000. If to this number the slaughtered calves be added, the total slaughter of cattle was 18,569,000; and if to this number we add the number exported alive we have a grand total of 18,809,000.

The total cattle received at stock yards at 54 points in the United States where packing plants are located was 13,777,196; shipments out, 6,187,004; calves, receipts. 1,826,552; shipments out, 421,570.

(See 22d Annual Rept., Bureau of Animal Industry, p. 292.)

(For range in prices of cattle from 1894 to 1905, see pp. 286, 287.)

Upon request for the information the Bureau of Animal Industry has furnished us a statement of the hide supply of the United States as follows:

The estimated total slaughter of cattle in the United States in 1900 was about 11,500,000 head, besides 5,000,000 calves, and presumably those respective numbers of cattle hides and calfskins were produced in that year. As the foregoing figures are based upon the estimate of the total number of cattle on hand in the United States January 1, 1900, of 63,500,000, including calves, and as the estimated number January 1, 1908, was 71,267,000, it is roughly estimated that the hide production in 1907 was about 13,000,000 cattle hides and 5,500,000 calfskins. The total number of animals slaughtered under Federal meat inspection during the fiscal year ending June 30, 1908, was 53,973,337, consisting of 7,116,275 cattle, 1,995,487 calves, 9,702,545 sheep, 35,113,077 swine, and 45,953 goats.

Thus there appears slaughtered approximately 1 cattle hide to each 6 persons and 1 calf hide to each 15 persons.

VII.

LEATHER AND MANUFACTURES OF LEATHER.

[Statistical Report—Census of Manufacturers, 1905—Department of Commerce and Labor.]

Table 7 shows for 1905 the number of establishments reporting the different kinds of materials, with the quantity and cost of each kind of material used; the cost of linings and trimmings and findings, and the amount paid for fuel, rent of power and heat, mill supplies, freight, and all other materials.

The number of establishments given in this table is not the number of distinct establishments, but the number reporting the different classes of materials. Consequently some establishments are counted several times. The number using purchased cut soles, counters, taps, heels, etc., was the largest, 908; of these establishments, 419 used these materials to the exclusion of uncut sole leather. The number using sole leather in the side was 678; of these, 162 did not use cut soles, etc., or heads, bellies, and shoulders. The latter class of materials was used by 425 establishments, but in only 26 exclusively.

TABLE 7.—*Materials used, by kind, quantity, and cost, and number of establishments reporting each kind, 1905.*

Kind.	Number of establishments reporting.	Unit of measure.	Quantity.	Cost of materials used.
Materials used, total cost				$197,363,495
Sole leather in the side	678	Pounds	162,631,578	36,860,980
Sole leather (heads, bellies, shoulders, etc.)	425	do	42,510,899	7,374,070
Split leather, finished	157	do	10,749,526	2,047,504
Rolled splits	89	do	3,890,791	632,429
Calf and kip skins	232	do	4,240,190	2,939,268
Grain and other side leather	399	Square feet	89,610,877	11,805,645
Calfskins (russet, ooze, kangaroo, dongola calf, etc.)	592	do	91,290,110	16,209,144
Patent and enamel leather	692	do	47,720,221	12,053,512
Goatskins	759	do	197,044,004	30,398,403
Sheep leather used for uppers	453	do	36,473,154	2,879,270
All other upper leather	459	do	73,012,064	12,587,285
Material other than leather used for uppers	210			1,956,146
Linings and trimmings, all kinds				10,561,367
Cut soles, counters, taps, heels, etc., purchased	908			24,143,824
Findings purchased				13,080,280
Fuel, rent and power and heat, mill supplies, freight, and all other materials.				11,834,369

Calfskins (russet, ooze, kangaroo, dongola calf, etc.), were used by 592 establishments, of which 313 did not use calf and kip skins. Calf and kip skins were used by 232 establishments, but only 38 used them exclusively. Of 157 establishments using split leather, finished, 86 did not use rolled splits; and of 89 using rolled splits, only 6 did not use split leather, finished.

There are two principal classes of leather used in the manufacture of boots and shoes—leather from which soles, counters, taps, heels, etc., are made, known as sole leather, and leather from which vamps, quarters, etc., are made, known as upper leather.

The cost of sole leather in the side, heads, bellies, shoulders, etc., as reported at the census of 1905 was $44,235,050. This amount, added to the $24,143,824 paid for cut soles, counters, taps, heels, etc., purchased, makes the expenditure for sole leather $68,378,874, or 34.6 per cent of the total cost of materials.

Upper leather cost $91,552,459, or 46.4 per cent of the total cost of materials, and all upper material, including material other than leather, $93,508,605, or 47.4 per cent; linings, trimmings, and findings, $23,641,647, or 12 per cent; and fuel, rent of power and heat, mill supplies, freight, and all other materials, $11,834,369, or 6 per cent.

Of upper leather, goatskin was the most largely reported in 1905. As a result of the success attending the tanning of such skins by the "chrome" process there has been put on the market a glazed kid that gives the greatest satisfaction to manufacturers. Its cost was 32.2 per cent of the cost of all upper leather. Calfskin, patent and enamel and grain leather were also used to a considerable extent, but sheep and split leather were used in comparatively small quantities. A large amount is included under "all upper leather," mainly because of the inability of some manufacturers to segregate the kinds and quantities of leather purchased. "Materials other than leather used for uppers" was separately considered at this census for the first time, and 210 establishments reported an expenditure of $1,956,146 for such materials.

Table 8 shows the number of establishments reporting the different kinds of products and the quantity and value of each kind for 1900 and 1905. The number of establishments is the number reporting the various kinds of products and not the number of distinct establishments. Therefore some establishments are included several times.

TABLE 8.—*Products, by kind, quantity, and value, with number of establishments reporting each kind, and per cent of increase: 1905 and 1900.*

Kind.	Number of establishments reporting.		Value.		Per cent of increase.
	1905	1900	1905	1900	
Products, total value boots, shoes, and slippers			$320,107,458	$258,969,580	23.6
Total number of pairs			242,110,035	217,965,419	11.1
Total value			$315,087,387	$255,720,266	23.6
Men's boots and shoes	483	560			
Number of pairs			83,434,322	67,742,839	23.2
Value			$142,038,632	$108,105,938	31.4
Boys' and youths' boots and shoes	299	388			
Number of pairs			21,717,236	21,030,479	3.3
Value			$24,301,298	$20,739,297	17.2
Women's boots and shoes	464	588			
Number of pairs			69,470,876	64,972,653	6.9
Value			$98,262,016	$81,804,303	20.1
Misses' and children's boots and shoes	377	551			
Number of pairs			41,416,967	41,843,202	11.0
Value			$31,056,919	$30,094,611	13.2
Men's, boys', and youths' slippers	108	135			
Number of pairs			4,403,097	4,446,965	11.0
Value			$3,464,561	$2,800,213	23.7
Women's, misses', and children's slippers	236	278			
Number of pairs			13,115,194	12,645,876	3.7
Value			$10,532,271	$10,134,393	3.9
All other kinds	157	126			
Number of pairs			8,552,343	5,283,405	61.9
Value			$3,331,690	$2,041,511	63.2
All other products	122	161	$3,327,955	$2,175,738	53.0
Amount received for work done for others	89	148	$792,116	$1,073,576	126.2

The reports in 1905 showed that 24,144,616 more pairs of boots, shoes, and slippers were made in the United States than in 1900, a gain of 11.1 per cent; the value increased $60,267,121, or 23.6 per cent. The greatest increase was in the manufacture of men's boots and shoes, the increase being 15,691,483 pairs, or 23.2 per cent, and $33,932,694 in value, or 31.4 per cent. Boys' and youths' shoes increased but 686,757 pairs, or 3.3 per cent, while the value increased $3,562,001, or 17.2 per cent. The number of pairs of women's shoes manufactured increased 4,498,223, or 6.9 per cent, and the value $16,457,713, or 20.1 per cent. There was a decrease in number of misses' and children's shoes manufactured of 426,235 pairs, or 1 per cent, but an increase in value of $3,962,308, or 13.2 per cent. The manufacture of slippers was increased to the extent of 425,450 pairs, or 2.5 per cent, and $1,062,226 in value, or 8.2 per cent. For "all other kinds," which includes infants' shoes, moccasins, athletic, and bathing shoes, etc., an increase of 3,268,938 pairs, or 61.9 per cent, and $1,290,179 in value, or 63.2 per cent, is shown. Instances of decreases and small increases in quantity which appear in the table are attributed to slight changes in classification, which resulted in swelling the total of "all other kinds" in 1905, thus causing the large increase in that item.

It is plain from the foregoing that the amount of cattle leather in shoes is so small per pair that the difference in cost of shoes per pair on the average is so small that the consumer will not get any of it.

If we take the total leather, a pair of heavy shoes at 3 pounds, which is above the average, and assume that cured hides make an average of 63 per cent leather and is worth 11 cents per pound for the hide, the weight of hide would be 4.8 pounds at 11 cents, equal 52.8 cents, duty 15 per cent, equal 7.9 cents, or 2.64 cents per pound of cattle hide in a pair of shoes.

Now, the per cent of heavy shoes to the total is very small, and considering the per cent of sole leather used, and the fact that it will probably run as low as one-half pound, and average for all shoes probably 1½ pounds, it will be seen that the average difference in the cost of shoes per pair will not be more than 3 or 4 cents.

This seems to be borne out by the evidence before the committee. Now, look at the fluctuations in the price of hides and leather for ten years of the tariff, and observe that every year, for the entire period, cattle hides fluctuated in price between the high and low levels, 15 per cent or more, and leather from 6 to 10 per cent or more, not apparently with the price of hides, and it will at once be seen that it would be impossible for the shoe manufacturer of shoes and leather to take care of this 3 or 4 cents per pair of shoes. What those fluctuations would have been with free hides there would be no way of telling.

The price of leather to the shoe manufacturer must be high enough to take care of the fluctuations in hides and leather, and the shoe manufacturer must put his price high enough to take care of the fluctuations in leather, which would swallow up the 3 or 4 cents. And this, assuming an active competition in both shoe and leather manufactures, which is doubtless more imaginary than real, so far as price to the consumer is concerned. Then comes the fluctuation in shoes sold to the retailer, which he takes care of in his retail selling price, even where not a dictated price fixed by the manufacturer.

Puzzle: Find the 3 or 4 cents.

Key to the puzzle: Don't look for it in the pocket of the consumer.

Hence the sophistry of the argument that the 15 per cent on hides affects the price of shoes to the consumer.

Stock raisers and farmers think it worth an average of about $1 per head in the intrinsic value of their cattle, and that when the stock raiser of South America brings his hides here for sale this tax of 15 per cent is reasonable, and that it doesn't cost the consumer of shoes a cent. They want equality before the law, and pray this committee to leave the duty on cattle hides in order that the product of our farms have the benefit of the home market.

[Taken from Statistical Abstract, Commerce and Labor, for 1907.]

Year.	Milch cows.		Other cattle.		Total number.	Total value.
	Number.	Value.	Number.	Value.		
1897	15,941,727	$369,239,993	30,508,408	$507,929,421	46,450,135	$8,771,691,414
1901	16,833,657	505,093,077	45,500,213	906,644,003	62,333,870	1,411,737,080
1906	19,793,866	582,788,592	47,067,656	746,171,709	66,861,522	1,328,960,301
1908	21,194,000	650,057,000	50,073,000	845,938,000	71,267,000	1,495,995,000

Does not this show that we can produce very nearly, if not quite, all the cattle hides needed for home consumption?

Mr. COWAN. I also desire to introduce the brief itself that Judge Rucker and I filed. It is a very short brief on meats.

The CHAIRMAN. It may be inserted.

Mr. COWAN. It was not until 1842, when the so-called Whig tariff act was placed upon the statute books, that a duty was imposed upon hides, and this duty in various forms, sometimes ad valorem and sometimes specific, was continued until the enactment of the Payne-Aldrich Act in 1909. During the hearings on that measure before the Ways and Means Committee the principal arguments made by the representatives of the tanners and the shoe manufacturers were based upon the assertion that free hides would result in a material reduction in the cost of boots and shoes, saddlery, and similar articles manufactured from leather to the consumer.

Statistics are unnecessary to prove to you, Mr. Chairman and members of this committee, that the promise of the shoe men and their associates has not been carried out. We make the assertion that there has never been a time since the Payne-Aldrich Act went into effect in 1909 that the consumer has been benefited to the extent of one cent, but on the contrary the shoe manufacturers, the manufacturers of harness, the manufacturers of traveling bags, and of brief cases, and the manufacturers of every other commodity of which leather is the component part of chief value has exacted from the consumer every dollar that the traffic would stand.

One need not go outside of the city of Washington to ascertain the truth of this assertion. Within ten blocks of this committee room, on Pennsylvania Avenue, there are a half dozen shoe stores. These stores are of the chain variety, and most of them are conducted by the representatives of the big advertising shoe manufacturers. Up until the outbreak of the World War and, for that matter, for a year or so after that the shoes of these manufacturers were advertised at a retail price which was stamped on the bottom, and those prices were maintained in every city of the country where these establishments were represented. The shoes of the same grade are still in existence, the same manufacturers are still advertising, but the shoes are sold at from 50 per cent to 100 per cent more than they were sold for five years ago, and during all this time hides have been free.

It is true that the price of hides has fluctuated and that during the World War they reached such prices as they had never reached before, in spite of the free importations under the free clause of the Payne-Aldrich Act. But during the last year hides touched a point on the opposite side of the scale and prices were down so low last winter that there was absolutely no market for them. It is even reported that one cowman in the Southwest hauled a two-horse wagonload of dry hides to market which he exchanged for a set of harness, and in spite of the fact that his team was loaded with all the hides they could haul he found that his load was several hundred pounds short of being sufficient to pay for the harness.

A few months ago an Iowa farmer is reported to have taken 14 calfskins to a general store, which he wished to exchange for supplies, and he found that his 14 calfskins were valued at $1.45 less than the pair of shoes which he obtained in exchange.

There has recently been extensively circulated in the form of propaganda in the interests of shoe manufacturers and tanners a pamphlet in which the statement is made that during the fiscal year ended June 30, 1921, cattle hides to the value of $40,000,000, in round figures, were imported into the United States. The pamphlet says that the Summary of Foreign Commerce, issued by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, shows "that we exported foodstuffs to many foreign countries, including countries from which hides were imported, foodstuffs in crude condition and food animals to the value of nearly a thousand million dollars, and foodstuffs partly or wholly manufactured to the value of $779,000,000." Note in this statement that the compiler of this pamphlet calls attention to the fact that these foodstuffs were shipped abroad, "including countries from which hides were imported." The inference naturally is that the compiler of this interesting document desires to impress the committee with the idea that the products of American farmers find their way into the countries from which we import hides. It would be difficult for this special pleader to show wherein hides from Argentina, Brazil, Paraguay, and Uruguay, from which the large percentage of imported hides come, were paid for by the shipment of American farm produce.

The same advocates insist upon reiterating the assertion that the duty on hides is added to the cost of leather and leather goods, and that the farmer and stock raiser secure absolutely no benefit from the increased value of the hide upon the animals which they ship to market. It is true that the condition of a meat animal is the principal means of valuation when that animal reaches the live-stock market, but it is also true that the condition of the hide has a direct bearing upon the price of the animal. Every stockman knows that a steer whose hide is branded so that part of it is valueless for high-grade leather will not bring as much in the market as a native steer bearing no brand whatever upon his hide, even though in other respects the two animals may be identical as to formation and condition.

Every stock-yards buyer is an expert in his business and when he buys he is posted on the leather market as he is on the market for meat; and when hides are worth 40 cents a pound, as they were for a brief period during the World War, the steer will bring a bigger price than it brings to-day when hides are down below 12 cents a pound. It is a rather peculiar position which the advocates of free hides assume when they declare that the duty on shoes does not increase the cost to the consumer, but that a duty on hides does increase the cost to the consumer.

Reference to the brief filed by Judge Rucker of Colorado, in behalf of the American National Live Stock Association and others during the hearings on the pending bill before the Ways and Means Committee (see Part V, p. 3722 et seq.) is made for the purpose of calling the attention of the committee to the brief history of a tariff upon hides beginning with 1842. Therein it is pointed out that from 1½ to 2 pounds of dry hide is required to furnish the leather for the average pair of men's shoes and that the tariff upon this portion of a pair of shoes at the rate of 15 cents per pound would not exceed 4½ cents at the utmost. Purchaser of shoes would scarcely complain even if he knew that he was to pay this charge, and certainly the farmer and the stockman would be the last to raise a protest against this protection which he would have through the duty on hides as against the producer of Mexico and South America.

All the arguments submitted in which it is attempted to show that the imposition of a duty upon hides will not benefit the farmer are advanced not by farmers or the representatives of farmers, not by the cattlemen or the representatives of cattlemen, but by those who are directly interested in reducing the cost of raw material for themselves. These gentlemen have appeared time after time and have insisted that the removal of duty would benefit the consumer by reducing the price of all manufactures of leather.

We have had 10 years of free hides as the result of the arguments of these interested manufacturers and their representatives. During that time the price of hides alone has fallen, except for a brief period during the war. On the other hand, the price of shoes, the price of harness, the price of saddlery, the price of hand bags, and the price of brief cases have all advanced continuously. Shoes and harness are apparently among the last things to return to that "normalcy" of which we hear so much to-day. In spite of the general business depression the manufacturers of shoes and harness are certainly infinitely more prosperous than the men on the farms and ranges who have raised the cattle whose hides must compete with the product of the pampas and the ranges of Mexico and the great cattle-raising countries to the south of us. No industry of this country is suffering to-day to the extent that prevails among the cattlemen of the Southwest. A 20 per cent duty on hides is not much to ask, and we come here firmly in the belief that even this small sop will aid somewhat toward recovering from the frightful depression resulting in part from the outcome of the war, but more largely from the elemental conditions through which we have struggled during the past few years. High prices of feed, combined with almost continuous drought and the free importation of hides, have brought to the verge of ruin the entire stock-raising industry.

The remarks I made before this committee in 1911—of which you have the print here, and there are copies available—I think was ordered to be printed as a public document.

The brief of A. W. Rucker on hides, that was filed before the Ways and Means Committee, is a typewritten statement that I think contains his statements on that, which I will also hand in.

To the Committee on Ways and Means:

Hides were free until 1842, when the Whig tariff made them dutiable at 5 per cent ad valorem. This was continued in the Walker (Democratic) tariff of 1846. The duty was reduced to 4 per cent in 1857, and restored to 5 per cent in the Merrill tariff of 1861; raised to 10 per cent later that year and so continued until 1872, when hides were placed on the free list. There they remained until 1892, when a duty of 1½ cents a pound was imposed. A duty of 15 per cent was substituted by the Dingley law of 1897, which remained in effect until the enactment of the Payne-Aldrich bill in 1909. For 59 years out of the 79, therefore, hides were on the dutiable list. In 10 years under the Payne-Aldrich free list, i. e., from 1911 to 1920, inclusive, the total importations of foreign hides into the United States were valued at $888,000,000. Had a duty been imposed upon this vast product of the herds of the surplus producing countries, a tariff of 15 per cent would have produced $133,000,000 of revenue, or upwards of $13,000,000 per annum.

It is claimed that a duty on shoes does not increase the cost to the consumer. This must rest upon the fact that the imports of shoes is negligible, yet we all remember that such a claim was the stock in trade of the manufacturer when he thought that the hide question was buried beyond resurrection. The targets for the artillery of the manufacturer and independent tanner now are the packers and producers of cattle. It is contended by the manufacturer that he and the tanner must have 40 or 45 per cent of foreign hides to enable the tanner to carry on his business and the manufacturer to continue in the export trade; that in addition to the duties sought to be imposed they are seriously handicapped by the packers' exorbitant charges to the tanner, and incidentally they make a strong plea for the pending packer legislation.

In this connection it is interesting to note the colloquy between the leading representatives of the shoe manufacturers and independent tanners and Representative Garner, a member of this committee, on the 11th of this month.

From that it appears that the manufacturers and the tanners would cease their opposition to the proposed duty if the wings of the packers were clipped as provided in the proposed legislation in question. We believe this committee should view with less concern the demands of the manufacturers and independent tanners, since their complaint is chiefly leveled at the packers and other home industries, whereas our relief must come solely from a duty levied upon foreign products.

But let us assume that the proposed packer legislation will not intervene to remove the objections. Then we are relegated to their original claim that they can not exist if the duty is levied and the packer is allowed to take his toll. Well, we have seen that they are still alive, that they have survived over that period when there was a duty and when there were packers, and they increased the number of their establishments, employed more men, increased their exports, and enjoyed immense profits, and in the abundance of their generosity increased the cost of their product to the consumer.

During the 12 years preceding the enactment of the Payne-Aldrich law, which placed hides upon the free list, our exports of boots and shoes increased from $1,500,000 to $11,500,000, or 798 per cent. During the same 12 years our imports of boots and shoes increased from $43,000 to $164,500. In other words, during that period our exports exceeded our imports by 700 per cent. The imported boots and shoes during that period when a duty remained on hides represented one two-hundred-thousandth part of the total value of the boots and shoes manufactured in this country. As was stated by one of the signers of our brief in the House of Representatives in July, 1909:

"In the face of this showing, the boot and shoe manufacturers need not fear their foreign competition: and still they want a duty to protect them from foreign competition while at the same time denying any sort of protection to the hides of the cow-man."

History repeats itself—the same crowd of philanthropists are here to-day, playing on the same single-stringed instrument that they used 12 years ago.

In 1909 the same lobby told the same story to the Ways and Means Committee of the House when they asserted that the packers would drive the tanners, as well as themselves, out of business if hides were not placed upon the free list. They claimed then, as they claim now, that the meat packers' trust controls the great majority of the hides in this country. In answer to this contention, attention is called to the report of the Bureau of the Census of the Department of Commerce, to the effect that on November 30 last, there were on hand, in round figures, 12,000,000 cattle, kip, and calf hides, of which virtually 50 per cent were either domestic country hides or foreign hides.

A similar report from the Bureau of Markets of the Department of Agriculture showed that during the fiscal year which ended June 30, 1920, the average number of hides produced in this country outside of the packing houses ran from 20 to 25 per cent of the total number of hides produced. The same report shows that during the same period foreign hides imported equaled from 28 to 47 per cent of the total number of hides produced in this country.

With this evidence before us, one will not necessarily tremble with anxiety lest the hands of the landlords of the Washington hotels will be heavily laid upon the baggage of any of these representatives of the shoe industry for their board bills. Nor need we make extensive drafts upon our sympathies for the independent tanners, because it is not true that the packers have closed the markets for hides as is claimed. In addition to what we have already said, there is that great reservoir, country hides, which they can draw from, as well as the surplus which is always on hand coming from the packers. That is not all, for, as we pointed out in our statement to the committee, the abundant surplus in the competing countries overseas, coupled with their low cost of production, will afford another and limitless market to draw from, even though the proposed duty should be much higher than we ask.

Tracing back to 1908, we find that the total value of hides (including buffalo hides) imported that year was $12,000,000. Following the figures in the Statistical Abstract, it is seen that in the fiscal year 1910—which was the first year under the law allowing free importation—the value of hides imported leaped to $46,000,000. The minimum of importations since the enactment of the Payne-Aldrich tariff was reached in 1913, in which year the valuation of importations fell to $41,000,000. The maximum, $125,000,000, was reached in the fiscal year ending June 30, 1919. In spite of a glutted market following the close of the World War, the importations for the year which ended June 30, 1920, reached the total of $104,000,000.

Against these importations of the raw hides the Statistical Abstract shows that in the year 1908 the total exports of all leathers and leather goods, including boots and shoes, were valued at $45,000,000. The peak was reached in the fiscal year ended June 30, 1919, with total exportations of leather and leather goods to the value of $303,000,000. This total fell to $200,000,000 during the year which ended with the month of June, 1920. It may be argued that these figures include the value of goods made from skins and hides other than those of cattle. While this is true, attention is directed to the fact that in the fiscal year 1919 exports of belting, sole leather, and upper leathers made from cattle hides reached the total of $104,000,000, while during the same period boots and shoes, made largely from cattle hides, were exported to the value of $78,000,000. It is safe to deduce from these figures that the total value of the leathers manufactured from cattle hides exported in 1919 at least equaled the value of the cattle hides imported during the same year.

It is seriously contended by the advocates of free hides that the cattle grower will not receive any protection from this proposed duty. The stockmen of the West have not constituted these leather trusts and boot and shoe men their guardians to say what is best for their interests. As a class, the stockmen are broadminded, intelligent, and capable, and when they assert, as they do, that the duty on hides does affect the price of their steers, they are, as the real parties at interest, entitled to first consideration. A large percentage of all range cattle are branded. Anything that injures the hide reduces the value of the animal wearing that hide. This can readily be understood if one will glance at the reports of the hide and leather journals and market publications generally, which give quotations upon live stock, meats, meat products, and by-products from all sorts of food animals. It will be found that branded steer hides are invariably quoted at from one to several cents per pound under the price of those not branded. Furthermore, the cow and bull hides are never as valuable in the market as steer hides. Therefore, it follows that the animal whose carcass is covered with a better hide is of more value to the buyer than the others mentioned. All hide values depend upon size, sex, and condition.

The stockman contends that the value of the hide is a most important factor in the market value of his live stock. It is presumed that the country will soon return to normal conditions. When that time comes the hides of cattle, which average from 6½ to 7½ per cent of the total live weight of the animal, the per pound value of the hide will be double that of the per pound value of the animal, making the total value of the hides 13 to 15½ per cent of the gross value of the animal. Hence it will be seen that the producer of the hide, if this duty is levied, will receive approximately from $1.50 to $2.50 protection. There are more than 10,000 people actually engaged in the live-stock business exclusively, with 6,000,000 farmers and dairymen engaged in cattle raising to a larger or smaller extent. It is for these 6,000,000 farmers and dairymen and the 10,000 stockmen for whom we ask this protection, and we contend that those for whom we make this plea are as much entitled to consideration as the boot and shoe manufacturers and independent tanners, whom they outnumber 20 to 1.

CONSUMERS.

Assuming that the country will return to normal conditions in the near future these estimates will serve to maintain our position:

From 1½ to 2 pounds of dry hide will be required to furnish the leather for an average pair of men's shoes. The average value of 1 pound of raw hide is in the neighborhood of 15 cents. The duty on a pound of raw hide, assuming it to be valued at 15 cents and the duty to be 15 per cent, would be about 2¼ cents, and for 2 pounds 4½ cents. In other words, the amount of the hide duty on an average pair of shoes would range from 2 to 4½ cents. Compared with a large benefit to a great population engaged in one of the basic industries of the country—assuming that this whole amount should be paid by the wearer of the shoes—it is so insignificant that the wearers of the shoes have never been and never will be heard to complain. But, as a matter of fact, it can not be shown that this 4 cents has ever been added to the price of a pair of shoes during the period when a duty was exacted on the importation of foreign hides, and certainly it can not be shown that 4 cents or any fraction thereof has been subtracted from that price since hides have been on the free list.

Assuming that the importation of hides will continue at the average of importation during the past 10 years, and that a duty of 15 per cent will be placed upon those hides, then the revenue received by the Government from this source will amount to $13,000,000 per annum. Based upon the exports of leather boots and shoes manufactured from imported hides, the drawback allowed—if that drawback is to be continued in the new tariff—would amount to about one-fourth of the import duties, or, in round figures, $3,000,000 per annum. If we allow two pair of shoes per annum for every man, woman, and child in the United States, which admittedly is a liberal estimate, and if we consider that the imposition of an import duty would increase the cost of these shoes by the whole amount of duty upon the proportion of the hide entering into the manufacture of these shoes, or 4 cents per pair, the total tax per capita would be only 8 cents per annum, or an aggregate of $8,480,000 for the 106,000,000 inhabitants of the United States, leaving a balance of more than $1,500,000 per annum as revenue after the drawback is allowed and the consumer of the shoes has paid the tax.

The total absence of any solicitude on the part of the manufacturer toward the consumer of his product evidenced by the prices exacted in dollars is in painful contrast with that manifested toward them on account of the few pennies collected to contribute toward sustaining a great and absolutely necessary industry of this country.

SHEEP PELTS.

The reasons given for a duty on cattle hides apply with equal force for a duty on sheep pelts, and therefore we deem it unnecessary to make a special argument covering that branch of the live-stock industry.

The American National Live Stock Association, The Cattle Raisers' Association of Texas, The National Wool Growers' Association, The Corn Belt Meat Producers' Association of Iowa, The Kansas Live Stock Association, The Colorado Live Stock Association, and all other live-stock producing interests.

To the Committee on Ways and Means:

At the oral hearing before this committee on January 25 leave to file this brief on behalf of the live-stock interests was granted by the committee.

We have prepared the brief from the best available data obtainable within the time afforded, condensing and excerpting from official statistical and other reports by condensing the illustrative points, making reference to the source of the information. The data are to be found in the documents referred to, so that those desiring to do so may examine into the more comprehensive statements in support of the proposition here presented.

The oral statements and arguments of S. H. Cowan, J. H. Mercer, and A. W. Rucker were presented on the 25th day of January, before the full committee and printed in its proceedings, to which reference is here made.

As other data and compilations may be available so as to afford opportunity for collecting and presenting additional facts, we desire now to reserve the right, if the committee will so order, to file a supplemental brief in addition to what we here present, at as early a date as can be done and within such time as the committee may fix. We are led to make this request because, after being notified of the fact that the committee would hold the hearing referred to, it was impossible to prepare and present a brief before the oral argument and because we expect to be able to present facts in addition to those contained in this brief for the further information of the committee.

We have not been able to assemble the data as to hides but will present a supplement on that item.

We propose a tariff on frozen and refrigerated fresh beef and mutton of 20 per cent ad valorem with a minimum of 4 cents per pound, as essential to the continued production of meat animals in the United States to supply the consumption and to afford a home market for the same, which is absolutely and undeniably essential to the prosperity of farming and stock raising. We are not dealing with normal conditions nor can they soon be restored; and they can not be restored at all without protecting the American stock raisers and farmers in the preference to the home market for consumption of meat food products and particularly beef and mutton, and in addition to that (which is presently most urgent) the other animal food products, wool and hides, including mohair and pelts. We insist that when the fire is burning it must be put out and then consider preventive measures against the recurrence, instead of devoting first our efforts to provide the permanent remedy that may be made to fit normal conditions not now in sight. First aid to the injured and burial of the dead is the first duty of the people's representatives for the salvation of the survivors.

To our view, and it is imperative, the remedy must relate directly and immediately to existing conditions, which if continued must grow worse.

Who shall furnish our meat and bread? Shall it be from the toil and industries of Americans, who should be afforded an opportunity for modest profits, or by forcing production that impoverishes our own overburdened producers? The consumer is as much interested as is the producer. There are not two classes, producers and consumers, in considering these great economic problems lying at the very foundation that supports the superstructure on which the prosperity and development of the country rests. All producers in the workshop or in the fields are consumers and spend their money derived from their industry for what they require, and the bankers, merchants, traders, and professions are always dependent on the basic business of the country, sharing in its prosperity or adversity, in the long run. We can't reckon with the man so selfish as not to favor home production to the extent of affording the opportunity for a fair profit to the producer on the basis of "live and let live" with progress as the watchword. At the outset let it be understood, and let that understanding be maintained throughout, that the meat products are not supplied by the producers, nor do they possess the possibility of fixing the price to the consumer, and they have nothing to say as to the price received for live animals sold by them for slaughter. Neither is there competition from abroad in the importation and sale of meats. Is there any class of people in this country, which, under existing conditions, with any feeling for the country's good and prosperity, would hesitate to say that American stock raisers and farmers shall have a fair preference in the home markets of consumption?

In the assurance to the people of this country that a bounteous supply of the best meats will be produced at home and the money kept here, and the stock raiser and farmer have a fair return for their labor and industry, lies the foundation of the Nation's wealth and prosperity. The same manufacturers, the American packers, furnish the meat supply and have the means of transporting and handling the fresh meats, without competition with others of substantial sort. In this it is wholly different from other commerce. The American meat packers undeniably control the exports and imports of frozen and refrigerated beef and mutton and exclusively carry on that business for this country, and they did that both when there was a tariff and when these products could come in free of duty. There is no use, therefore, to indulge in speculation as to any possibilities of it being otherwise. You are dealing with things, not fancies, and the live-stock producers are facing facts and not theories, and these facts are to-day ruinous. We are not posing as advisors of the packers; they do not need it, nor has the stock owner the vanity to suppose that he knows how to operate or direct the operation of so great a business, but it may be here stated that their greatest asset is the supply of live stock sufficient to meet the consumption of this country to be here produced, manufactured, and sold. Whether they do or do not desire to have our markets available free of duty for dumping the suplus of their plants in other parts of the world, when other markets for the products are less desirable or less profitable than ours, the power to do it is a constant menace to the producer here who can not meet the cost of production of other surplus-producing countries, subjecting the stock raisers here to the lowest level of prices, which under free trade is entirely in the American packers' control. Without a substantial tariff to protect this home industry the increase in importations wholly at the will of the American packers, will grow as the profits in the same stimulate the importation, until at last this country would be dependent on the foreign production for its meat supply, just to the extent that the American packer may make it. This is no pipe dream; it is the inevitable result without the relief we demand. But let us suppose that under world conditions to-day the American packers do not desire, that is to say, it would not be a profitable policy to dump the foreign meats into this market to take the place of what we produce. Is it not true that if our markets are available and desirable, others would engage in such importations and so divide the trade that continued low prices for live stock and the hopeless condition would exist to destroy the live-stock producer? Once that condition, which stares us in the face, arises, the consumer, so called, would be worse off as time should go on till the lessened production here and the control by a few concerns of the trade would keep up the prices to the consumer to the highest level. Remember, you can not plant a crop of steers to raise for meat and increase or decrease production as you will. Once put out of the business the producer would be a fool to go back in. Therefore, even from the packers' viewpoint (and we have no information as to what that may be) the tariff which we propose would not work an injury to them in the long run.

It follows that producers, consumers, packers and all others have in this matter a like interest, differing perhaps only in degree.

Then there is the general public interest in the development of the country and the fructification of the soil, which it is universally known must be kept up by live stock or it must disappear; and finally with it the production of grain much reduced, till, with rapidly increasing population, we will produce less bread than we consume. When that day comes poverty will have overtaken us. No one can be hurt and every one entitled to it will be the recipient of the benefits of the tariff we propose.

The stimulus of the war upon the production of live stock and meats naturally followed the increased prices and profits where conditions and cost of production had their effect. But for that, beginning as it did almost concurrently with the free trade in meats, the production of live stock in this country sufficient for the country's needs would not to-day exist. The extension of the operations of the American packers in the surplus-producing countries, where production was cheaper, was growing and it continued to grow during the war. When the war ceased and European demands were to be supplied but in far less amount, the trade was turned to our markets, not caused by extensive commercial opportunities, but solely by the American packers to use for what could not be sold more profitably elsewhere. For example, the exports of fresh beef were 480,179,681 pounds during the first 11 months of 1918, the last year of the war, but fell to 88,101,986 pounds for the 11 months of 1920.

Labor and cost of the use of land, the cost of feed and every item of supplies and materials, the cost of transportation and of marketing has not in this country been reduced, but, upon the whole, increased, with no prospect of soon being reduced, with the single exception of feedstuffs, and even that is more apparent than real, because of the cost of producing and cost of transportation and handling.

So that our cost of production of beef and mutton is enormously greater than in the other surplus-producing countries, as it must continue to be until only the most favorably situated producer can remain in business, with our total production reduced far below our consumption. With that condition the control of the price to the consumer necessarily must rest with the importer. The fact that the surplus trade has been so rapidly turned to this country and the fact that right here in the city of Washington at this time New Zealand frozen lamb is sold at a price of 7 cents below American refrigerated lamb by the same packers handling both through their cooling and storage houses, proves far more as to the difference in cost of production than statistics or other evidence available; indeed, dispenses with the necessity of further proof for the purposes of convincing a man of common sense of the exigency that calls for all the relief we demand. The available facts as to cost of production relating alone to the cost of labor and grazing is amply sufficient. We submit elsewhere statements.

It has been asked whether or not the imposing of a tariff upon the food products which come into competition with the products of the United States increases the cost to the consumer. Partly in answer to this, the facts do not bear out the idea that the tariff duty is borne by the consumer but that it simply acts as a protection against the flooding of the market with foreign produce, and to bear out this reasoning the committee may take the wholesale price of beef in the spring of 1911, as shown by the published reports of Swift & Co. in the daily newspapers of Washington and which are printed in the hearings on House bill 4413, sixty-second Congress, first session, before the Ways and Means Committee, May 15 and 16, 1921. Those figures show that the spread of wholesale price on dressed beef in the city of Washington ranged between 11.57 cents per pound on the 30th day of April, 1910, to 8.92 cents per pound on the 13th day of April, 1911, and this under a tariff of 1½ cents per pound. Intermediately prices arose from 1914 until 1920 from the same source, namely, the newspapers published in the city of Washington, the spread of wholesale price of beef from April, 1920, to December 24, 1920, shows a range of from 13.49 cents per pound to 25.57 cents per pound during which period meats could be imported free of duty, and were so imported, and this 18 months after the armistice was signed so that the war demand could not have affected the prices. It does not appear that the retail price, of which you are all aware, follows the wholesale price. As a matter of common knowledge, it does not.

PRODUCTION, EXPORTS, AND IMPORTS OF MEAT ANIMALS AND MEATS.

There are no means available by which an absolutely accurate statement of the total slaughter of meat animals in the United States can be ascertained for the reason that in many communities, especially in the rural districts and in small villages the farmer and the local butcher slaughter animals from time to time of which no record whatever is kept, but the Department of Agriculture, Bureau of Animal Industry, has published tables from time to time giving the total number of animals slaughtered as estimated by the bureau office. One of these is entitled "United States Meat Production," etc. Calendar years 1914 to 1919. From Table No. 1 of this pamphlet it would appear that in 1914 there was slaughtered a total of 11,004,500 cattle, of which 61 per cent were inspected by the Federal authorities. In the same year the slaughter of calves amounted to 4,661,400 head; sheep and lambs, 18,460,500; and goats, 499,000. Compared with these figures the report shows in 1919, the latest available, the total slaughter as follows: Cattle, 13,635,100; calves, 9,041,000; sheep and lambs, 16,460,600; and goats, 247,500.

Table 3 of the pamphlet on meat production from which the above figures are taken shows that the total pounds of beef, mutton, and lamb (including goats) slaughtered in 1914 was 6,811,041,000, compared to the total of 7,056,892,000 pounds in 1919.

The meat production in the surplus-producing countries—Australia, South America, and South Africa—can not be ascertained except as reflected by the live stock produced and exports of meats.

In 1914 our total export of pickled, fresh, and canned beef, veal, mutton and lamb (including goats, which is negligible) was 89,803,753 pounds, which was increased in 1915 to 379,790,966 pounds, and the peak of the exports of these products was reached in 1918, when the aggregate was 701,627,527 pounds. In 1919, the last year for which full reports are available, exports fell to 273,971,892 pounds. From the same source (Table No. 4) it is shown that in 1914 the United States imported a total of 274,076,922 pounds of fresh beef, veal, and mutton (reexports not included) and that in 1919 the total imports had fallen to 45,266,059 pounds, exclusive of reexports. In the year 1920 the total imports of meat into the United States exceeded by 40,000,000 pounds the combined export of American meats and foreign meat products reexported according to the information furnished us by the Tariff Commission.

The Bureau of Markets of the Department of Agriculture reports that 58,725,460 pounds of imported beef were inspected by the Bureau of Animal Industry during the calendar year of 1920.

During the year 1920 there was imported and inspected by the Bureau of Animal Industry 102,441,737 pounds of mutton and lamb as against 8,472,110 pounds of mutton and lamb imported and inspected during the calendar year of 1919.

Inquiry at the office of one of the wholesale establishments in the city of Washington indicates that the price of New Zealand frozen lamb is on the average of 7 cents per pound lower than the price received for American dressed lamb carcasses.

It is most significant, and to live stock producers an alarming fact, that after the war, which afforded a market for all live stock products regardless of free trade, and kept out imports from this country, that immediately when the war was over our exports fell so rapidly that in two years we have so changed that our imports of meats exceed our exports, and if continued, as it will be under free trade, in rapidly increasing volume, our live stock industry will soon be ruined.

It is not a political question. Plainly it is a question of producing our own meats or buying them from our packers imported from their plants in other countries.

This brings out in bold relief that the consumer is as vitally interested in our home production as is the producer.

The Bureau of Markets furnishes us the information that the amount of frozen domestic lamb and mutton in storage January 1, 1920, was 10,289,780 pounds. One year later, or on January 5, 1921, there was in storage 82,000,000 pounds, while the greatest supply of frozen lamb and mutton in storage previous to 1920 was 12,500,000 pounds. From this source it was learned that there were imported into the United States on the fifth day of January, 1921, on the steamships *Kent* and *Lietrim*, 270,-262 carcasses of lamb and mutton, having a total weight of 13,875,032 pounds; also, that three more cargoes are en route to United States ports.

We submit the following tables showing the production of meat animals, and exports and imports by countries, for the purpose of showing to the committee the world trade as it relates to the competitive production and marketing in the United States; exports from the United States to foreign countries, and from foreign countries to the United States. The object is to supplement the argument presented that the indisputable fact, as shown by the actual figures as nearly as they can be ascertained, that, unless there is imposed a sufficient tariff to prevent it, the United States will cease in the course of a comparatively short time to produce the meats which it consumes and will be a consumer of the surplus products of the foreign countries which produce a much larger proportionate surplus, as related to the population of such countries, than is produced in the United States. The surplus which will be imported from other countries and sold in this country will necessarily take the place of the home production and reduce the price level, should it be desired by the importers of the carcasses imported, to such figure as to keep down the value of the home production, which must inevitably lead to a continual decline in production.

At the risk of repetition of what was presented in our oral statements and submitted elsewhere in this brief, we desire to call attention at this point to the fact that the United States now has 640 cattle and 345 sheep per thousand of population, whereas the other surplus producing countries have the following: Argentina, 3,120 cattle and 5,450 sheep; Australia, 2,220 cattle and 16,100 sheep; New Zealand, 2,490 cattle and 22,110 sheep; Canada 1,200 cattle and 380 sheep; Paraguay, 5,280 cattle and 600 sheep; and Chile, 500 cattle and 1,180 sheep, per thousand of population.

The cost of production in the countries named, as shown in the part of this brief under that heading, is so much less than in the United States that there is no comparison, and no tariff short of an embargo could be made to equal the difference.

The remarks submitted here in connection with the tables which follow emphasize the correctness of the conclusions in the foregoing argument as demonstrated by these tables, which are the most reliable data obtainable. The tables are as follows:

Live-stock estimates for the United States as of Jan. 1, 1910–1921.

[000 omitted.]

Year.	Cattle and calves.		All cattle.	Sheep.	Swine.
	Milk cows.	Other cattle.			
	Number.	*Number.*	*Number.*	*Number.*	*Number.*
1910 [1]	20,625	41,178	61,803	52,448	58,186
1911	20,823	39,679	60,502	53,633	65,620
1912	20,699	37,260	57,959	52,362	65,410
1913	20,497	36,030	56,527	51,482	61,178
1914	20,737	35,855	56,592	49,719	58,933
1915	21,262	37,067	58,329	49,956	64,618
1916	22,108	39,812	61,920	48,625	67,766
1917	22,894	41,689	64,583	47,616	67,503
1918	23,310	44,112	67,422	48,603	70,978
1919	23,475	45,085	68,560	48,866	74,584
1920	23,619	44,750	68,369	47,114	71,727
1921 [2]	23,321	42,870	66,211	45,067	66,649

[1] Census report Apr. 15, 1910.
[2] Estimate Bureau of Crop Estimates, released Feb. 1, 1921.

Population 1910, 91,972,266; 1920, 105,683,108.

Receipts and disposition of live stock at all public stock yards for 5 years.

[12 months ending Dec. 31.]

Year.	Receipts.	Local slaughter.	Stockers and feeders.
Cattle and calves:			
1916	17,654,031	10,457,889	3,846,694
1917	23,148,726	13,358,173	4,803,390
1918	25,391,544	14,971,186	5,013,039
1919	24,704,346	13,713,628	5,286,429
1920	22,097,589	12,811,844	4,041,056
Hogs:			
1916	43,265,224	31,175,312	194,103
1917	38,443,360	25,841,853	787,790
1918	45,390,220	30,968,066	988,621
1919	45,035,949	30,584,250	901,977
1920	41,949,741	26,741,180	712,834
Sheep:			
1916	20,691,665	11,498 477	3 277 289
1917	20 222 225	9 147 810	4,447,728
1918	22,491,847	10,273,136	5,207,502
1919	27,261,876	12,651,803	6,955,752
1920	23,470,199	10,979,516	5,169,932

Meats frozen and cured in 1920 and 1919 as reported by slaughterers and cold-storage warehousemen.

	1920	1919
	Pounds.	*Pounds.*
Beef, frozen	193,776,741	544,787,225
Beef placed in cure	104,888,671	164,504,919
Lamb and mutton frozen	23,637,836	17,664,671
Pork frozen	492,514,629	390,694,652
Pork placed in dry salt cure	1,033,435,066	1,890,156,066
Pork placed in pickle cure	1,715,561,506	1,626,100,097
Lard produced	1,251,567,529	1,055,827,668
Beef frozen and cured	298,665,412	709,292,144
Pork frozen and cured, including lard	4,493,078,730	4,932,778,483
Decrease in beef	410,626,732	....
Decrease in pork	439,699,753	....
Increase in lamb and mutton	20,973,165	....

Full data as to the production of meat and meat-food animals in the countries producing a surplus are of necessity incomplete, but the latest figures available, as shown by Circular No. 38, Bureau of Crop Estimates, of the Department of Agriculture, issued on the 15th of October, gives the following as the number of live stock in the countries named on the dates specified. The bureau in publishing these figures makes this explanation:

"*Live stock.*—Although statistics exist showing the number of live stock in the different nations of the world, the figures in many countries are not for uniform dates, relate to different years, and even to different seasons of the same year. To make an accurate or even satisfactory summary of the numbers in the whole world in any given year or in any given season is, therefore, impossible. From the figures relative to the different countries in ~~the~~ following tables and pertaining to prewar estimates it may be reasonably inferred what the normal numbers were before the war."

Number of live stock in specified countries.

[000 omitted.]

Country.	Prewar estimates.		Recent estimates.	
	Date.	Number.	Date.	Number.
Cattle:				
United States	Jan. 1, 1914	52,592	[1] Jan. 1, 1921	66,211
Canada	June 30, 1914	6,037	June 30, 1920	9,477
Argentina	Jan. 1, 1914	~~25,867~~	1918	[2] 35,000
Uruguay	1908	8,193	1918	7,802
Brazil	1913	30,705	Dec. —, 1918	[2] 37,500
Union of South Africa	May 7, 1911	5,797	1919	[3] 5,575
Australia	Dec. 31, 1910	11,745	1919	11,040
New Zealand	Apr. 1, 9111	2,020	1920	3,059
Sheep:				
United States	Jan. 1, 1914	49,719	Jan. 1, 1921	45,067
Canada	June 30, 1914	2,058	June 30, 1920	3,721
Argentina	Dec. 31, 1913	[4] 81,485	1918	[2] 83,000
Uruguay	1908	26,286	1918	[2] 11,473
Brazil	1913	10,653	1918	[2] 7,000
Union of South Africa	Dec. 31, 1913	35,711	1919	28,492
Australia	Dec. 31, 1910	92,047	June 30, 1920	78,000
New Zealand	Apr. 30, 1911	23,996	Apr. 30, 1920	23,915
Swine:				
United States	Jan. 1, 1914	58,933	Jan. 1, 1921	66,649
Canada	June 30, 1914	3,434	June 30, 1920	3,517
Argentina	June 1, 1914	2,901	1915	[2] 3,197
Uruguay	1908	180		
Brazil	1913	18,399	1916	17,329
Union of South Africa	May 7, 1911	1,082	1919	[3] 724
Australia	Dec. 31, 1910	1,026	1918	[5] 1,111
New Zealand	Apr. 1, 1911	349	1920	260

[1] Estimate furnished by the Bureau of Crop Estimates Feb. 1, 1921.
[2] Unofficial estimate.
[3] Excluding native locations, reserves, etc.
[4] The census of June 1, 1914, shows 43,225,000 sheep, excluding lambs, with a preliminary estimate for Dec. 31, 1914, of 56,000,000, including lambs. The final official estimate for Dec. 31, 1914, is 43,682,000 while the official estimate of Dec. 31, 1913, placed the number of sheep, including lambs, at 81,485,000.
[5] Excluding northern territory.

Principal countries, competitive or potentially competitive, population, and cattle and sheep per 1,000 population and cattle units per 1,000 population.

Country.	Population.	Year.	Number of cattle.	Cattle per 1,000 population.	Year.	Number of sheep.	Sheep per 1,000 population.	Cattle units per 1,000 population.
Argentina	8,284,000	1914	25,867,000	3,120	1914	45,000,000	5,450	3,900
Uruguay	1,379,000	1916	7,803,000	5,650	1914	11,473,000	8,320	6,850
Brazil	26,542,000	1916	28,962,000	1,090	1916	7,205,000	270	1,130
South Africa	6,609,000	1911	5,797,000	880	1916-17	25,060,000	380	930
Australia	4,971,000	1919	11,040,000	2,220	1918	79,963,000	16,100	4,520
New Zealand	1,162,000	1918	2,888,000	2,490	1919	25,728,500	22,100	5,590
Canada	8,361,000	1918	10,051,000	1,200	1918	3,151,000	380	1,260
United States	106,653,000	1919	67,866,000	640	1920	36,753,000	345	690
India	315,156,000	1916	130,145,000	410	1916	31,322,000	100	424
Russia (and Siberia with 967,000 head)	182,183,000	1914	32,704,000	180		37,240,000	205	210
Paraguay	1,000,000	1915	5,249,000	5,280		600,000	600	5,330
Colombia	5,473,000	1915	3,035,000	660				670
Venezuela	2,828,000		2,004,000	710				726
Chile	3,870,000	1914	1,944,000	500		4,545,000	1,180	670

Basic date from Statistical Abstract, U. S., 1918, etc. Yearbooks, U. S. Dept. Agric. and Bul. N. A. W. M., vol. 50, No. 1.

Exports of all meats from 8 countries.

Country.	Average 3 years, 1911-13.		1918		1919	
	Pounds.	Per cent of total.	Pounds.	Per cent of total.	Pounds.	Per cent of total.
Argentina	1,173,474,754	29.4	1,960,499,388	29.0	1,214,970,492	18.9
Australia	507,142,642	12.7	370,285,671	5.5	394,031,360	6.1
Canada	62,514,078	1.6	410,481,213	7.1	437,094,320	6.8
Brazil	1,520,049	....	214,940,377	3.2	251,191,714	3.9
British South Arica	537,300	....	19,143,192	....	46,481,325	0.7
New Zealand	326,538,613	8.2	272,528,713	4.0	448,102,144	7.0
Uruguay	196,372,194	4.9	291,586,749	4.3	342,971,655	5.3
United States [1]	1,248,092,734	31.2	3,061,873,064	45.7	3,118,727,502	48.5

[1] Pork products are included.

Imports of meats, all kinds, 15 countries.

Country.	Average 3 years, 1911-13.	1918	1919
	Pounds.	*Pounds.*	*Pounds.*
Austria-Hungary	28,566,326	....	....
Belgium	179,119,824	....	156,432,516
Cuba	131,589,697	131,106,195	....
Denmark	33,830,395	1,273,597	14,032,279
France	111,496,175	762,558,793	1,283,387,828
Germany	559,826,203	....	....
Italy	104,618,999	491,880,871	525,440,396
Netherlands	359,863,684	934,629	114,831,971
Norway	41,826,576	27,654,048	60,306,623
Russia	130,897,272	....	....
Spain	37,974,193	12,944,357	18,594,553
Sweden	24,213,476	....	88,034,800
Switzerland	56,327,016	23,568,717	6,635,185
United Kingdom	3,056,945,089	3,300,554,335	3,095,221,136
United States	12,131,614	34,489,683	107,642,834
Total	4,869,220,539	4,786,965,225	5,470,562,121

Exports of meat and meat products, 1911 to 1920.

[From reports of Department of Commerce.]

		1911	1912	1913	1914	1915	1916	1917	1918	1919	1920
Beef products:											
Beef, canned	lbs	11,248,543	8,439,735	4,163,095	30,734,748	69,999,828	54,026,922	65,471,232	141,457,163	53,867,327	24,059,711
	dolls	1,311,234	1,040,891	539,889	4,897,079	11,014,980	11,911,790	18,258,522	51,498,010	20,672,964	5,951,629
Beef, fresh	lbs	28,782,481	9,025,552	6,850,123	31,422,463	262,813,397	181,976,831	216,419,599	514,341,529	174,426,999	89,649,148
	dolls	2,905,412	1,053,777	817,487	3,899,070	33,606,465	22,316,803	31,427,132	109,605,363	40,280,747	17,564,887
Beef, pickled, and other cured	lbs	42,304,538	28,709,513	25,180,539	23,779,449	42,746,813	36,682,614	67,810,990	44,206,020	42,804,724	25,771,176
	dolls	3,181,044	2,437,460	2,507,541	2,371,563	4,597,289	3,942,826	8,319,655	7,921,220	8,739,141	3,659,815
Oleo oil	lbs	163,327,446	94,345,312	100,747,458	85,144,527	109,185,783	83,891,672	33,399,548	69,106,350	75,585,164	74,368,344
	dolls	15,662,828	10,981,599	11,257,554	8,918,130	13,011,789	11,431,632	6,796,996	15,493,321	22,025,340	16,585,209
Oleomargarine, imitation butter	lbs	3,833,169	3,350,191	2,916,955	2,292,690	6,775,163	6,309,330	3,522,540	8,909,108	22,939,589	16,557,821
	dolls	404,727	345,995	304,605	246,914	783,321	882,797	693,150	2,398,908	6,576,760	4,567,174
Tallow	lbs	45,659,263	28,988,347	28,234,622	9,980,066	26,568,075	15,338,057	7,510,376	4,222,657	38,953,783	20,691,638
	dolls	2,810,574	1,785,497	1,794,458	621,296	1,902,189	1,573,196	1,192,287	745,977	6,370,112	2,950,675
Hog products:											
Bacon	lbs	198,112,203	192,021,658	212,796,618	184,267,850	524,138,245	592,851,157	578,128,056	1,104,788,081	1,190,297,494	636,678,440
	dolls	24,185,672	23,483,949	27,983,536	25,570,543	69,823,962	87,113,549	123,115,384	315,968,064	373,913,227	156,298,769
Hams and shoulders cured	lbs	189,615,032	170,058,810	171,671,407	142,398,301	266,442,819	287,161,195	243,396,814	537,213,041	596,795,663	185,246,755
	dolls	23,337,395	22,235,899	24,177,782	20,797,130	37,348,592	45,340,015	54,047,798	145,674,888	139,428,837	50,887,588
Lard	lbs	552,429,865	495,092,561	536,179,645	438,015,898	451,286,439	426,659,599	372,721,342	548,817,901	760,901,611	612,249,951
	dolls	54,504,681	52,201,560	60,664,940	48,610,269	48,342,004	56,039,641	75,355,138	144,933,151	237,983,449	143,371,441
Neutral lard	lbs	52,548,647	57,556,216	39,312,411	21,797,521	35,389,918	27,264,774	9,423,385	6,307,164	22,957,137	23,238,071
	dolls	5,463,473	6,384,590	4,492,701	2,429,926	4,006,840	3,687,236	2,015,320	1,612,790	7,725,983	5,806,042
Pork—											
Canned	lbs	5,057,999	5,185,411	3,651,101	2,786,415	7,928,944	7,283,012	5,377,228	5,267,342	5,791,706	1,803,066
	dolls	596,379	635,570	545,368	450,724	1,312,558	1,559,799	1,731,531	1,776,392	2,422,364	752,745
Fresh	lbs	2,231,661	2,607,659	3,182,678	1,250,977	24,230,183	55,112,043	49,372,780	11,632,635	26,776,978	38,305,278
	dolls	256,096	310,558	407,283	178,099	2,879,833	6,950,706	9,899,883	2,907,894	8,347,557	9,090,492
Pickled	lbs	51,029,350	54,372,819	53,984,973	37,006,108	59,047,897	54,975,221	39,294,011	36,671,660	34,113,875	38,724,241
	dolls	4,875,795	5,468,207	5,866,901	4,011,586	6,026,008	6,556,925	7,068,935	8,535,017	8,632,518	7,671,169
Lard compounds and other substitutes	lbs	69,484,042	73,724,170	63,699,754	63,355,911	63,869,985	49,821,709	49,300,143	43,977,410	124,962,950	32,051,453
	dolls	6,022,309	6,397,205	5,769,314	5,686,980	5,519,231	5,930,841	8,582,320	10,258,536	31,605,885	7,218,845
Mutton (except canned)	lbs	2,573,653	5,076,168	4,789,431	3,847,093	4,230,928	5,257,883	2,862,175	1,630,815	3,009,164	3,575,409
	dolls	246,221	523,655	547,893	436,069	500,117	697,847	514,855	387,132	632,667	758,526

Imports of fresh meats, 1914 to 1920.

The United States became an importer of fresh meats first in 1914, following the enactment of the law placing meats on the free list. Importations of such meats during the past six years, as shown by the reports of the Bureau of Foreign and Domestic Commerce, Department of Commerce, were:

		1914	1915	1916	1917	1918	1919	1920
Meat products—meats, fresh:								
Beef and veal	lbs	254,319,200	118,589,580	39,772,414	22,072,147	23,339,061	38,461,758	50,182,105
	dolls	22,758,994	11,125,444	3,988,944	3,068,759	4,159,186	6,408,061	8,057,270
Mutton and lamb	lbs	19,875,942	11,879,353	17,235,208	5,628,903	607,896	8,209,182	101,168,319
	dolls	1,824,168	1,109,156	1,526,633	685,401	134,290	1,547,338	12,645,379
Pork	lbs	18,952,005	3,498,294	954,561	2,580,340	1,721,979	2,779,361	1,546,009
	dolls	2,342,271	370,553	95,997	553,812	376,604	601,051	415,092
Total fresh meats	lbs	293,147,147	133,867,227	57,962,183	30,276,390	25,668,956	49,450,301	152,891,433
	dolls	26,925,433	12,605,153	5,611,574	4,327,972	4,670,080	8,556,470	21,117,741

The following summary so well illustrates the situation as to foreign meat production in 1919 that we submit it for the consideration of the committee.

FOREIGN MEAT SITUATION.

[Price Current-Grain Reporter, May 8, 1919, p. 40.]

The annual review of the frozen-meat trade of the world by W. Weddel & Co., of London, was issued, bearing date of April 1, 1919, from which it appears that during the year 1918 approximately 600,000 to 700,000 tons of frozen meat were shipped, mainly from the Western Hemisphere, to the armies in Europe, Egypt, and Salonica. The great bulk, however, entered Europe through French ports. Italy took about 165,000 tons, the bulk of which came from the River Plate and Brazil. This compares with 96,800 tons for the year 1916. The export from Australia in 1918 was the smallest recorded for many years, amounting only to 66,900 tons compared with 118,540 in 1917 and 171,200 in 1914. The bulk of this meat was beef, only 7,900 tons in 1918 having been of mutton and lamb, showing that the sheep farmers of Australia are in difficulty but are making strong efforts to overcome the very serious losses of stock suffered during the preceding years, particularly 1914 and 1915, when sheep were reduced, it is said, by the enormous total of 16,000,000 head and cattle by 1,000,000 head owing to adverse weather conditions. Recent estimates place the number of sheep now in the Commonwealth at 78,000,000 head and cattle at 10,500,000. The sheep are about 9,000,000 above the low-water mark of 1916 but are still 7,000,000 under the total of 1913.

The same trade for New Zealand, once a very heavy shipper of frozen mutton, was affected by the general scarcity of refrigerated tonnage. The sheep in the Dominion of New Zealand on April 30, 1918, were computed at 26,500,000, an increase of 5 per cent over the previous year; the number of cattle, 2,900,000, an increase of about 325,000 during the year.

The report calls attention also to the fact that French herds and flocks, which were seriously reduced by the German invasion and by the excessive killing during the early parts of the war, are making good progress toward recovery in respect of numbers, although of course in the matter of weight they are still light owing to the scarcity of feeding stuffs. The report says no fresh enumeration of live stock in the Argentine Republic has been made since 1917, when approximately there were 30,000,000 head of cattle and 55,000,000 sheep. The year, however, was an excellent one for stock, and it is unofficially estimated that there was a net increase of between 6,000,000 and 7,000,000 cattle and about 4,000,000 sheep.

Brazil is estimated to have about 30,000,000 head of cattle. The herds, however, consist largely of calves and young animals, many of which are not yet of suitable weight and quality for export, although there is regularly considerable beef exported from Brazil, both frozen and chilled.

COST OF PRODUCTION IN FOREIGN COUNTRIES.

From the Pan American Union it is learned that the highest rate of wages on the farms in South America, including all kinds of farm labor, is $20 a month and board. The rates are given by the Pan American Union on the basis of the pay in the year 1917, or at the height of the high wage rate throughout both North and South America. According to the figures on file at the Pan American Union the rate of wages was as follows:

Brazil, from 50 to 90 cents a day without board.
Argentina, from $10 to $20 per month and board.
Paraguay, about the same rate as Argentina.
Uruguay, wages corresponding to those paid in Brazil.
Chile, 25 cents a day.

On the best obtainable advice the rate of wages among the sheep and cattle herders in Australia and New Zealand ranges between $25 and $50 a month and supplies. In South Africa, which is rapidly becoming a great sheep-producing territory, wages are reported averaging $7 a month and a few pounds of meal and a few ounces of salt per diem.

The freight rates on frozen beef, mutton, and veal from Australia and New Zealand to the Atlantic ports of the United States range from 1¼d. to 1½d. per pound, or at the current rate of exchange 2½ to 3 cents per pound from the sheep and cattle ranges of Australasia to the American Atlantic ports, either around the Horn, by the Suez Canal route, or through the Panama Canal. At the time this is written the Shipping Board reports the current freight rate on frozen meat from Argentina and the River

Plate country as 4 cents per pound. Against these rates the American producer is faced with the following rates:

	Per 100 lbs.
From Omaha to Boston or New York	$1.34½
From Kansas City to Boston or New York	1.34½
From Fort Worth to Boston or New York	1.56½
From Chicago to Boston or New York	.96½

As to the rate of wages, the difference in favor of the American herder is at least 100 per cent as compared with the most favored of the other surplus producing countries. American farm-labor wages during the past three years have ranged from $45 per month and board up as high as $90 per month and board. From these figures it will easily be understood that the labor cost of production in the United States is at least 100 per cent higher than it is in any one of the other surplus producing countries, either in the Western or the Eastern Hemisphere.

We do not submit here any particular figures with respect to the cost of production in this country, but from the foregoing it will be seen that the wages in the foreign countries mentioned are so much less than the wages paid in the United States, and the labor is performed under such different conditions and circumstances, with a lower overhead cost, that it is impossible to state in figures a reasonable comparison. But it is plain, and not open to the suspicion of doubt, that labor costs several times more in the United States than it does in these foreign countries.

On the subject of the cost of grazing live stock, and feeding and fattening the same for the purpose of slaughter, reliable data are not available. But inquiry of those who have observed it, and of those who are closely connected with the production in these countries, leads to the undeniable conclusion that the cost of grazing, feeding, and fattening of live stock, as it is carried on in those countries, apart from the matter of labor cost, is very much less than it is in the United States.

The very fact that the American meat packers themselves have established slaughtering plants at the points of export in most of these foreign countries is ample proof that the supply is available at a much lower price. We expect the Tariff Commission to complete a compilation of the data gathered by it before these hearings are concluded. This will be submitted to the committee for its information. We do not care to indulge in the submission of such facts as we have been able to gather, which are of a less specific nature and would only tend to confusion, and, indeed, would be eliminated when the report of the Tariff Commission is submitted. We could refer to examinations which have been made in previous years and reports respecting the cost of grazing and the method and manner of carrying on the business in these surplus producing countries, but the later reports of the Tariff Commission will likewise doubtless be substituted.

One significant commercial fact is important to bear in mind, and that is, if the importations from these foreign countries are permitted to come into the United States and to take the place of our home production and thus produce, as it inevitably will, a lessened home supply year by year while the market for the foreign production continuously grows, as it would, it is certain that the consumer will be supplied only from the hands of the very same packing interests, who are slaughtering in foreign countries and importing into the United States and who also slaughter in the United States the home production. This would likewise extend to the exportations from foreign producing countries and from the United States of whatever surplus might exist to the foreign consuming countries; all handled by the same interests.

Plainly, it is not a case of ordinary sort wherein an import duty is made with respect to an extensive commerce by great numbers of people who may engage in it.

The nature of the business of the slaughtering, refrigeration, and transportation of fresh meats, and indeed canned and cured meats and the by-products, is such that it is capable of being carried on most economically by concerns prepared to handle it throughout the most extensive world commerce, involving the necessity of large expenditures and a large organization of operatives skilled in the business. These things are mentioned simply to show that the field of this commerce is occupied and that there would be little, if any, invitation to outside undertakings on the part of capital of a competitive nature.

So that this committee is dealing with the import tariffs upon the meat products of a few concerns, concentrating into their hands the surplus meat products of the world.

It follows that the argument is unsound wherein it is contended that the consumer can benefit by the importation into this country, which would mean lessened production here, where home slaughter can be extensively engaged in if the supply is ample. The consumer can not profit by the curtailment of the home supply, and it has been clearly shown that he has not profited by the importation of meats free of duty. The commercial result of the failure to provide for a duty on imported fresh meats will be to continue the control of the supply of the imports in the hands of those who now control the imports and largely the home production.

It is against the interests of the consuming public of this country to thus curtail the production of meat animals in the United States.

The American National Live Stock Association; The Cattle Raisers' Association of Texas; The National Wool Growers' Association; The Corn Belt Meat Producers' Association of Iowa; The Kansas Live Stock Association; The Colorado Cattle and Horse Growers' Association and All Other Live Stock Producing Interests; S. H. Cowan, Fort Worth, Tex.; A. W. Rucker, Denver, Colo.

Mr. COWAN. I have a statement of Col. Ike T. Pryor, which has been given wide circulation in the press. He is a man of very great experience, vice president of the Southern Tariff Association, and has been president of the American Live Stock Association and many other organizations, is well known throughout the United States, and I think it is valuable. It consists of but three or four pages on the subject of the cost and the tariff.

The CHAIRMAN. It will be printed.

STATEMENT OF IKE T. PRYOR, SAN ANTONIO, TEX., REPRESENTING AMERICAN NATIONAL STOCK ASSOCIATION AND THE TEXAS SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

There are two great internal questions before the people of the United States to-day, tariff and revenue. They are very closely allied. It is hard to discuss one without the other. Some claim the tariff to be a local issue, others claim it to be a political issue, while some will say it is an economic issue. Call it what you will, it is a big question, and is going to take big-brained and broad-minded men to handle it.

The tariff affords a degree of protection and at the same time produces a revenue, thus reducing our tax burden just that much; and the less taxes we pay the more cash we can lay aside for a rainy day.

COST OF PRODUCTION.

We talk about a tariff of at least sufficient amount to equalize the cost of production here and abroad. Who knows or can find out the exact cost of production? Take the cattle business, for example. It costs less to produce a beef in south Texas ready for slaughter than it does in north Texas. It costs less to produce a beef in Texas than in Nebraska; and less in Kansas than in Illinois. One year it can and does often cost 25 to 50 per cent more to care for an animal than the previous year or the year following; hence, the cost of production will vary all over the United States, according to local conditions, etc.

We should place a tariff sufficiently high on live stock and the products of live stock to cover the cost of production compared to that of foreign countries, plus a reasonable profit, and at the same time not so high as to create a monopoly.

We should not ask for favors in any form but to oppose favoritism in all its forms. It is asking no favor to put us on an equal footing with foreign importers, and when we don't receive that consideration from Congress then the favor is extended the foreign producer of raw material and not the home producer, which is absolutely unfair.

To better understand the importance of protecting our live-stock producers by a proper tariff, the following statistics should be studied carefully.

Population, and number of cattle and sheep.

	Population.	Cattle, prewar period.	Cattle, recent estimates.	Sheep and lambs, prewar period.	Sheep and lambs, afterwar period.
Argentina	8,284,000	25,867,000	35,000,000	81,485,000	83,000,000
Uruguay	1,379,000	8,193,000	7,802,000	26,286,000	11,473,000
Brazil	26,542,000	30,705,000	37,500,000	10,653,000	7,000,000
Australia	4,971,000	11,745,000	11,040,000	92,047,000	91,676,000
Total	41,176,000	76,510,000	[1] 91,342,000	210,471,000	[3] 193,149,000
United States	106,653,000	61,804,000	[2] 67,966,000	52,448,000	[4] 49,863,000

[1] Increase, 19 per cent. [2] Increase, 9 per cent. [3] Decrease, 8 per cent. [4] Decrease, 4 per cent.

The four competitive countries first mentioned are known to consume less meat per capita than our people and their population is less than 40 per cent of that of the United States, yet they raise nearly 40 per cent more beef and four times as much mutton as we do, and consequently export the bulk of their meat.

Argentina has more than 4 cattle and 10 sheep per capita, while we have but little more than half a beef and less than half a sheep per capita. The great markets of this country are in large cities, most of which can be reached by water transportation. In other words, at least one-third of American people to-day can be reached from foreign countries by water transportation, and when the great canal is built, which will connect the Lakes with the Atlantic Ocean, thus permitting ocean-going ships to reach Chicago, one-half of the American people can be fed by water transportation from foreign countries.

From the Pan American Union statistics it develops that farm laborers in Argentina receive $10 to $20 per month and board, so it is plain that, with our farm labor being paid from $45 to $90 per month and board, our labor cost of producing meat is more than four times as great as Argentina.

It should also be considered that these competitive countries still have enormous tracts of free range, and the cost of raising cattle is much less than here. Land values and pasture charges are much lower there than in this country and there is hardly an item of expense incident to the live-stock business that is not very much less in competitive countries than here.

Live-stock receipts at market centers declined more than 10 per cent in 1920 as compared to 1919. On such a decline in receipts why didn't cattle, hogs, and sheep increase in price? The answer is, imports of meats free of duty in various forms took up the slack and prevented the advance; on the contrary, pressed the market downward. Cattle led in the decline of agricultural products in 1920 and the price has been on the toboggan ever since. Each month live stock has dropped a little lower than the previous month, until now $8 per hundred live weight looks as good to us as did $15 per hundredweight in the spring of 1919; thus decline in price carried with it little or no benefit to the consumer, as the producer does not fix the price to the consumer of this commodity.

Out of $4,000,000,000 estimated necessary to run this Government for one year only 15 per cent of this vast sum is collected at the customhouses on import duties; the balance, or 85 per cent, is from internal revenue. This is the result of the workings of the Underwood bill. Under the Payne-Aldrich bill 65 per cent of all the revenue necessary to run this Government was collected at the customhouses on import taxes, balance of 35 per cent was collected from some internal source, a great deal of which was from whisky and tobacco tax; however, it required only about $1,000,000,000 in those days to run the Government, as against $4,000,000,000 to-day.

MUTTON AND LAMB IMPORTS.

During the 12 months ending June 30, 1920, there were imported free of duty 16,358,299 pounds of mutton and lambs, and during the succeeding four months the imports of mutton and lambs free of duty amounted to 64,623,777 pounds; total, 80,982,076 pounds.

During the last four months of this period there were practically four times as much of these imports as in previous 12 months.

Putting the average mutton carcass at 40 pounds, it means there were the equivalent of more than 2,000,000 sheep brought into this country free of duty during said 16-months period, and of this number three-fourths, or 1,600,000 head, arrived during the short period of the last four months, including February.

BEEF AND VEAL IMPORTS.

More than 100,000 carcasses of beef and veal were also imported into this country free of duty in the last 16 months, making a total of over 3,000 carloads of cattle and about 10,000 carloads of mutton and lambs. This vast amount of meat was brought into this country in ships which entered our harbors without the expenditure of one single dollar in this country before it reached our large consuming centers. When sold at least 95 per cent of the proceeds were returned to some foreign country, practically little or no benefit to our commerce in any way. This is the direct result of no duty.

What if this 3,000 cars of cattle and 10,000 cars of mutton and lambs had been marketed from our farms and ranches in this country? Our railroads would have received freight on 13,000 cars of cattle and sheep. The charges for switching and bedding the cars, feed, yardage, attendance, war tax, also a commission charge, would have been distributed among the various interests named, and finally, and most important, the net proceeds would have been deposited in our home banks or applied on some hard-pressed cattle or sheep man's paper. This would be the result of a protective duty on imports. Which do you want and which will do the most general good? It does not take a Solomon to answer the question.

Had it not been for the World War the Underwood bill would have wrought destruction to agriculture, also brought grief to the Democratic Party. Immediately after this Underwood bill was passed dressed or frozen beef and mutton began to be diverted from Europe to this country in large and increasing quantities. Only the war and the great demand for meat in the war zone gave us temporary relief from the imports from South America. Shortly after the armistice was signed these great foreign ocean-going vessels began loading not only meats but other agricultural products in great and increasing amounts. On January 5 of this year two ships reached the United States loaded with 270,262 carcasses of mutton, and three other foreign ships were en route to this country loaded with mutton. Five ships in one month containing about 675,655 carcasses, or 34,687,580 pounds, of meat coming in free of duty is a staggering blow to the meat producers of the United States.

NO MILLIONAIRE FARMER.

We have in the United States 20,000 millionaires, judging from the income-tax records. This estimate is based on the assumption that each individual who pays taxes on an income of $50,000 or more is the owner of a million-dollar estate, and it is very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State and probably 90 per cent of the others live north of the Mason and Dixon line and east of the Mississippi River. How many of these men made their millions in farming? Who ever heard of an honest-to-God millionaire farmer? How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnishes the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world; they furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world.

The farmer furnished the cotton from which the manufacturer creates cloth to make clothing for the people; they also furnish the grain from which to create flour, meal, and cereals to feed the people.

Here is exhibited a community of interests, one absolutely dependent on the other, which should be a 50-50 proposition instead of—well, I can't even guess what per cent the farmer and ranchman receive for their so-called raw material as compared with what the manufacturers receive for the finished product.

Fortunately our worthy President, Mr. Warren G. Harding, in his inaugural address said:

"Tariff must be adjusted to protect American industry, with its higher production costs, against people who are seeking trade expansion."

In so expressing himself President Harding meant by the expression "American industry" not only manufactured products but everything produced by industry, so it is up to us to so impress upon our Congressmen the needs of our farmers and stockmen that we, too, will receive proper consideration in the remodeling of our tariff.

The manufacturers are highly organized, and you may depend upon it they will, through combined efforts, obtain all possible tariff protection.

Every stockman and farmer in the South should take a keen interest in the tariff question and become active members of live-stock or agriculture associations. You should also actively assist the managers of your associations by urging your Congressmen to take an active interest in legislation affecting your products.

President Harding is in sympathy with us; so, I repeat, get after your Congressman and see that all possible facts and figures are available for him to show other Congressmen the importance of protecting the American farmer and stockman, especially of the South, whom you should represent, to the greatest possible degree.

Mr. COWAN. I have some memoranda made in connection with importations of hides, taken from the census, that I should like to have printed as a part of my original remarks, not as an appendix.

The CHAIRMAN. Hand them to the stenographer, and they will be printed in that manner.

Mr. COWAN. In the foregoing argument mention was made at different places of statistical data to be submitted herewith as a part of my statement. I therefore submit the following:

First. A statement issued by the Bureau of the Census under date of June 8, 1921, relative to the slaughtering and meat-packing industry for the year 1919, as compared with the year 1914, as follows:

A preliminary statement of the 1920 census of manufactures has been prepared by the Bureau of the Census, Department of Commerce, furnishing statistics concerning the slaughtering and meat-packing industry for the year 1919. It consists of a statement of the number and cost of animals slaughtered and the quantities and values of the principal products manufactured during the year 1919.

The figures are compiled from 1,305 establishments with products for the year valued at $4,246,290,000. The total cost of raw materials, principally live stock, was $3,774,901,000, or 88.8 per cent of the total value of products.

The statistics for 1919 and 1914 are summarized in the following table. Those for 1919 are preliminary and subject to such change and correction as may be necessary from further examination of the original reports.

Slaughtering and meat packing, wholesale—Census Bureau's summary for the industry—1919 and 1914.

	1919	1914
MATERIALS.		
Total cost	$3,774,901,000	$1,441,663,000
Animals slaughtered, cost	$3,055,495,000	$1,199,642,000
Beeves—		
Number	10,818,000	7,149,000
Cost	$1,055,319,000	$490,106,000
Calves—		
Number	4,395,000	2,019,000
Cost	$95,720,000	$27,623,000
Sheep, lambs, goats, and kids—		
Number	13,523,000	15,952,000
Cost	$146,965,000	$84,813,000
Hogs—		
Number	44,519,000	34,442,000
Cost	$1,757,491,000	$597,098,000
All other materials, cost	$719,406,000	$242,021,000
PRODUCTS.		
Total value	$4,246,290,000	$1,651,965,000
Fresh meat:		
Beef—		
Pounds	4,932,284,000	3,658,334,000
Value	$846,806,000	$421,207,000
Veal—		
Pounds	422,928,000	194,699,000
Value	$83,884,000	$26,299,000
Mutton, lamb, goat and kid—		
Pounds	501,201,000	629,223,000
Value	$120,451,000	$74,676,000

Slaughtering and meat packing, wholesale, etc.—Continued.

	1919	1914
PRODUCTS—continued.		
Fresh meat—Continued.		
Pork—		
Pounds	2,112,243,000	1,877,099,000
Value	$532,075,000	$226,535,000
Edible offal and all other fresh meat—		
Pounds	516,983,000	296,667,000
Value	$59,832,000	$20,576,000
Cured meat:		
Beef, pickled and other cured—		
Pounds	129,960,000	91,572,000
Value	$28,360,000	$14,395,000
Pork, pickled and other cured—		
Pounds	4,145,232,000	2,029,310,000
Value	$1,217,420,000	$393,605,000
Canned goods:		
Pounds	305,943,000	160,799,000
Value	$96,904,000	$26,418,000
Sausage:		
Canned—		
Pounds	101,002,000	74,004,000
Value	$27,985,000	$9,845,000
All other—		
Pounds	629,701,000	435,147,000
Value	$145,601,000	$58,350,000
Lard:		
Pounds	1,372,550,000	1,119,189,000
Value	$415,817,000	$120,414,000
Lard compounds and substitutes:		
Pounds	521,122,000	390,398,000
Value	$123,724,000	$33,037,000
Oleo oil:		
Gallons	20,339,000	16,502,000
Value	$30,953,000	$11,926,000
Other oils:		
Gallons	6,721,000	6,715,000
Value	$9,153,000	$4,010,000
Tallow and oleo stock:		
Pounds	242,084,000	209,614,000
Value	$30,536,000	$13,733,000
Oleomargarine:		
Pounds	123,639,000	60,388,000
Value	$36,778,000	$8,819,000
Hides and pelts:		
Cattle hides—		
Number	10,818,000	7,159,000
Value	$185,020,000	$69,959,000
Calf—		
Number	3,353,000	1,404,000
Value	$24,797,000	$3,513,000
Sheep, lamb, goat, and kid—		
Number	12,244,000	15,017,000
Value	$33,780,000	$13,624,000
Fertilizers and fertilizer material:		
Tons	391,000	294,000
Value	$18,315,000	$8,737,000
All other products,[1] value	$172,099,000	$92,107,000

[1] Includes value of ammonia, butter, butter reworked, condensed milk, glue, glycerine, hog hair, ice, sausage casings, scrapple, soap, wool, etc., and amount received for slaughtering and refrigeration for others.

Second. Tables from reports issued by the Bureau of Foreign and Domestic Commerce showing the imports and exports of meats for the years 1910 to 1921, as follows:

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years.			
		1914	1915	1916	1917
Meat and dairy products:					
Meat products—					
Meats, fresh—					
Beef and veal	pounds	254, 319, 200	118, 589, 580	39, 772, 414	22, 072, 117
	dollars	22, 758, 994	11, 125, 444	3, 988, 944	3, 088, 759
Mutton and lamb	pounds	19, 875, 942	11, 879, 353	17, 235, 208	5, 623, 903
	dollars	1, 824, 168	1, 109, 156	1, 526, 688	685, 401
Pork	pounds	18, 952, 005	3, 498, 294	954, 561	2, 580, 340
	dollars	2, 342, 271	370, 553	95, 997	553, 812
Total fresh meats	pounds	293, 147, 147	133, 967, 227	57, 962, 183	30, 276, 390
	dollars	26, 925, 433	12, 605, 153	5, 611, 574	4, 327, 972

Article.		Calendar year.		Fiscal year ending June—	
		1918	1919	1920	1921
Meat and dairy products:					
Meat products—					
Meats, fresh—					
Beef and veal	pounds	23, 339, 081	38, 461, 758	42, 436, 333	40, 319, 240
	dollars	4, 159, 186	6, 408, 081	6, 962, 894	6, 045, 316
Mutton and lamb	pounds	607, 896	8, 209, 182	16, 358, 299	108, 528, 214
	dollars	134, 290	1, 547, 338	2, 519, 355	12, 843, 671
Pork	pounds	1, 721, 979	2, 779, 361	2, 132, 444	1, 212, 495
	dollars	376, 601	601, 051	464, 838	336, 413
Total fresh meats	pounds	25, 668, 956	49, 450, 301	60, 927, 576	151, 696, 965
	dollars	4, 670, 080	8, 556, 170	9, 917, 087	19, 425, 543

Domestic merchandise exported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Meat products:							
Beef products—							
Beef, canned	lbs	11, 503, 037	11, 248, 543	8, 439, 735	4, 163, 095	30, 734, 748	69, 999, 828
	dolls	1, 330, 048	1, 311, 234	1, 040, 891	539, 889	4, 897, 079	11, 014, 980
Beef, fresh	lbs	55, 538, 924	28, 782, 481	9, 025, 552	6, 850, 123	31, 442, 463	202, 813, 397
	dolls	5, 911, 108	2, 905, 412	1, 053, 777	817, 847	3, 899, 070	33, 606, 465
Beef, pickled, and other cured.	lbs	35, 335, 923	42, 304, 538	28, 709, 513	25, 180, 539	23, 779, 449	42, 746, 813
	dolls	3, 071, 975	3, 181, 044	2, 437, 400	2, 507, 541	2, 371, 563	4, 597, 289
Hog products—							
Bacon	lbs	128, 269, 744	198, 112, 203	192, 021, 658	212, 796, 618	184, 207, 850	524, 138, 245
	dolls	17, 880, 062	24, 185, 672	23, 483, 949	27, 983, 536	25, 570, 543	69, 823, 962
Hams and shoulders, cured.	lbs	131, 181, 642	189, 615, 032	176, 058, 810	171, 671, 407	142, 398, 201	266, 442, 819
	dolls	17, 884, 237	23, 337, 395	22, 235, 899	24, 177, 782	20, 797, 130	37, 348, 592
Lard	lbs	368, 831, 681	552, 429, 865	495, 092, 561	536, 179, 645	438, 015, 898	451, 286, 439
	dolls	45, 935, 897	54, 504, 681	52, 201, 560	60, 664, 940	48, 610, 269	48, 342, 004
Pork—							
Canned	lbs	3, 715, 803	5, 057, 909	5, 185, 411	3, 651, 101	2, 796, 415	7, 928, 944
	dolls	428, 396	596, 379	635, 570	545, 368	450, 724	1, 312, 558
Fresh	lbs	927, 229	2, 231, 661	2, 607, 659	3, 182, 678	1, 250, 977	24, 230, 183
	dolls	120, 523	256, 096	310, 558	407, 283	178, 099	2, 879, 833
Pickled	lbs	41, 488, 829	51, 029, 350	54, 372, 819	53, 984, 973	37, 006, 108	59, 047, 997
	dolls	4, 806, 246	4, 875, 795	5, 468, 207	5, 866, 901	4, 001, 586	6, 026, 008
Lard compounds and other substitutes for lard.	lbs	71, 993, 638	69, 484, 042	73, 724, 170	63, 699, 754	63, 355, 911	63, 869, 985
	dolls	7, 258, 758	6, 022, 309	6, 397, 205	5, 769, 314	5, 608, 980	5, 519, 231
Mutton (except canned.)	lbs	1, 997, 099	2, 573, 653	5, 076, 168	4, 789, 431	3, 847, 093	4, 230, 928
	dolls	220, 104	246, 221	523, 655	547, 993	436, 069	500, 117

Domestic merchandise exported: Quantities and values, by articles—Continued.

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Meat products:							
Beef products—							
Beef, canned	lbs	54,026,922	65,471,232	141,457,163	53,867,327	31,133,918	10,785,306
	dolls	11,911,790	18,258,522	51,498,010	20,672,964	9,364,410	2,521,873
Beef, fresh	lbs	181,976,831	216,419,599	514,341,529	174,426,999	153,560,647	21,084,203
	dolls	22,316,803	31,427,132	109,605,363	40,280,747	32,566,746	3,704,590
Beef, pickled, and other cured.	lbs	36,682,614	67,810,990	44,206,020	42,804,724	32,383,501	23,312,856
	dolls	3,942,826	8,319,655	7,921,220	8,739,141	5,880,786	2,998,514
Hog products—							
Bacon	lbs	592,851,157	678,128,056	1,104,788,081	1,190,297,494	803,666,851	489,298,109
	dolls	87,113,549	123,115,384	315,968,064	373,913,227	233,327,856	103,114,918
Hams and shoulders, cured.	lbs	287,161,195	243,386,814	537,213,041	596,795,663	275,456,931	172,011,676
	dolls	45,340,015	54,047,798	145,674,888	189,428,837	82,633,460	40,088,562
Lard	lbs	426,659,599	372,721,342	548,817,901	760,901,611	587,224,549	746,157,356
	dolls	56,039,641	75,355,138	144,933,151	237,983,449	171,523,351	131,329,199
Pork—							
Canned	lbs	7,263,012	5,377,226	5,267,342	5,791,706	3,201,967	1,118,967
	dolls	1,559,799	1,731,531	1,776,392	2,422,364	1,480,304	449,916
Fresh	lbs	55,112,043	49,372,780	11,632,635	26,776,978	27,224,941	57,043,446
	dolls	6,950,706	9,899,883	2,907,894	8,347,557	7,327,511	11,128,446
Pickled	lbs	54,975,221	39,294,011	36,671,660	34,113,875	41,643,119	33,286,064
	dolls	6,556,925	7,088,935	8,535,017	8,632,518	9,680,987	5,380,792
Lard compounds and other substitutes for lard.	lbs	49,821,709	49,300,143	43,977,410	124,962,950	44,195,842	42,155,971
	dolls	5,930,841	8,582,320	10,258,536	31,605,885	11,850,311	6,099,914
Mutton (except canned).	lbs	5,257,883	2,862,175	1,630,815	3,009,164	3,958,131	6,624,522
	dolls	697,847	514,855	387,132	632,667	815,452	1,291,325

The imports and exports of beef and mutton for the fiscal year 1921 were as follows: Imports 148,847,454 pounds; exports 55,182,365 pounds. It will therefore be seen that the imports exceeded the exports by 93,665,089 pounds.

Third. Tables from the reports of the Bureau of Foreign and Domestic Commerce showing the imports and exports of cattle, hogs, and sheep for the years 1910 to 1921, as follows:

Domestic merchandise exported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Animals:							
Cattle	No	109,629	164,087	46,463	26,236	8,694	16,256
	dolls	9,464,580	14,110,081	3,623,043	851,060	515,046	2,523,689
Hogs	No	4,019	13,246	17,478	12,118	12,399	7,261
	dolls	46,387	107,676	144,143	133,962	157,421	85,133
Sheep	No	52,638	177,069	191,963	170,411	78,277	40,501
	dolls	203,796	853,300	636,856	595,324	317,939	171,361
All other (including fowls, dolls		236,336	274,944	378,339	475,411	292,034	208,182
Total	dolls	15,292,411	20,389,993	9,449,078	7,071,055	20,419,257	121,641,460

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Animals:							
Cattle	No	12,171	20,009	17,290	69,859	83,039	145,673
	dolls	658,934	1,291,714	1,082,758	6,439,521	11,921,518	10,950,507
Hogs	No	28,301	15,588	10,308	24,745	38,107	103,414
	dolls	339,747	276,451	333,729	683,911	982,120	2,216,500
Sheep	No	55,059	30,359	7,962	34,531	56,155	80,723
	dolls	268,538	278,759	120,882	369,974	711,549	532,510
All other (including fowls), dolls		396,516	383,903	288,645	464,702	575,056	931,229
Total	dolls	92,425,609	49,005,850	15,045,142	12,003,684	19,291,197	17,617,041

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Animals:							
Cattle	No.	211,230	252,423	325,717	736,937	727,891	552,489
	dolls.	3,261,023	3,915,888	5,296,296	14,692,916	19,650,903	18,627,368
Sheep	No.	56,201	23,063	15,342	115,688	199,995	276,521
	dolls.	408,976	153,459	89,288	312,265	657,388	984,312

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Animals:							
Cattle	No.	295,647	347,510	352,601	642,395	575,328	326,214
	dolls.	10,605,697	18,245,973	25,518,585	53,298,078	45,061,179	23,589,124
Sheep	No.	125,722	202,861	150,203	22,774	199,549	161,292
	dolls.	668,658	2,014,169	1,653,717	2,473,395	2,279,949	1,541,793
Swine	No.	2,402	16,236	7,467	20,657	3,662	1,161
	dolls.	40,457	396,961	185,617	758,259	121,068	27,589

We have included in the foregoing tables live stock and meats only. Figures are readily obtainable with respect to all the different classes of products, but it is not deemed necessary or desirable to present them here.

It will be observed that there was nearly a 100 per cent increase in the importations of cattle for the years 1913 and 1914 over the year 1912, and a large increase in 1912 over 1911 and in 1911 over 1910. The peak was reached in 1913, when 736,937 head were imported, falling to 552,489 head in 1915, and again reaching the high mark of 642,395 in the year 1919.

The exports for the same periods show a very small and generally insignificant number, the highest number being 164,087 head for the year 1911. The low mark was 8,694 head in the year 1914. In 1919 the number increased to 69,859.

For the year 1921 the imports of cattle were 326,214 head, and the exports 145,673 head, so that the imports exceeded the exports by 180,541 head.

Fourth. Tables from the reports of the Bureau of Foreign and Domestic Commerce showing the imports and exports of calf and cattle hides for the year 1910 to 1921, as follows:

Domestic merchandise exported: Quantities and values, by articles.

Article.		Years ended June 30—				
		1912	1913	1914	1915	1916
Hides and skins, except fur skins, raw or uncured:						
Calf	lbs.	548,242	903,922	323,417	1,074,529	1,574,369
	dolls.	99,592	155,499	69,515	248,547	409,637
Cattle	lbs.	17,445,209	17,971,809	12,524,901	21,135,730	13,284,190
	dolls.	2,299,648	2,589,603	1,933,705	4,013,172	2,938,925

Article.		Years ended June 30—		Fiscal year ended June 30—		
		1917	1918	1919	1920	1921
Hides and skins, except fur skins, raw or uncured:						
Calf	lbs.	1,374,088	3,458,091	2,778,398	2,875,600	3,148,310
	dolls.	549,459	1,462,456	1,597,141	2,363,494	69,023
Cattle	lbs.	7,365,461	7,023,761	10,189,293	16,433,766	8,802,504
	dolls.	2,041,357	1,963,700	3,236,418	6,476,671	1,251,451

Merchandise imported: Quantities and values, by articles.

Article.		Calendar years.					
		1910	1911	1912	1913	1914	1915
Calfskins	lbs.	53,157,568	82,681,186	114,859,364	76,468,995	66,915,534	48,914,776
	dolls.	11,814,440	21,227,102	31,033,634	21,243,369	16,373,257	11,334,162
Cattle hides	lbs.	221,969,098	170,649,238	303,530,775	223,549,752	308,050,216	408,632,111
	dolls.	32,926,374	25,226,945	49,178,526	40,844,504	55,931,415	78,137,660

Article.		Calendar years.				Fiscal year ending June—	
		1916	1917	1918	1919	1920	1921
Calfskins	lbs.	62,657,181	29,585,605	7,582,723	64,555,521	66,359,825	35,589,617
	dolls.	18,132,654	11,511,555	2,953,959	33,653,139	38,065,552	10,547,818
Cattle hides	lbs.	404,201,341	370,684,826	221,051,070	407,282,271	439,461,094	198,573,338
	dolls.	87,674,812	102,357,062	52,029,641	125,500,047	151,218,395	39,866,631

Wherever values have been left in the tables, it has been done only as a matter of convenient information. In the case of meats and other products it is, of course, well understood that conditions during the war and even up to this period have been too abnormal to make the value figures adaptable for the purpose of drawing deductions which are reliable.

Also the quantities of exports during the same period, which were affected by the war, can not be used for the purpose of drawing deductions as to what may be expected in the future. It is for that reason that we have presented the figures for the years before the war and brought them down to date.

Fifth. A statement compiled by Mr. John Roberts, of the Bureau of Animal Industry of the Department of Agriculture, concerning meat production, consumption, and foreign trade in the United States, 1907–1920, as follows:

MEAT PRODUCTION, CONSUMPTION, AND FOREIGN TRADE IN UNITED STATES, 1907–1920.

The accompanying tables show the trend for the last 14 years of the production, exports, imports, and consumption of each of the various kinds of meat in the United States. The data are based on two kinds of slaughter reports—(1) the complete slaughter in the United States taken by the census for 1909, and (2) the Federally-inspected slaughter, the details of which are published annually by the Bureau of Animal Industry. The combination of these reports affords a means of estimating the total slaughter from year to year. These estimates can not be made earlier than 1907, as that was the first year the Federal inspection was in operation on its present scale. Hence the tables begin with that year.

The slaughter reports referred to give results only in numbers slaughtered of each kind of animals. Average dressing percentages and average carcass weights are provided in order to convert the live animals into meat equivalents. An annual determination of these factors is necessary, because in some cases, especially with cattle and swine, the average carcass weights vary considerably from one year to the next.

The data throughout are computed from a dressed-weight basis. The edible offal (liver, pluck, etc.) is not included in the dressed weights and so is disregarded. In the aggregate it represents a large quantity of edible material, but it is more than offset by the bones and waste trimmings of the dressed carcasses. The figures in the tables, therefore, represent approximately actual meat. Lard is estimated separately from the dressed weights of swine.

The foreign-trade figures in the tables are taken from the December report of the Department of Commerce, which gives the calendar-year totals.

NOTE.—Slight changes have been made in the per capita consumption figures published previously for the years 1914 to 1919, inclusive. These changes have been caused by the corrections in the census-population figures following the taking of the 1920 census.

Number of animals slaughtered annually under Federal inspection and estimated number slaughtered otherwise (including farm) in United States.

Calendar year.	Cattle.	Calves.	Sheep and lambs.	Goats.	Swine.
1907—Federally inspected	7,633,365	2,024,387	10,252,070	56,750	32,885,377
Other	5,836,500	4,002,400	3,048,500	104,300	22,852,500
Total	13,469,900	6,026,800	13,300,600	161,000	55,737,900
1908—Federally inspected	7,279,260	1,958,273	10,304,666	42,981	38,643,101
Other	5,565,700	3,871,600	3,064,100	78,900	26,853,700
Total	12,845,000	5,829,900	13,368,800	121,900	65,496,800
1909—Federally inspected	7,713,807	2,189,017	11,350,349	100,659	31,394,896
Other	5,897,615	4,326,959	3,374,350	184,894	21,824,672
Total	13,611,422	6,515,976	14,724,699	285,563	53,219,568
1910—Federally inspected	7,807,600	2,238,587	11,408,020	100,379	26,003,463
Other	5,733,000	4,314,000	3,392,200	184,400	18,070,000
Total	13,540,600	6,552,600	14,800,200	284,800	44,073,500
1911—Federally inspected	7,619,096	2,183,533	14,020,446	38,891	34,232,955
Other	5,339,000	4,081,000	4,169,100	71,400	23,789,000
Total	12,958,100	6,264,500	18,189,500	110,300	58,022,000
1912—Federally inspected	7,252,378	2,277,946	14,979,265	72,894	33,052,727
Other	4,726,600	4,070,100	4,454,100	133,900	22,969,300
Total	11,979,000	6,348,000	19,433,400	206,800	56,022,000
1913—Federally inspected	6,978,361	1,902,414	14,405,759	75,656	34,198,585
Other	4,499,200	3,382,100	4,283,600	138,900	23,774,900
Total	11,477,600	5,284,500	18,689,400	214,600	57,973,500
1914—Federally inspected	6,756,737	1,696,962	14,229,343	175,906	32,531,840
Other	4,247,800	2,964,400	4,231,200	323,100	22,616,300
Total	11,004,500	4,661,400	18,460,500	499,000	55,148,100
1915—Federally inspected	7,153,395	1,818,702	12,211,765	153,346	38,381,228
Other	3,668,700	2,820,800	3,631,200	281,700	26,682,800
Total	10,822,100	4,639,500	15,843,000	435,000	65,064,000
1916—Federally inspected	8,310,456	2,367,303	11,941,366	198,909	43,083,703
Other	3,716,200	3,406,600	3,550,800	365,400	29,951,900
Total	12,026,700	5,773,900	15,492,200	564,300	73,035,600
1917—Federally inspected	10,350,052	3,142,721	9,344,994	165,660	33,909,704
Other	3,373,800	3,888,000	2,778,800	304,300	23,574,100
Total	13,723,900	7,030,700	12,123,800	470,000	57,483,800
1918—Federally inspected	11,828,549	3,456,393	10,319,877	137,725	41,214,250
Other	3,921,900	4,310,800	3,065,200	252,400	28,640,400
Total	15,750,400	7,767,200	13,385,100	390,100	69,854,700
1919—Federally inspected	10,089,984	3,969,019	12,691,117	87,380	41,811,830
Other	3,545,100	5,072,000	3,769,500	160,100	29,055,700
Total	13,635,100	9,041,000	16,460,600	247,500	70,867,500
1920—Federally inspected	8,608,691	4,058,370	10,982,180	42,477	38,018,604
Other	3,567,400	5,604,400	3,265,600	78,000	26,430,700
Total	12,176,400	9,662,800	14,247,800	120,500	64,449,400

A few horses are slaughtered under the Federal inspection, and probably more otherwise, the flesh being mostly used to feed wild animals in zoological gardens, menageries, etc. The Federal inspection of horses commenced in September, 1919, and 433 were slaughtered up to the end of the year. During 1920 the number slaughtered was 894. A large proportion of the inspected horseflesh is exported.

Estimated annual production, exports, imports, and consumption of beef in United States.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	7,320	4,336	2,984	352	....	6,968	79.7
1908	6,676	3,955	2,721	228	....	6,448	72.4
1909	7,071	4,199	2,882	163	....	6,908	76.2
1910	7,323	4,240	3,083	110	....	7,313	78.1
1911	7,036	4,137	2,899	92	....	6,944	73.9
1912	6,509	3,938	2,571	56	....	6,453	67.5
1913	5,913	3,595	2,318	47	38	5,904	60.8
1914	5,639	3,601	2,038	95	265	5,809	58.9
1915	5,816	3,979	1,837	399	110	5,527	55.6
1916	6,118	4,362	1,756	287	20	5,851	58.1
1917	6,686	5,169	1,517	376	29	6,339	62.0
1918	7,641	5,885	1,756	728	112	7,025	67.8
1919	6,571	4,993	1,578	314	43	6,300	60.0
1920	6,111	4,451	1,660	164	53	6,000	56.4

The trend of beef production, which was especially high in 1907 and 1910, declined steadily from the last-named year until the advent of the World War. The war production culminated in 1918 with the largest total on record. The effort, however, to some extent depleted the resources of the producers, and with other causes brought about a reaction during 1919 and 1920.

Exports of beef at one time formed a large and important branch of our foreign trade, but by 1913 they had largely disappeared and foreign beef began to come in. The exports were large from 1915 to 1918 solely because of the war needs and have since fallen away very noticeably.

Imports of meat previous to 1913 were so small that they were not enumerated separately in the commerce reports. Imports of beef in 1914, however, were quite considerable. At this period the sources of cheap beef in the Southern Hemisphere, especially Argentina, had developed enormously, and they had, in fact, supplanted the United States in the overseas trade with Europe.

Consumption of beef, as seen in the table, was at the lowest point in 1915, shortly after the advent of the World War. Restricted supply and high prices brought the next lowest consumption per head in 1920.

Estimated annual production, exports, and consumption of veal in United States.

Calendar year.	Slaughter.			Consumption.	
	Total.	Federally inspected.	Other.	Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	626	210	416	626	7.1
1908	605	203	402	605	6.8
1909	684	230	454	684	7.5
1910	687	235	452	687	7.4
1911	657	229	428	657	7.0
1912	668	239	429	668	7.0
1913	488	176	312	488	5.0
1914	433	158	275	433	4.4
1915	428	168	260	428	4.3
1916	536	220	316	536	5.3
1917	662	296	366	662	6.5
1918	726	323	403	726	7.0
1919	851	373	478	851	8.1
1920	909	382	527	909	8.5

Veal production, as a rule, follows that of beef. The unusually large slaughter in the last two years, however, contrasts rather curiously with the considerable decline in cattle slaughter in the same period. It is accounted for partly by the droughty conditions in the West, which induced heavy marketings of young stock during 1919 and the relatively higher prices for calf products in 1920.

Country slaughter of veal is proportionately much larger than for any other class of animals. The Federally-inspected slaughter of calves in 1909 was about one-third of the total slaughter; and, although it is increasing, it is estimated to be still well below one-half of the total.

The consumption of veal corresponds to the production, as there are no imports or exports recorded. The per capita consumption for the whole period has averaged close to 7 pounds per annum. It was lowest in 1915 (4.3 pounds) and highest in 1920 (8.5 pounds).

Estimated annual production, exports, imports, and consumption of mutton and lamb in United States.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	559	431	128	1	....	558	6.4
1908	555	428	127	1	....	554	6.2
1909	604	466	138	2	....	602	6.6
1910	600	463	137	2	....	598	6.5
1911	738	569	169	3	....	735	7.8
1912	788	608	180	5	....	783	8.2
1913	738	569	169	5	1	734	7.5
1914	720	555	165	4	20	736	7.5
1915	626	482	144	4	12	634	6.4
1916	612	472	140	5	16	623	6.2
1917	473	364	109	3	6	476	4.7
1918	522	402	120	2	1	521	5.0
1919	626	482	144	3	8	631	6.0
1920	556	428	128	4	101	653	6.1

The production and consumption of mutton and lamb is very small in comparison with beef and pork. It averages only about one-tenth of beef and one-twelfth of pork. The table shows the production of mutton and lamb to have been greatest from 1911 to 1914, in each of which years it exceeded 700,000,000 pounds. The year of lowest production was 1917, when the yield was only 473,000,000 pounds. Since 1917 the trend was upward for two years, but declined again in 1920.

The proport!on of Federal-inspected slaughter is greater with sheep and lambs than with any other class of live stock. Nearly four-fifths of the total mutton and lamb produced is inspected in establishments havin ' Government supervision.

Normally, there is very little foreign trade in mutton or lamb, but last year saw a new departure in heavy imports of Australasian product. These imports amounted to nearly one-fifth of the total production.

The table shows the per cap!ta consumption ranging between 8.2 pounds (highest) in 1912 and 4.7 pounds (lowest) in 1917. There has been a steady rise in the last three years.

Estimated annual production, exports, imports, and consumption of pork and lard in United States.

PORK.

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	7,491	4,420	3,071	1,014	....	6,477	71.1
1908	8,226	4,853	3,373	619	....	7,607	85.4
1909	6,690	3,946	2,744	472	....	6,218	68.6
1910	5,881	3,470	2,411	313	....	5,568	60.3
1911	7,511	4,481	3,080	456	....	7,055	75.1
1912	7,189	4,242	2,947	440	....	6,749	70.6
1913	7,492	4,420	3,072	456	3	7,039	72.5
1914	7,228	4,264	2,964	377	38	6,889	69.9
1915	8,050	4,749	3,801	906	7	7,151	72.0
1916	8,634	5,196	3,448	1,011	2	7,625	75.7
1917	6,901	4,071	2,830	943	10	5,968	58.4
1918	9,137	5,391	3,746	1,724	97	7,510	72.6
1919	9,269	5,469	3,800	1,897	11	7,383	70.3
1920	8,470	4,996	3,474	925	6	7,551	71.0
LARD.							
1907	1,693	993	690	589	....	1,094	12.5
1908	1,834	1,094	760	582	....	1,272	14.3
1909	1,506	888	618	458	....	1,048	11.6
1910	1,344	793	551	379	....	965	10.5
1911	1,717	1,013	704	605	....	1,112	11.8
1912	1,643	969	674	553	....	1,090	11.4
1913	1,713	1,011	702	575	....	1,138	11.7
1914	1,652	975	677	460	....	1,192	12.1
1915	1,840	1,086	754	487	....	1,353	13.6
1916	1,973	1,164	809	454	....	1,519	15.1
1917	1,577	930	647	383	....	1,194	11.7
1918	2,089	1,233	856	555	....	1,534	14.8
1919	2,119	1,250	869	784	....	1,335	12.7
1920	1,936	1,142	794	636	....	1,300	12.2

It is well known that the hog industry is subject to rather violent changes due to the economic situation and the character of the corn crop in a given year. This is illustrated in the tables, in which it may be seen there are three lean years, viz, 1909, 1910, and 1917. The shortage in 1909 and 1910 was due to the failure of the corn crop, and that of 1917 is attributed to overmarketing, including breeding stock, in the preceding year, due mostly to the attraction of high war prices. The enormous productions in 1918 and 1919 evidence a remarkable recovery, which would have been impossible with any other class of live stock than the prolific and quick-maturing hog. The production in 1920 probably suffered somewhat from the heavy marketings of the previous year.

The exports of pork products, excluding lard, in 1920 indicate a return to normal proportions as compared with the enormous war-time shipments of the previous two years. The reversal was no doubt aided by the shorter production and by the international economic conditions.

Regarding the exports of lard, it may be noted that those of the war period did not exceed the prewar totals as did those of other pork products. Lard exports have been large for a long period of years; in fact, the American lard hog has never had a competitor in the world's markets. It is, nevertheless, rather surprising to note that the lard exports of 1911 to 1913 were larger even than those of the years from 1915 to 1918. This is explained by the fact that the Central Powers, especially Germany, as well as the continental European neutrals, were large consumers of our lard, and the loss of this trade affected the totals until 1919, when foreign shipments were the largest in history. The lard exports were very large also in 1920, although those of other products fell off fully 50 per cent.

The largest quantity of pork products consumed within a year occurred in 1916, and the next highest figures were in 1908 and 1918. The smallest consumption occurred in 1910 and 1917, in which years the production, as before stated, was much below normal. The per capita consumption was highest in 1908 and lowest in 1917. The difference between these two years shows the wide margin of 28 pounds, but it may be stated that the unusually low figure in 1917 was caused not only by the short production but also in large measure by the high prices and the need of conserving a scarce supply for export.

Estimated annual production, exports, imports, and consumption of all meats[1] *(excluding lard) in United States.*

Calendar year.	Slaughter.			Exports.	Imports (less re-exports).	Consumption.	
	Total.	Federally inspected.	Other.			Total.	Per capita.
	Million pounds.	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Million pounds.*	*Pounds.*
1907	16,003	9,399	6,604	1,367	....	14,636	167.4
1908	16,067	9,441	6,626	848	....	15,219	170.9
1909	15,060	8,835	6,225	637	....	14,423	159.0
1910	14,502	8,412	6,090	412	....	14,090	152.5
1911	15,946	9,368	6,578	534	....	15,412	163.9
1912	15,162	9,030	6,132	486	....	14,676	153.5
1913	14,640	8,763	5,877	507	41	14,174	145.9
1914	14,039	8,585	5,454	475	323	13,887	140.9
1915	14,937	9,384	5,553	1,309	129	13,757	138.5
1916	15,922	10,248	5,674	1,304	38	14,656	145.5
1917	14,740	9,906	4,834	1,322	44	13,462	131.8
1918	18,041	12,006	6,035	2,454	210	15,797	152.5
1919	17,326	11,320	6,006	2,215	62	15,173	144.5
1920	16,051	10,259	5,792	1,093	160	15,118	142.1

[1] Includes small quantity of goat meat not given separately.

The figures in the table above are merely the addition of the various meats in the previous tables plus a small quantity of goat meat. The latter, however, furnishes only about one-tenth of a pound per capita of the total meat consumption in the country.

It may be seen from the last table that the banner year in meat production was 1918, when a little over 18,000,000,000 pounds were produced. Two-thirds of this meat was examined and certified as fit for human food by Federal inspectors. One-third, or 6,000,000,000 pounds, was subject to State or local inspection, or no inspection at all, and practically all of this was slaughtered and consumed within State boundaries. During the last two years the production has fallen off at the rate of about 1,000,000,000 pounds a year, but because of the decrease in exports there was little change in the consumption totals of 1919 and 1920.

NOTE.—Any conflict or disparity in the figures of the foregoing tables and those contained in Mr. Roberts's report doubtless arise from the different periods, i. e., whether the fiscal year or the calendar year is used, or the difference in the classes of animals or products. They all originate from the same source.

Sixth. Statements issued by the Bureau of the Census in June, 1921, showing the number of cattle, swine, sheep, and goats on farms in the United States on January 1, 1920, as compared with April 15, 1910, as follows: These figures do not include a number of animals in village barns and elsewhere other than on farms which, as shown by the Bureau of the Census, numbered on January 1, 1920, 2,111,928 cattle and 1,220,564 dairy cows, and on April 15, 1910, 1,878,782 cattle and 1,170,338 dairy cows.

CATTLE ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., *June 8, 1921.*

The Bureau of the Census, of the Department of Commerce, announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Cattle on farms in the United States: 1920 and 1910.

Cattle on farms Jan. 1, 1920, total number	66,810,836
Beef cattle, total	35,424,458
Calves under 1 year of age	8,631,631
Heifers 1 year old and under 2 years	3,980,343
Cows and heifers 2 years old and over	12,644,018
Steers 1 year old and under 2 years	4,697,147
Steers 2 years old and over	4,611,763
Bulls 1 year old and over	777,704
Unclassified	81,852
Dairy cattle, total	31,386,378
Calves under 1 year of age	6,904,586
Heifers 1 year old and under 2 years	4,057,644
Cows and heifers 2 years old and over	19,671,777
Bulls 1 year old and over	752,371
Cattle on farms Apr. 15, 1910, total number	61,803,866
Spring calves	7,806,539
Cattle born before Jan. 1, 1910	53,997,327

The number of cattle on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 66,810,836. This number included 35,424,458 beef cattle (cattle kept mainly for beef production) and 31,386,378 dairy cattle (cattle kept mainly for milk production).

BEEF AND DAIRY CATTLE.

The beef cattle included 8,631,631 calves under 1 year of age, 3,980,343 yearling heifers, 12,644,018 cows and heifers 2 years old and over, 4,697,147 yearling steers, 4,611,763 steers 2 years old and over, 777,704 bulls 1 year old and over, and 81,852 cattle not classified by age or sex.

The dairy cattle included 6,904,586 calves under 1 year of age, 4,057,644 yearling heifers, 19,671,777 cows and heifers 2 years old and over, and 752,371 bulls 1 year old and over.

COMPARISON WITH 1910.

The number of cattle reported at the census of 1910 was 61,803,866, but the change in the date of enumeration, from April 15 in 1910 to January 1 in 1920, must be taken into account in making any comparisons between the two years. The 1920 census, taken as of January 1, was too early to include any spring calves, while the 1910 census, taken as of April 15, included 7,806,539 calves born between January 1 and April 15, 1910, or probably more than one-half of the calves born in the spring of that year. On the other hand, the cattle enumerated as of January 1, 1920, included large numbers of animals destined to be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In some States the number of calves born in the first three and one-half months of the year would greatly exceed the number of cattle slaughtered or sent to market, while in other States the number of cattle slaughtered during this period might almost offset the number of calves born.

For the United States as a whole, the total number of cattle reported for 1920 exceeds the total number in 1910 by 5,006,970. The actual increase, after due allowance has been made for the effects of the change in date of enumeration, is doubtless more than this, but less than the difference between the number of cattle in 1910, excluding spring calves, and the number of cattle in 1920.

STATES RANKING HIGHEST IN CATTLE.

Five States reported more than 3,000,000 cattle on farms for January 1, 1920, as follows: Texas, 6,249,443; Iowa, 4,567,708; Nebraska, 3,167,279; Wisconsin, 3,050,829; and Minnesota 3,021,469. The States reporting the largest numbers of dairy cows 2 years old and over were Wisconsin with 1,795,122; New York, with 1,481,918; and Minnesota, with 1,229,179, no other State reporting as many as 1,000,000 dairy cows 2 years old and over.

Number of cattle on farms in the United States, by geographic divisions and States: 1920 and 1910.

Division or State.	Number of cattle on farms Jan. 1, 1920.													Number of cattle on farms Apr. 15, 1910.
	All cattle.	Beef cattle.							Dairy cattle.					
		Total.[1]	Calves under 1 year of age.	Heifers 1 year old and under 2 years.	Cows and heifers 2 years old and over.	Steers 1 year old and under 2 years.	Steers 2 years old and over.	Bulls 1 year old and over.	Total.	Calves under 1 year of age.	Heifers 1 year old and under 2 years.	Cows and heifers 2 years old and over.	Bulls 1 year old and over.	
United States	66,810,836	35,424,458	8,631,631	3,980,343	12,644,018	4,697,147	4,611,763	777,704	31,386,378	6,904,586	4,057,644	19,671,777	752,371	61,803,866
Geographic divisions:														
New England	1,320,262	88,771	15,530	7,790	22,437	14,522	25,241	3,251	1,231,491	183,934	172,711	842,928	31,918	1,336,550
Middle Atlantic	3,864,519	318,491	64,312	27,629	59,911	59,894	88,546	23,199	3,546,028	519,810	429,707	2,486,701	109,810	4,232,521
East North Central	10,900,350	3,090,127	829,270	356,740	794,689	595,202	[illegible]2,979	71,247	7,810,223	1,549,446	1,034,014	5,032,552	194,211	9,819,097
West North Central	20,222,805	12,713,663	3,454,845	1,473,811	3,921,271	1,923,921	1,[illegible],752	267,888	7,509,142	1,820,708	977,747	4,512,861	197,826	17,647,714
South Atlantic	4,709,641	2,089,241	489,386	249,303	727,769	282,280	294,558	46,445	2,620,400	546,442	339,796	1,676,471	57,691	4,839,321
East South Central	4,549,796	1,709,829	486,922	218,887	507,660	264,370	216,498	35,483	2,839,966	758,524	353,665	1,677,992	50,365	3,942,526
West South Central	10,213,699	6,866,404	1,400,080	663,349	3,065,110	673,140	899,690	163,049	3,347,295	966,098	416,799	1,901,544	62,859	10,721,012
Mountain	7,597,985	6,554,339	1,503,181	752,376	2,813,480	652,267	671,451	132,418	1,043,646	270,680	134,866	619,581	18,519	6,060,725
Pacific	3,431,789	1,993,602	498,126	230,458	731,691	251,551	317,048	34,729	1,438,187	288,949	196,919	921,147	29,172	3,204,400
New England:														
Maine	300,747	33,474	6,046	2,864	7,092	6,509	9,701	1,262	267,273	43,898	41,596	175,425	6,354	256,523
New Hampshire	163,653	18,277	3,019	1,424	3,631	3,337	6,270	596	145,376	22,482	23,206	95,997	3,691	167,831
Vermont	435,480	14,200	2,501	1,028	3,219	2,568	4,347	542	421,280	64,147	55,521	290,122	11,490	430,314
Massachusetts	216,099	10,089	1,828	1,317	4,533	760	1,242	414	206,010	26,618	26,513	147,331	5,548	252,416
Rhode Island	30,519	1,706	244	164	837	97	288	76	28,813	3,182	3,483	21,431	716	34,148
Connecticut	173,764	11,025	1,897	998	3,225	1,251	3,298	361	162,739	23,606	22,392	112,622	4,119	195,318
Middle Atlantic:														
New York	2,144,244	63,170	14,737	6,257	20,407	11,164	9,328	1,277	2,081,074	291,721	248,164	1,481,918	59,271	2,423,003
New Jersey	179,459	6,766	1,793	573	2,656	573	813	358	172,693	18,764	17,635	130,497	5,797	222,999
Pennsylvania	1,540,816	248,555	47,782	20,799	36,848	48,157	73,405	21,564	1,292,261	209,325	163,908	874,286	44,742	1,586,519
East North Central:														
Ohio	1,926,823	577,450	148,118	71,321	137,415	119,977	86,909	13,710	1,349,373	261,008	171,426	888,057	28,887	1,837,607
Indiana	1,546,095	599,694	158,923	75,683	171,171	109,333	70,047	14,537	946,401	200,242	118,663	608,211	19,285	1,363,016
Illinois	2,903,389	1,292,778	350,397	139,437	361,640	208,765	202,684	29,855	1,510,611	315,638	193,860	957,986	43,132	2,440,577
Michigan	1,573,214	332,859	100,725	39,030	50,881	91,219	43,892	7,112	1,240,355	209,311	185,371	782,176	23,497	1,407,828
Wisconsin	3,050,829	287,346	71,107	31,269	73,582	65,908	39,447	6,033	2,763,483	503,256	384,695	1,795,122	80,410	2,680,074
West North Central:														
Minnesota	3,021,469	940,842	248,319	112,417	252,183	182,242	120,620	25,061	2,080,627	479,210	303,279	1,229,179	68,959	2,347,435
Iowa	4,567,706	3,048,196	854,656	338,641	848,914	519,506	421,026	65,363	1,519,510	335,628	196,707	897,668	89,507	4,448,006

Missouri	2,781,644	1,714,894	445,199	181,048	533,675	267,127	255,250	32,595	1,066,750	254,060	131,317	661,959	19,406	2,561,482
North Dakota	1,334,552	674,529	212,398	85,051	211,084	99,204	50,669	16,123	660,023	181,789	90,386	370,707	17,191	743,762
South Dakota	2,374,763	1,818,784	469,511	222,155	574,690	246,045	263,718	34,102	555,979	133,767	70,444	338,253	13,515	1,535,276
Nebraska	3,167,279	2,470,779	682,546	293,680	828,702	326,345	286,666	50,276	696,500	158,864	78,604	440,838	18,194	2,982,350
Kansas	2,975,390	2,045,637	542,216	240,899	672,023	283,362	262,799	44,368	929,763	227,431	107,010	574,257	21,055	3,079,403
South Atlantic:														
Delaware	46,509	1,752	416	162	749	142	214	69	44,767	5,141	4,852	33,026	1,738	54,986
Maryland	283,377	53,666	6,177	3,308	10,396	8,414	23,272	2,099	229,711	31,345	26,565	161,972	9,829	287,751
District of Columbia	965	19	3	3	10	3			946	118	95	704	29	962
Virginia	914,674	403,985	103,090	42,214	61,155	76,201	114,930	6,395	510,689	88,952	59,894	357,880	8,963	859,067
West Virginia	587,462	332,441	91,696	45,553	71,664	63,191	55,352	4,985	255,021	41,558	28,608	181,206	3,649	620,298
North Carolina	644,779	182,702	56,306	24,492	58,136	20,289	19,003	4,476	462,077	99,222	64,334	290,223	8,298	700,861
South Carolina	435,462	117,386	29,683	15,302	49,428	7,797	10,496	4,680	318,076	81,835	40,822	188,305	7,114	389,882
Georgia	1,157,432	478,940	103,315	64,886	214,300	45,063	35,997	15,379	678,492	175,276	96,387	391,514	15,315	1,080,316
Florida	638,981	518,350	78,700	53,383	261,931	41,180	35,294	8,362	120,631	27,996	18,239	71,641	2,756	845,188
East South Central:														
Kentucky	1,093,453	433,659	129,036	55,362	79,318	92,743	70,073	7,127	659,794	137,312	73,571	441,346	7,565	1,000,937
Tennessee	1,161,846	492,486	155,996	64,345	95,373	96,028	71,609	9,135	669,360	165,877	79,595	415,128	8,760	996,529
Alabama	1,044,008	322,434	71,693	42,117	128,350	35,971	35,191	9,112	721,574	214,219	97,051	394,112	16,192	932,428
Mississippi	1,250,479	461,241	110,197	57,063	204,619	39,628	39,625	10,109	789,238	241,116	102,868	427,406	17,848	1,012,632
West South Central:														
Arkansas	1,072,966	345,806	86,791	43,466	119,843	50,011	39,531	6,164	727,160	198,445	101,182	415,507	12,026	1,028,071
Louisiana	804,241	487,709	100,343	63,856	252,662	31,259	30,276	9,313	316,532	92,886	40,754	176,936	5,956	804,795
Oklahoma	2,087,049	1,265,317	306,188	155,290	494,080	147,544	137,119	25,096	821,732	235,306	105,835	464,556	16,035	1,953,560
Texas	6,249,443	4,767,572	906,738	400,737	2,198,525	444,326	692,764	122,476	1,481,871	439,456	169,028	844,545	28,842	6,934,586
Mountain:														
Montana	1,268,516	1,057,418	275,564	130,705	384,148	118,516	108,544	16,423	211,098	54,422	25,844	127,581	3,251	943,147
Idaho	714,903	512,512	129,270	63,508	187,006	71,976	49,740	8,678	202,391	56,207	27,616	115,336	3,232	453,807
Wyoming	873,729	814,386	206,541	92,951	298,840	84,394	118,348	13,312	59,343	16,615	6,893	34,933	902	767,427
Colorado	1,756,616	1,434,423	325,033	162,545	529,186	191,701	200,026	25,932	322,193	81,447	41,513	192,234	6,999	1,127,737
New Mexico	1,300,335	1,237,541	249,545	127,748	664,329	67,242	97,446	31,231	62,794	15,779	8,022	37,805	1,188	1,081,663
Arizona	821,918	768,197	153,137	76,497	429,480	41,165	41,819	22,774	53,721	13,293	7,768	31,619	1,041	824,929
Utah	505,578	397,563	94,528	53,825	175,128	41,917	24,557	7,608	108,015	25,794	14,077	66,724	1,420	412,334
Nevada	356,390	332,299	69,557	44,597	145,363	35,356	30,971	6,455	24,091	7,123	3,133	13,349	486	449,681
Pacific:														
Washington	572,644	193,819	51,062	24,045	64,924	26,861	23,668	3,259	378,825	80,990	51,365	238,270	8,200	402,120
Oregon	851,108	570,697	134,748	72,193	225,708	66,380	61,113	10,555	280,411	57,840	36,011	180,462	6,098	725,255
California	[illegible]	1,229,086	242,315	134,220	441,059	158,310	232,267	20,915	778,951	150,119	111,543	502,415	14,874	2,077,025

[1] The United States total includes 81,852 cattle not classified by age or sex. This number is distributed by States as follows: South Dakota, 8,563; Nebraska, 2,612; Florida, 39,500; Texas, 2,006; Montana, 23,518; Idaho 2,328; and Arizona, 3,325.

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SWINE ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., *June 4, 1921.*

The Bureau of the Census of the Department of Commerce announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Swine on farms in the United States, 1920 and 1910.

Swine on farms Jan. 1, 1920, total number	59, 368, 167
Pigs under 6 months old	26, 237, 924
Sows and gilts for breeding, 6 months old and over	11, 445, 239
Boars for breeding, 6 months old and over	934, 553
All other hogs, 6 months old and over	20, 750, 451
Swine on farms Apr. 15, 1910	58, 185, 676

The number of swine on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 59,368,167. This number included 26,237,924 pigs under 6 months old on that date, 11,445,239 sows and gilts 6 months old and over kept for breeding purposes, 934,553 boars kept for breeding purposes, and 20,750,451 other hogs 6 months old and over.

The number of swine reported at the 1910 census was 58,185,676, but the change in the date of enumeration from April 15 in 1910 to January 1 in 1920, must be taken into consideration in making any comparisons between the two years. The 1920 census, taken in January, was too early to include any spring pigs, while the 1910 census, taken in April (beginning Apr. 15), probably included more than half of the "crop" of spring pigs. On the other hand, a farm census taken in January would include large numbers of hogs destined for sale or slaughter before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In those States where the number of pigs born in the first three and a half months of the year is greater than the number of hogs slaughtered or marketed, the 1910 figures, relating to April 15, are too large for a fair comparison with the number of swine on hand January 1, 1920—as much too large as the number of pigs born between January 1 and April 15 exceeds the number of hogs sold or slaughtered during the same period. On the other hand, if in any State the number of swine slaughtered or sent to market between January 1 and April 15 were greater than the number of pigs born during the same period, the 1910 figures would be too small for a fair comparison with the 1920 figures.

Arranging the States in order of the number of hogs and pigs reported, it appears that the following States stood at the head of the list (and in the same order) both in 1920 and in 1910: Iowa, with 7,864,304 swine on farms in 1920; Illinois, with 4,640,447; Missouri, with 3,888,677; Indiana, with 3,757,135; Nebraska, with 3,441,917; and Ohio, with 3,083,846. These six States are the only ones which reported more than 3,000,000 swine in 1920.

Kansas ranked seventh in 1910, but showed a decided falling off in 1920. This was accompanied by a marked decrease in the acreage and production of corn and a corresponding increase in wheat and oats, and doubtless indicates a change in type of farming. A similar situation prevails in Oklahoma, which also shows a considerable decrease in the number of swine reported for 1920, as compared with 1910. Most of the Mountain States, on the other hand, show a decided increase in the number of hogs on farms.

Number of swine on farms in the United States, by geographic divisions and States 1920 and 1910.

Division or State.	Swine on farms Jan. 1, 1920.					Swine on farms Apr. 15, 1910.
	Total.	Pigs under 6 months old.	Sows and gilts for breeding, 6 months old and over.	Boars for breeding, 6 months old and over.	All other hogs, 6 months old and over.	
United States	59,368,167	26,237,924	11,445,239	934,553	20,750,451	58,185,676
Geographic divisions:						
New England	383,752	219,624	57,224	6,834	100,070	396,642
Middle Atlantic	1,955,982	1,161,410	279,037	32,586	482,949	1,790,821
East North Central	14,184,054	7,371,160	2,645,914	230,954	3,936,026	14,461,059
West North Central	21,699,968	6,830,783	4,970,042	363,436	9,535,707	21,281,509
South Atlantic	6,537,392	3,454,254	1,049,190	103,967	1,929,981	5,963,920
East South Central	6,206,942	3,045,326	918,442	71,322	2,171,852	5,438,606
West South Central	5,766,535	2,885,354	1,090,946	85,352	1,704,883	7,021,945
Mountain	1,192,745	538,373	214,194	18,520	421,658	640,911
Pacific	1,440,797	731,640	220,250	21,582	467,325	1,190,263
New England:						
Maine	91,204	53,036	12,414	1,553	24,201	87,156
New Hampshire	41,655	25,053	5,765	754	10,083	45,237
Vermont	72,761	46,386	10,779	1,087	14,509	94,821
Massachusetts	104,192	53,757	17,742	2,042	30,651	103,018
Rhode Island	12,869	6,833	1,701	261	4,074	14,038
Connecticut	61,071	34,559	8,823	1,137	16,552	52,372
Middle Atlantic:						
New York	600,560	379,413	90,368	8,898	121,881	666,179
New Jersey	139,222	74,817	21,174	2,659	40,572	147,005
Pennsylvania	1,216,200	707,180	167,495	21,029	320,496	977,637
East North Central:						
Ohio	3,063,846	1,888,040	493,603	44,823	657,380	3,105,627
Indiana	3,757,135	2,171,143	636,025	59,888	890,079	3,613,906
Illinois	4,640,447	1,887,313	929,823	77,271	1,746,040	4,686,362
Michigan	1,106,207	686,866	184,577	14,302	220,462	1,245,833
Wisconsin	1,596,419	737,798	401,886	34,670	422,065	1,809,331
West North Central:						
Minnesota	2,380,862	627,745	617,538	52,436	1,083,143	1,520,257
Iowa	7,864,304	2,116,191	1,937,351	124,981	3,685,781	7,545,853
Missouri	3,888,677	1,937,526	677,481	57,665	1,216,005	4,438,194
North Dakota	458,265	133,870	126,760	11,614	186,021	331,603
South Dakota	1,932,741	377,474	545,248	37,635	972,384	1,009,721
Nebraska	3,441,917	814,078	783,207	53,858	1,790,774	3,435,724
Kansas	1,733,202	823,899	282,457	25,247	601,599	3,000,157
South Atlantic:						
Delaware	38,621	21,814	4,602	603	11,602	49,260
Maryland	306,452	181,938	41,320	6,042	77,152	301,583
District of Columbia	1,331	540	295	42	454	665
Virginia	941,374	576,119	119,472	14,613	231,170	797,635
West Virginia	305,211	192,818	44,661	5,109	62,603	328,188
North Carolina	1,271,270	642,121	180,954	20,653	427,542	1,227,625
South Carolina	846,997	402,546	128,483	13,477	302,491	665,211
Georgia	2,070,655	1,053,285	363,239	30,813	623,318	1,783,684
Florida	755,481	383,053	166,164	12,615	193,649	810,069
East South Central:						
Kentucky	1,504,431	819,043	218,714	16,408	450,266	1,491,816
Tennessee	1,832,307	950,487	253,629	19,662	608,529	1,387,938
Alabama	1,496,893	679,910	228,281	19,373	569,329	1,266,733
Mississippi	1,373,311	595,886	217,818	15,879	543,728	1,292,119
West South Central:						
Arkansas	1,378,091	699,946	266,185	15,574	396,386	1,518,947
Louisiana	850,562	384,450	196,955	14,527	254,630	1,327,605
Oklahoma	1,305,108	687,714	234,990	21,016	361,388	1,839,030
Texas	2,232,774	1,113,244	392,816	34,235	692,479	2,336,363
Mountain:						
Montana	167,060	69,509	33,975	3,000	60,576	99,261
Idaho	240,030	106,500	43,084	3,040	87,406	178,346
Wyoming	72,278	29,920	14,152	1,264	26,942	33,947
Colorado	449,866	200,027	79,658	7,166	163,015	179,294
New Mexico	87,906	44,360	16,249	1,502	25,795	45,409
Arizona	49,599	24,935	9,811	843	14,010	17,208
Utah	99,361	51,224	13,170	1,184	33,783	64,286
Nevada	26,645	11,898	4,095	521	10,131	23,160
Pacific:						
Washington	264,747	138,128	42,910	4,782	78,927	206,135
Oregon	266,778	140,656	38,472	4,219	83,431	217,577
California	909,272	452,856	138,868	12,581	304,967	766,551

SHEEP AND GOATS ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., *June 15, 1921.*

The Bureau of the Census, of the Department of Commerce, announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910.

Sheep and goats on farms in the United States, 1920 and 1910.

Sheep on farms Jan. 1, 1920, total number	34,984,524
Lambs under 1 year of age	8,931,705
Ewes 1 year old and over	23,462,689
Rams 1 year old and over	826,373
Wethers 1 year old and over	1,494,032
Unclassified	269,725
Sheep on farms Apr. 15, 1910, total number	52,447,861
Spring lambs	12,803,815
Sheep born before Jan. 1, 1910	39,644,046
Goats on farms Jan. 1, 1920, total number	3,426,506
Kids under 1 year of age, raised for fleeces	530,763
Goats 1 year old and over, raised for fleeces	1,569,834
All other goats	1,325,909
Goats on farms Apr. 15, 1910	2,915,125

The number of sheep on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 34,984,524. The number included 8,931,705 lambs under 1 year of age, 23,462,689 ewes 1 year old and over, 826,373 rams 1 year old and over, and 1,494,032 wethers 1 year old and over.

The number of goats reported for the same date was 3,426,506, including 530,763 kids under 1 year of age, raised for fleeces, 1,569,834 goats 1 year of age and over, raised for fleeces, and 1,325,909 other goats—goats and kids of all ages not kept for their fleeces.

COMPARISON WITH 1910.

The number of sheep reported at the census of 1910 was 52,447,861, but the change in the date of enumeration from April 15 in 1910 to January 1 in 1920 must be taken into account in making any comparisons between the two years. The 1920 census, taken as of January 1, was too early to include any spring lambs, while the 1910 census, taken as of April 15, included 12,803,815 lambs born between January 1 and April 15, 1910. On the other hand, the sheep enumerated as of January 1, 1920, included large numbers of animals destined to be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In some States the number of lambs born during the first three and one-half months of the year would greatly exceed the number of sheep and older lambs slaughtered or sent to market, while in other States the number of sheep slaughtered during this period might almost offset the number of lambs born.

Taking as a basis of comparison the sheep reported in 1910, exclusive of spring lambs, the figures for the United States as a whole show a decrease of 4,659,522 sheep between 1910 and 1920. The actual decrease, however, after due allowance has been made for sheep slaughtered as well as for spring lambs, is considerably more than this, but less than the difference between the total number of sheep reported in 1910 and the number in 1920.

The total number of goats reported at the 1910 census was 2,915,125. As compared with this figure, the number of goats reported for 1920 represents a nominal increase of 511,381. The actual increase, after making allowance for the change in date of enumeration, is doubtless considerably less than that.

RANK OF IMPORTANT STATES.

Six States reported more than 2,000,000 sheep on farms for January 1, 1920, as follows: Texas, 2,552,412; California, 2,400,151; Idaho, 2,356,270; Ohio, 2,102,550; Montana, 2,082,919; and Oregon, 2,002,378.

The States reporting the largest numbers of goats were Texas, with 1,706,606; New Mexico, with 226,862; Arizona, with 161,124; Oregon, with 133,685; Arkansas, with 123,800; Missouri, with 121,012; and California, with 115,759. These seven States are also among those reporting the largest numbers of goats kept for fleeces.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910.

Division or State.	Sheep on farms Jan. 1, 1920.					Sheep on farms Apr. 15, 1910.	Goats on farms Jan. 1, 1920.				Goats on farms Apr. 15, 1910.
	Total.[1]	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.		Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	
United States	34,984,524	8,931,705	23,462,689	826,373	1,494,032	52,447,861	3,426,506	530,763	1,569,834	1,325,909	2,915,125
Geographic divisions:											
New England	242,706	51,015	178,657	7,908	5,126	430,672	6,083	3,215	629	2,189	3,195
Middle Atlantic	1,100,864	262,612	728,752	31,483	78,017	1,844,057	7,064	373	733	5,958	7,588
East North Central	5,073,005	1,338,844	3,375,553	124,084	234,524	9,542,234	33,550	6,109	11,478	15,963	35,059
West North Central	4,940,408	1,532,471	3,190,395	109,495	72,410	5,065,009	150,011	17,914	58,181	73,916	113,215
South Atlantic	1,214,163	182,302	929,248	54,008	44,770	2,513,553	229,338	2,556	12,498	214,284	211,101
East South Central	1,318,349	195,095	1,017,315	63,786	42,153	2,496,221	325,698	8,918	19,984	296,796	198,647
West South Central	2,889,258	707,569	1,668,126	58,512	455,051	2,193,657	1,966,931	377,320	1,112,699	476,912	1,276,231
Mountain	13,179,463	3,341,964	9,017,221	270,663	319,312	22,770,291	451,607	67,257	193,174	191,176	737,644
Pacific	5,026,308	1,319,833	3,357,422	106,434	242,619	5,592,167	256,274	47,101	160,458	48,715	332,445
New England:											
Maine	119,471	23,660	90,049	3,967	1,795	206,434	476	49	62	365	582
New Hampshire	28,021	6,291	20,257	861	612	43,772	3,574	3,082	283	209	496
Vermont	62,756	12,940	47,088	1,895	833	118,551	124	26	61	37	261
Massachusetts	18,880	4,748	11,896	692	1,544	32,708	1,296	38	149	1,109	1,251
Rhode Island	2,736	684	1,814	104	134	6,789	116	6	22	88	106
Connecticut	10,842	2,692	7,553	389	208	22,418	447	14	52	381	500
Middle Atlantic:											
New York	578,726	152,124	400,402	14,000	12,200	930,300	2,580	127	308	2,145	3,475
New Jersey	10,471	2,129	7,773	383	186	30,683	642	12	15	615	574
Pennsylvania	511,667	108,359	320,577	17,100	65,631	883,074	3,842	234	410	3,198	3,539
East North Central:											
Ohio	2,102,550	536,023	1,336,429	42,623	187,475	3,909,162	4,027	88	398	3,541	5,379
Indiana	643,889	152,832	463,725	19,298	8,034	1,336,967	7,872	394	1,078	6,400	7,290
Illinois	639,819	183,902	420,122	20,766	15,029	1,059,846	10,553	1,781	4,840	3,932	12,435
Michigan	1,206,756	354,391	808,734	28,025	15,606	2,306,476	8,614	3,654	4,303	657	5,080
Wisconsin	479,991	111,696	346,543	13,372	8,380	929,783	2,484	192	859	1,433	4,875
West North Central:											
Minnesota	509,064	136,685	351,691	14,073	6,615	637,582	2,745	292	758	1,695	4,588
Iowa	1,092,095	359,754	691,288	26,121	14,932	1,145,549	10,526	443	1,808	8,275	20,664
Missouri	1,271,616	314,127	910,257	32,786	14,446	1,811,268	121,012	12,385	51,745	56,882	72,415
North Dakota	298,912	75,812	209,323	6,955	6,822	293,371	1,250	80	149	1,021	1,074

[1] The United States total includes 269,725 sheep not classified by age or sex. This number is distributed by States as follows: Nebraska, 35,637; Florida, 3,835; Idaho, 29,800; Wyoming, 62,850; Colorado, 54,022, and Arizona, 83,581.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910—Continued.

Division or State.	Sheep on farms Jan. 1, 1920.					Sheep on farms Apr. 15, 1910.	Goats on farms Jan. 1, 1920.				Goats on farms Apr. 15, 1910.
	Total.	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.		Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	
West North Central—Continued.											
South Dakota	867,036	232,274	600,767	16,219	17,776	611,264	5,040	3,188	1,296	556	2,337
Nebraska	540,583	296,833	195,546	5,902	6,665	293,500	2,501	619	799	1,083	3,290
Kansas	361,102	116,986	231,523	7,439	5,154	272,475	6,937	907	1,626	4,404	8,847
South Atlantic:											
Delaware	3,220	703	2,331	129	57	7,806	91	11	51	29	88
Maryland	103,027	13,031	85,480	3,895	621	237,137	873	43	190	640	1,182
District of Columbia	10		8	2			7			7	
Virginia	345,151	41,061	286,070	15,656	2,364	804,873	9,126	556	1,847	6,723	7,327
West Virginia	509,831	82,858	392,790	15,722	18,461	910,360	7,003	1,202	3,341	2,460	5,748
North Carolina	90,556	17,459	65,562	5,214	2,321	214,473	23,912	129	290	23,493	35,019
South Carolina	24,294	4,627	16,293	1,954	1,420	37,559	31,952	47	175	31,730	24,750
Georgia	73,415	13,274	44,795	7,407	7,939	187,644	110,484	55	281	110,148	89,616
Florida	64,659	9,289	35,919	4,029	11,587	113,701	45,890	513	6,323	39,054	47,371
East South Central:											
Kentucky	707,845	88,452	583,997	28,864	6,532	1,363,013	35,045	1,298	4,409	29,338	29,869
Tennessee	364,196	59,922	281,774	17,770	4,730	795,033	73,228	7,139	13,782	52,307	43,580
Alabama	81,868	15,187	51,728	4,989	9,964	142,930	104,1[illegible]8	190	956	103,002	79,347
Mississippi	164,440	31,534	99,816	12,163	20,927	195,245	113,277	291	837	112,149	45,871
West South Central:											
Arkansas	100,159	22,362	68,882	5,104	3,821	144,189	123,800	4,713	15,121	103,966	58,294
Louisiana	129,816	22,522	81,658	7,271	18,365	178,287	91,249	165	904	90,180	57,102
Oklahoma	106,871	29,896	70,428	3,230	3,327	62,472	45,276	8,766	23,611	12,899	25,591
Texas	2,552,412	632,809	1,447,158	42,907	429,538	1,808,709	1,706,606	363,676	1,073,063	269,867	1,135,244
Mountain:											
Montana	2,082,919	509,400	1,468,732	32,736	72,051	5,380,746	1,282	184	601	497	5,045
Idaho	2,356,270	446,449	1,789,631	53,634	36,756	3,010,478	1,515	200	615	700	5,719
Wyoming	1,832,255	379,124	1,331,436	48,758	10,087	5,397,161	1,501	277	334	890	2,739
Colorado	1,813,255	844,568	876,416	25,084	13,165	1,426,214	28,688	1,398	4,995	22,295	31,611
New Mexico	1,640,475	375,958	1,172,525	28,345	63,647	3,346,984	226,862	34,655	97,478	94,729	412,050
Arizona	881,914	169,224	551,818	37,880	59,411	1,226,733	161,124	22,803	71,138	67,183	246,617
Utah	1,691,795	407,622	1,231,341	25,162	27,670	1,827,180	29,512	7,510	17,596	4,406	29,014
Nevada	880,580	209,619	615,322	19,064	36,575	1,154,795	1,123	230	417	476	4,849
Pacific:											
Washington	623,779	151,969	438,571	10,573	22,666	475,555	6,830	656	2,119	4,055	8,621
Oregon	2,002,378	551,313	1,302,142	32,941	115,982	2,699,135	133,685	25,867	99,699	8,119	185,411
California	2,400,151	616,551	1,616,709	62,920	103,971	2,417,477	115,759	20,578	58,640	36,541	138,413

An examination of the Statistical Abstract of the United States and of the reports of the Bureau of Markets from time to time will show that the estimates that are made of the number each year between census periods are generally excessive and necessarily are mere estimates. The most accurate figures, therefore, are those issued by the Bureau of the Census. Any deductions drawn from the estimates of the Bureau of Markets from the years closest to the census dates should at least be modified accordingly. The estimates are doubtless the best that can be made from the data obtainable, and what I say is not said in a spirit of criticism, but merely to point out the fact.

The figures obtained from the markets as to the number inspected at the slaughtering establishments under Government inspection afford the best barometer of the live-stock supply converted into meat.

Seventh. I submit herewith a statement taken from the Interstate Commerce Commission's summary of freight commodities statistics of Class I roads for the quarter ended March 31, 1921, showing the revenue freight originating and the revenue freight carried in the western district by Class I roads, by number of carloads and the number of tons of the different commodities. As explained, this shows the importance of the live-stock business. It should be stated in this connection that the ton-miles are not given, because this record is not now kept in the reports given to the Interstate Commerce Commission. The statement does not therefore show the relative services performed, which, by reason of the longer distance movement of live stock than the average, is greater than the relative number of tons and carloads.

As stated by me in oral argument, the agricultural producer always pays the freight on his articles deducted from the account sales, and all of the commodities which move to him as a matter of common knowledge come with the freight added. This table will enable one to observe, therefore, the quantities that are moved where the freight is added and which the consumer has to pay. This would include agricultural implements, vehicles, and all of the other commodities which the farmer consumes. From this it results that the increased rate of freight during and since the war is a double burden upon agriculture. The statement is as follows:

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921.

[Class I roads are those having annual operating revenues above $1,000,000, western district; average number of miles of road operated, 131,751.81.]

Commodity.	Revenue freight originating on respondent's road.		Total revenue freight carried.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
PRODUCTS OF AGRICULTURE.				
Wheat	109,642	4,393,801	182,341	7,264,859
Corn	93,481	3,624,976	133,494	5,017,303
Oats	29,644	994,751	41,810	1,390,272
Other grain	27,430	918,333	42,126	1,369,981
Flour and meal	57,566	1,615,604	84,736	2,399,542
Other mill products	42,086	1,031,314	61,971	1,518,258
Hay, straw, and alfalfa	71,556	925,568	96,735	1,257,284
Tobacco	1,513	21,102	2,417	36,115
Cotton	37,810	517,416	71,086	1,015,937
Cotton seed and products, except oil	32,834	797,341	46,367	1,136,390
Citrus fruits	12,588	220,175	49,969	864,642
Other fresh fruits	11,172	178,058	34,795	530,157
Potatoes	26,097	475,775	56,774	1,032,422
Other fresh vegetables	13,122	163,200	47,501	606,437
Dried fruits and vegetables	3,932	111,216	11,765	329,595
Other products of agriculture	22,905	681,601	38,343	1,022,180
Total	593,378	16,670,231	1,002,230	26,791,373
PRODUCTS OF ANIMALS.				
Horses and mules	7,914	91,085	10,661	123,701
Cattle and calves	121,906	1,421,335	144,870	1,696,136
Sheep and goats	16,834	167,316	23,883	245,881
Hogs	122,502	1,137,905	136,335	1,270,975
Fresh meats	30,886	401,656	34,939	457,393
Other packing-house products	13,228	229,663	18,501	318,761

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921—Continued.

[Class I roads are those having annual operating revenues above $1,000,000, western district; average number of miles of road operated, 131,751.81.]

Commodity	Revenue freight originating on respondent's road.		Total revenue freight carried.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
PRODUCTS OF ANIMALS—continued.				
Poultry	2,967	33,550	4,361	48,798
Eggs	6,613	74,245	9,280	107,178
Butter and cheese	3,009	38,631	4,443	59,781
Wool	521	7,812	1,442	25,079
Hides and leather	2,495	59,013	4,218	99,008
Other products of animals	3,713	93,759	7,267	176,453
Total	332,588	3,755,970	400,180	4,629,144
PRODUCTS OF MINES.				
Anthracite coal	6,585	251,207	10,973	427,777
Bituminous coal	286,970	11,856,137	455,601	20,337,642
Coke	8,274	254,482	16,330	506,501
Iron ore	7,807	397,709	12,427	646,229
Other ores and concentrates	30,622	1,657,184	43,457	2,223,961
Base bullion and matte	1,865	80,193	5,088	216,268
Clay, gravel, sand, and stone	118,338	5,437,231	154,237	7,000,351
Crude petroleum	28,198	1,022,558	56,957	2,037,201
Asphaltum	1,511	51,861	3,170	110,281
Salt	8,891	231,295	16,866	445,388
Other products of mines	3,015	130,618	13,246	545,020
Total	482,166	21,370,455	788,361	34,496,619
PRODUCTS OF FORESTS.				
Logs, posts, poles, and cordwood	153,105	4,812,853	170,892	5,326,972
Ties	22,121	708,030	34,883	1,133,528
Pulp wood	59,866	2,069,364	83,930	2,890,643
Lumber, timber, box shooks, staves, and headings	112,073	3,207,322	254,663	7,286,321
Other products of forests	6,291	137,543	10,203	226,179
Total	353,456	10,935,112	554,571	16,863,643
MANUFACTURES AND MISCELLANEOUS.				
Refined petroleum and its products	124,830	3,581,452	240,595	6,847,600
Vegetable oils	5,082	149,828	10,571	313,163
Sugar, sirup, glucose, and molasses	14,308	436,756	32,681	978,433
Boats and vessel supplies	55	851	191	4,476
Iron, pig and bloom	1,909	85,311	4,835	217,461
Rails and fastenings	2,175	85,249	11,669	447,55[illegible]
Bar and sheet iron, structural iron, and iron pipe	13,466	409,330	63,401	2,219,493
Other metals, pig, bar, and sheet	2,854	98,399	9,753	369,932
Castings, machinery, and boilers	10,077	196,219	25,447	509,112
Cement	20,420	773,218	33,361	1,271,224
Brick and artificial stone	16,874	582,702	26,823	933,191
Lime and plaster	7,194	181,327	12,342	338,945
Sewer pipe and drain tile	8,121	160,697	11,564	218,985
Agricultural implements and vehicles other than automobiles	13,953	206,496	26,573	415,193
Automobiles and autotrucks	11,202	80,598	32,804	252,180
Household goods and secondhand furniture	21,860	234,879	35,642	384,869
Furniture (new)	3,282	34,239	7,939	83,494
Beverages	3,324	67,486	5,208	104,677
Ice	23,798	725,550	26,448	810,272
Fertilizers (all kinds)	7,479	193,812	10,250	262,878
Paper, printed matter, and books	2,979	74,290	9,909	249,481
Chemicals and explosives	8,109	255,737	15,821	487,061
Textiles	672	11,975	2,351	47,044
Canned goods (all canned food products)	9,608	224,292	19,597	476,462
Other manufactures and miscellaneous	94,447	2,150,658	183,966	4,149,584
Total	428,177	10,990,351	860,531	22,392,761
Grand total, carload traffic	2,199,766	63,722,119	3,606,873	105,173,540
Merchandise—all less than carload freight		3,102,595		4,405,315
Grand total, carload and less than carload traffic		66,824,714		109,578,855

Imports of cattle hides and calfskins, calendar years 1911 to 1920.

FREE.

Year.	Cattle hides.		Calfskins.	
	Quantity.	Value.	Quantity.	Value.
	Pounds.		*Pounds.*	
1911	170,649,238	$25,226,945	82,631,186	$21,227,102
1912	303,530,775	49,178,526	114,859,364	31,033,634
1913	223,549,752	40,844,504	76,468,995	21,243,369
1914	308,050,216	55,931,415	66,915,534	16,373,257
1915	406,632,111	78,137,660	48,914,776	11,334,162
1916	404,201,341	87,674,812	62,657,181	18,132,654
1917	370,684,826	102,357,052	29,585,605	11,511,555
1918	221,051,070	52,029,641	7,582,723	2,953,959
1919	407,282,271	125,590,047	64,555,521	33,653,139
1920	275,324,507	85,475,324	35,132,286	19,250,661

Imports of cattle hides for the fiscal years 1900 to 1910.

DUTIABLE.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	Pounds.			*Pounds.*	
1900	163,865,165	$19,408,217	1906	156,155,300	$21,862,060
1901	129,174,624	14,647,413	1907	134,671,020	20,649,258
1902	148,627,907	17,474,039	1908	98,353,249	12,044,435
1903	131,640,325	16,159,902	1909	192,252,083	23,795,602
1904	85,370,168	10,969,035	1910 [1]	32,534,717	4,393,196
1905	113,177,357	14,949,628	1910 [2]	285,468,821	42,306,943

[1] Dutiable from July 1 to Aug. 5, 1909, inclusive.
[2] Free from Aug. 6, 1909, to Jan. 30, 1910, inclusive.
NOTE.—Calfskins were not reported separately during this period of years, but were included in "All other hides and skins."

Mr. COWAN. During the calendar year which ended with the 31st of December last the total importation of hides and skins of all kinds, exclusive of furs, was 700,107,000 pounds. The domestic production during the same period was 849,530,000 pounds. The figures include hides and skins of cattle, horses, sheep, goats, buffalo, kangaroo, wallaby, and all other animals from whose outer coverings leather is made. The aggregate of cattle and calf skins produced in this country, and included in the above, was 789,630,000 pounds, and the importations 386,510,000. The figures are taken from Commerce Reports, issue of October 24, page 443.

In spite of the fact that during the current year the demand for hides in the tanneries of the United States reached such a low point that during several weeks the value of the hides taken off the steers on the ranges was less than the freight charges to market them, the same publication tells us that—

An increase of 22.1 per cent over the quantity recorded last year marked the August, 1921, imports of cattle hides into the United States. Argentina supplied 32.2 per cent of the month's purchases, Uruguay 21.9 per cent, Brazil 12.5 per cent, Canada 9.3 per cent, Cuba 7.7 per cent, and all other countries 16.4 per cent.

It will be noted that 66.6 per cent of the total importation of cattle hides during the month of August (and approximately the same percentage will apply throughout the year) came from Argentina, Uruguay, and Brazil, or "the River Plate country."

The manufacturers of shoes and the tanners, through their propaganda and their lobbyists, insist that a duty on hides will materially help the packer, but that the stockman and the farmer will receive no benefit whatever.

Just what proportion of the hides imported during the month of August were produced in the plants of the American packers doing business in South America it is impossible to ascertain. That the American-owned hides of South American production are brought into the United States is not denied. If the packer-owner of the South American plants controls 60 per cent of the foreign imports why should he worry? Free hides from South America, produced in his own packing establishments, combined with the control of the hide markets of this country, if the packer really does control those markets, appears to give a practical monopoly.

The argument that the farmer will secure no benefit whatever from the imposition of a duty on hides is the assertion, and the assertion only, of interested manufacturers. They are able, through their control of practically unlimited funds with which to distribute propaganda in support of their claims for preference in the matter of what they insist upon calling "raw material." The farmers and cattle raisers are unable to meet this propaganda except as they come before Congress to point out that the "raw material" of their plants is the sweat of their brows and the elasticity of their muscles. It is the plow and the harrow, the scythe and the pitchfork, which represent "raw material" for the production of the animal which grows the hide that is the "raw material" of the gentlemen who want "free raw material" in order that they may add still greater profits to those which they have piled up since hides were placed on the free list, by doubling the price of the harness which the farmer needs to produce the "raw material" for the shoes which he must wear and which cost him twice as much as they did before Congress removed the duty on hides.

From Commerce Reports for November 7, 1921, I take the latest figures on the importation of hides. The committee will note that during the month of September 64 per cent of the imports of cattle hides were from Argentina and Brazil, where the American packer so nearly controls the export.

UNITED STATES IMPORTS OF HIDES AND SKINS.

There was a total of 32,805,587 pounds of various kinds of hides and skins imported into the United States during September, 1921; in August the aggregate had been 38,090,047 pounds. Cattle hides represented 49.8 per cent of the month's arrivals (40.6 per cent in August); goatskins, 20.6 per cent (26.5 per cent in August); calfskins, 16.5 per cent (15.4 per cent in August); sheepskins, 9.8 per cent (14.9 per cent in August); other hides and skins, 3.3 per cent (2.6 per cent in August).

The September, 1920 and 1921, imports of hides and skins show little variance in the total number of pounds. However, only 1,790,955 pounds of calfskins were imported during September, 1920, and in the same month of this year 5,426,717 pounds, an increase of 203 per cent. Dry calfskin imports rose from 576,596 pounds to 1,611,541 pounds, and the green or pickled from 1,214,359 pounds to 3,815,176 pounds. Goatskin imports likewise were more than double those for September of last year, the gain applying to dry as well as to green or pickled skins.

The percentage of the August and September, 1921, imports received from each of the principal countries supplying hides and skins to the United States was:

Imports of hides and skins.

Countries of origin.	August.	September.
	Per cent.	*Per cent.*
Cattle hides:		
Argentina	32.2	44.6
Brazil	12.5	19.7
Canada	9.3	15.7
Cuba	7.7	7.2
Other countries	38.3	12.8
Goatskins:		
British India	26.6	47.7
Aden	3.5	7.8
China	33.2	7.6
Argentina	9.5	7.1
Mexico	1.0	1.6
Other countries	25.2	28.2

Countries of origin.	August.	September.
	Per cent.	*Per cent.*
Calfskins:		
France	21.1	25.5
Netherlands	6.7	13.0
Argentina	6.2	11.8
Canada	11.7	8.9
Other countries	54.3	40.8
Sheepskins:		
New Zealand	52.8	31.5
Argentina	29.9	24.2
United Kingdom	5.6	12.7
British India	.1	5.4
Brazil	4.8	5.0
Other countries	6.8	21.0

Mr. Cowan. I will undertake to make the statement that throughout the western half of the United States—without exception—the farmers and stock raisers and, of course, the poultry raisers, who are all the same people, can not prosper without relief that can be granted only through acts of Congress. They can not stand foreign competition from countries in South America or with China, for that matter, nor India, on these farm products that can be shipped to our shores even if we can ship ours across the United States.

A protective tariff is almost worthless unless we can get transportation for our own products, and we have got to come to a common level so that it is a live and let live policy. We are perfectly willing, as the gentleman said who spoke of eggs, to pay our part of the duty on manufactured articles so far as that goes. It is amazing to me that we could even stop to consider what a tariff would add to the cost of agricultural products not manufactured and shipped, and yet that such a tariff would not add to the cost of shoes, harness, and saddles. We will make them here, and we will raise the stuff from which to make them.

The neighborhood that lives off of its own products is the most prosperous neighborhood. I was born and raised in Tennessee. If we were put to it, we could live there actually upon our own resources--our own labor and work. The Nation is safe when it can do that; and every agricultural interest in this country ought to be so prosperous that all the available lands in this country can be put under cultivation. Labor needs a place to get out and live and stop the concentration of people in these vast cities; and that is the danger point in this country. Only last Sunday Mr. Spiller and I rode through the East Side of New York City. We saw the hundreds of thousands of people who can not read the English language. As we remarked, they doubtless did not know that there was such a place as Grant's Tomb, and perhaps they did not know of the Commodore Hotel; they certainly did not know anything about the policies and principles of government of this country.

But the people on the farms of that same class and nationality who live out in the West, those who populated that country, have become good citizens. With the fostering of agriculture that is the foundation of civilization of this country as it has been in the countries occupied by the human race everywhere, and I hope that Congress will give it that due consideration to which it is entitled, for in the end it is the safety for capital. Because if agriculture is not fostered, if the country does not build up upon that foundation of citizenship for protection, what is the capital worth? What are the great institutions of this country worth if they are in danger of being destroyed? Because the day will come when these people, not knowing what our principles of government are, being forced by starvation, being forced by necessity, will rob the capitalists, and then they will wish they had the protection that would have given a fair degree of advantage to agriculture to make this country prosperous.

Mr. Mercer and Mr. Spiller will follow me. I am anxious to have these gentlemen speak, because they represent all of the interests.

I thank the committee for hearing me.

STATEMENT OF J. H. MERCER, TOPEKA, KANS., REPRESENTING KANSAS LIVE STOCK ASSOCIATION.

Mr. Mercer. I represent the Kansas Live Stock Association at this hearing.

The Chairman. Will you go ahead and state your views concerning the questions before the committee?

Mr. Mercer. Mr. Chairman, I did not come to Washington to appear before this committee in the interests of tariff legislation, but being here it was suggested by Judge Cowan that I might leave a thought or two with you that would be of consequence. I am not in the habit of appearing before committees or speaking in public, but what I have to say to you will be from the experience of a farmer. I have spent all of my life in agricultural pursuits. Fifty-odd years or more I have spent on the farm and know some little about what the farmers have to go through with.

My observation, as I have gone down through my life, has been that farmers built up this country, moved along in a fair way. During the early history and on down to a few years ago, and for a period of 10 or 15 years prior to the World War, it seemed that the farmers of the United States were coming into their own, in a way. They were more or less prosperous, a great many of them, and they availed themselves of privileges of modern life, different, of course, from what they had been accustomed to in the early history of the country.

When the war came on there came a change, and that change has disturbed the agricultural life in the United States, and I speak from that experience. Take, for instance, the people of my own State—Kansas—and I am mighty glad that I can say that I am not here to-day to urge upon the Representatives of this Congress from our State to support tariff measures in the interest of agriculture. Our delegation is solid in that direction. But I hope what I say here to-day will be of benefit to those who might not know the exact situation of the farmer.

At the beginning, I say, after the war the farmers in our own State, and largely in the Middle West and the western country, were a fairly prosperous people. They responded, I think, to the call of this Government perhaps as earnestly and as patriotically as any class of our citizens. But as a result of the war, no doubt, there has been brought about a condition in the agricultural life of our country that is deplorable. The activities of the Government and the Government's demand upon agriculture for its support during a time of need has created such a condition that it now seems to be necessary for the farmers of this country to come to the Congress and tell them of their deplorable situation.

Men who have been prosperous, builded up homes for themselves, and educated their families, have been put out of business. I am not exaggerating, gentlemen, when I say that if the farmers of our section, at least, were required to liquidate their debts to-day, 75 per cent of them would be unable to do so, even though they should sacrifice all their property of every description, and that condition has been brought about through the depression of the value of their properties.

I will illustrate in answer to the question of Senator Curtis a while ago on the cost of some of these things that enter into the farm life, and more particularly live stock. The live stock, especially cattle, is produced during a period of from 1 to 4 years. We take our cow herd on the farm and start the production of our steers with the age of cows running from 2 to 6 years. After they pass the age of 6 or 7 years they are not so prolific and are usually disposed of soon thereafter. The steer is produced and fed on the farm for a year or two, then fattened either where he is produced or shipped to some other locality and prepared for beef.

So you can see that the production of live stock especially to-day on our farms has all virtually originated and come into the farm life since the inflation of prices brought about as a result of the war.

After the armistice was signed in 1918 there was but little reduction in values of any farm commodities until the beginning of 1919. Since that time there is nothing produced on the farm which has not depreciated in value more than half, and sometimes—in a great many instances—two-thirds of the values during the high peak of the war period in 1917–18.

That is not so with everything that the farmer has to buy; it is not so with most everything with which he has to do. Just the reverse. His interest charge has increased something like 30 per cent, even since 1918. Prices of all of his farm equipments have remained very nearly at war-peak prices, clothing and shoes and everything with which he has to deal have kept up at a high level, and he has been called upon to meet the obligated debts that he incurred in order to expand and comply with the demands of his country with the liquidation of the low value of the output of the farm, and that has been impossible.

So, gentlemen, it has placed him in a desperate position. I would not be here making that statement if I did not know what I was talking about, and I believe I have tried to acquaint myself with the conditions in a large section of my country. I have attended several hearings before the examiner of the Interstate Commerce Commission on the question of the reduction of rates, and I have heard the sworn testimony of men given from the Northwest country, the Middle West, and the South and the Southwest, and there is no doubt that like conditions prevail in every agricultural section of the country. So it is that condition which has aroused the people to come to you in order to see if there are things which can be done to relieve that situation.

To illustrate, in answer to questions I mentioned a moment ago: It costs to produce a 3-year-old steer, taking him from the cheapest production ranges of the Southwest, beginning back in 1917-18 down to 1920-21, with the best figuring possible, \$130 to \$135 per head. I have not the detailed figures with me, but Mr. Spiller may have them. But in a general way I would say that from \$120 to \$135 per head, regardless, now, of whether the stockman produces them here on the farm and follows them up step by step to the pastures of our State, and then on to the feed lots of our own and the other corn-belt States, or whether he sells them—it is immaterial, because the figures are just the same.

In 1918 beef steers were selling at from \$16 to \$18 per hundredweight for a fairly well-finished bullock. During the last 10 or 12 months that steer has been selling at from \$6 to \$9 per hundred.

Senator LA FOLLETTE. About what weight are they turned off, so we can get it in value of the individual?

Mr. MERCER. They are turned off at various weights. I am speaking now of the 3-year-old steer.

Senator LA FOLLETTE. Yes.

Mr. MERCER. He would be turned out at a weight, we will say, on a general average, of about 1,200 pounds, depending largely on how he was handled from the time he was a calf until he was made ready for the block. If he was brought from our range country into the market at Kansas City, we will say, and bought by an Iowa feeder and shipped up into Iowa, fed six or eight months on grain, he would probably weigh 1,400 or 1,500 pounds, depending, of course, on conditions.

But you can see what the producer is losing in every step regardless, I say, of whether he is the original producer of the calf or whether or not he passes his steer into the middleman's hands and into the feeder's hands before he reaches the market.

Those are natural conditions that do not apply so much to the hog business. It is true that the only thing, gentlemen, that the farmer can look to, or has been able to look to, with any degree of breaking even in any manner is the hog business and the poultry business.

I was very much interested in the discussion here this morning. It was surely educational to me. My experience as a poultry man has been that when I was on the farm my wife took care largely of our broods—our family and the chicken's family—and we usually kept on hand 125 hens on our farm, and I never figured that those 125 hens were any cost to me at all. What little labor my wife did or what little labor performed by the hired help was all the cost, because the hens rustled for themselves, usually. So we always felt that the chickens we sold and the eggs we sold, after keeping what we needed ourselves, were really a clear surplus of our farm production. But, of course, with the men who enter into the poultry business it is a different proposition, as I can see, and Prof. Rice's statement here this morning was very educative to me, I am sure.

I have illustrated the conditions out there in our country. I can not understand why Republicans should have to come before a

Republican Congress and ask for a protective tariff on anything in the United States. I am not a student of the tariff, but I have lived a long while now. I remember away back when I was a young man that that was the great slogan of the Republican Party—protection to our manufacturing industries especially, and to our American labor, etc.

Gentlemen, I think the time has come that if the tariff means anything on earth to the United States it surely should mean protection to American agriculture.

I believe conscientiously that every article produced from the American farms should be safeguarded by a protection of some amount. I do not believe that it means anything so far as the cost to the consumer is concerned, not a thing. A few cents a pound protective duty on hides, a few cents a pound on beef, does not mean anything to the consumer in this country.

I will admit that there are conditions in this country that I can not analyze as to why there should be such a spread between what we as producers grow in the way of the food of life and what this man over here [indicating], who is occupied in some other walk of life, has to pay for the farm products he consumes. For instance, I do not know what you people pay, but last summer many of the farmers in Kansas sold their eggs from the farms at 10 cents a dozen. I know that to be true, because we purchased them. We would drive out in the country and would purchase eggs from farmers at 10 cents a dozen. I know at the same time that our neighbors in our little city of Topeka, where I live, were paying 20, 22½, and 25 cents a dozen at the grocery stores and retail establishments for eggs.

Those things are handled just like meat. The farmer produces the eggs. He takes them in to his merchant. He trades the eggs, perhaps, for something he needs in his family, and the merchant allows him the price of, say, 10 or 12 cents at that time. Then they are transported on to the distributing points, like Kansas City, and placed in cold storage at about that price, and where they go from there, of course, I am not supposed to know. I am not competent to go into that. But by the time, I presume, that they reach the consuming public in the eastern cities the price has been raised to somewhere around 50 or 60 cents, and maybe 70 cents, per dozen. There is a spread that is too great.

Senator CURTIS. Did you not at one time look into the spread and the cost of beef here in the city of Washington?

Mr. MERCER. Yes, sir.

Senator CURTIS. Would you mind telling the committee what you found?

Mr. MERCER. I will answer that, Senator, by saying that we made two investigations. Prior to the war, I think in 1912, we made an investigation in 60 towns in our own State as to the spread between the manufactured articles and what the consumer was paying over the block, and we found that percentage was 101 per cent. To illustrate that briefly, I would say that if the butcher paid 9 cents a pound for his bullock to the packer, or that it cost him 9 cents if he bought and butchered the animal himself, the consuming public paid 18 cents on the average for the pound of beef sold.

At the time Senator Curtis alludes to, a committee of our organization was sent east to make an investigation of the eastern markets.

It was a committee of five that visited Boston, New York, and Philadelphia, and the City of Washington, and we traced through the packing centers of Kansas City and Chicago to the distributing markets of these various cities, and secured the cost of the various cuts of beef laid on the block by the manufacturer to the retailers in the cities, and then made an investigation as to what the consuming public was paying for our product, and I do not just remember the exact percentage, but it was very close to 100 per cent that the consuming public in the East was paying above the price at which the manufacturer was laying that meat on the blocks to the retailer.

That, I think, has been gone over before some of the committees here very thoroughly, and the actual data given. I did not bring with me, as I say, any data on these points, because I did not think of appearing here. But that was about the approximate percentage of cost the consuming public was paying in excess of what it cost to produce the beef, and also what it cost to manufacture the beef.

Senator JONES. Mr. Mercer, I just want to see if I have it right, that the retailer charges about 100 per cent for handling the meat over the original cost to him?

Mr. MERCER. Yes, sir; that was demonstrated fully in our investigations in the West, and I would not say positively whether it was quite that much in the East.

Senator LA FOLLETTE. How long ago was that made, Mr. Mercer?

Mr. MERCER. The investigation we made in our State was in 1912, and the investigation we made here in the east was in 1918–19.

Senator CURTIS. My recollection, Mr. Mercer, was at that time that the difference on the block, where hung in the freezers down here in the markets, cost 16 or 18 cents, and they were selling the cheapest cuts at about 30 cents and the high cuts at 79 cents.

Mr. MERCER. That was about right. But as a general average, of course—when we take the soup bones and the neck and all that part of the bullock, that is classed as the cheap cuts of the beef, but reduces that percentage quite a little. I know in one particular instance I made a statement before a committee here that the wholesaler delivered liver to the retailer in the City of Washington at 11 cents a pound, and he retailed it at 30 cents. We had figures and the name of the place, and everything of that kind.

Senator LA FOLLETTE. Did you find back in 1912 when you made the investigation in your own State that the retailer was taking as large a percentage of the profits as he was taking in 1918–19, when you made the investigation in the East?

Mr. MERCER. Just about the same. Now, at this time I will say he is taking more, for several reasons: There are so many people engaged in the retail business; so many people engaged in the distribution of these food products, and especially in the smaller towns of our section of the country. The volume of business has decreased so tremendously that they have even got to hold these prices up to a higher level than heretofore in order to come anywhere near breaking even. That is the condition out there, because there has been destroyed in this country the purchasing force of American agriculturalists. The farmers are not buying, in the first place, or they buy but little, and wherever they possibly can are getting along without purchasing any of the comforts of life that they would like to have under ordinary conditions and would buy under ordinary circumstances. So the decrease in demand affects the country town and the small places much more, perhaps, than it does our larger cities, where industrial life is quite active.

I do not know, Senators, that I have anything further to say. If there are any questions to be asked me, I would be mighty glad to tell you anything I know from my viewpoint as a farmer.

Senator JONES. Mr. Mercer, from your study of the retail trade, is it your thought that this large percentage of excess over cost must be charged to the large number of retail establishments and the overhead and other costs of maintaining so many retail establishments?

Mr. MERCER. Absolutely; that is my viewpoint of the situation.

Senator CURTIS. I asked you the question regarding what you said a moment ago about how little the duty would affect the retail price; that is why I wanted it in the record.

Mr. MERCER. How is that?

Senator CURTIS. I asked you to answer the question as to what you found, because I understood you to say a few minutes ago that what little duty might be imposed would not affect the price very much.

Mr. MERCER. I do not think it would. To answer your question, Senator Jones, I think that is absolutely the situation with regard to a great many of the commodities with which we deal now. We have a store on this corner and a store on that corner, and one on that corner in every little town, where one thrifty, active business would take care of the whole situation. They have got to pay overhead, they have got to pay for upkeep. Some people say it destroys competition to have but a few stores, but there is no competition where existence is at stake and it is the volume of business which regulates the costs. You take in a great many instances where men have a large volume of business in these particular lines, and they are really profiteering. And here [illustrating] may be the man who has a small volume of business in the same line, and it is no trouble for him to show he was running behind financially. I do not know how these things can be corrected. Of course, I do not think that is up to Congress to correct, but it is a condition that prevails in the United States, and it will have to be corrected in some way, because it causes the living expense to be too great.

Senator JONES. Mr. Mercer, you rather indicated that you did not think the tariff would increase the price on these commodities to the consumer. Is that the theory on which the merchant is selling his product for all he can get regardless of what it cost? If the tariff operated so that it raised the price at all somebody would have to pay it?

Mr. MERCER. Yes; it naturally would be so. But the tariff would be so small, so inconsiderable at the time that it would reach the consuming public that it would not affect the general line of business.

Senator JONES. Let us take beef. I believe we are asked to put a tariff of 4 cents a pound on beef. Would the effect of such a tariff be to raise the price of beef 4 cents a pound anywhere?

Mr. MERCER. I do not think so.

Senator JONES. Why not, Mr. Mercer?

Mr. MERCER. Well, because the supply and demand would be the controlling factors. If we were producing a plenty in this country to feed our people, that 4 cents a pound would have no effect whatever on what the public would pay for the meat.

Senator JONES. That is because we do produce in this country a sufficient supply of meat and we export meat to some extent?

Mr. MERCER. Yes; we export a considerable amount of meat.

Senator JONES. Then what, in your opinion, would be the beneficent effect to the producer out of a tariff on meat?

Mr. MERCER. Well, I think it would be this: We have had hides brought into this country without any duty for some time without reducing the price to the buyer of shoes or harness.

Senator JONES. I can see how a duty on hides would help, because we import a vast quantity of hides.

Mr. MERCER. I hardly know how to answer you, but will just illustrate my position in this way: The meats imported must come into this country in a different condition from that in which we produce them. They come in in a frozen condition, and only reach our seaboard towns and cities—those particular points where the greatest consumption of our own product is called for.

I understand that when I was here before that frozen beef and lambs from Australia and Argentina were selling in the markets of this city at about 6 or 7 cents less a pound than our own meat was selling. That is, the wholesale price was 6 or 7 cents lower than American meat, but the consumer did not benefit. That seemed to me to be criminal, when we had an overproduction—according to the statistics and according to the information we could get from every source—in this country; that our farmers out in the West in the section where they produce these vast herds of beef and mutton are having to compete against the importation of that frozen meat which came into this city and other cities along this seaboard, to deprive our people of the higher value which the meat would naturally fetch back there, because that is the history of business; the dealers would come back and say, "We have got to compete with this imported cheaper meat." And by reason of the duty being high—and as I stated before the Ways and Means Committee that I hoped there would be an embargo placed against the importation of that meat, and that it would be kept out of this country.

Senator JONES. Does that trade promise to be a permanent condition?

Mr. MERCER. I do not know why it should not be. We can not produce in the United States, under our conditions of living and the kind of citizenship we have, in competition with Argentina and other South American countries, and if they are permitted to occupy our markets they will continue to ship to those markets.

Senator JONES. The thing that concerns a great many people is about this fact, that last year we exported 24,059,711 pounds of canned beef; we exported 9,749,148 of fresh beef; we exported 25,771,176 pounds of pickled or cured beef; and the year before, in 1919, we exported a great deal more than that—I should judge pretty nearly twice as much as the previous year.

Mr. MERCER. I expect so.

Senator JONES. And we imported beef and veal in the months ending September of these years of beef something over 28,000,000 pounds and exported 2,037,000,000 pounds, in 1921 something over 13,000,000 pounds; and of mutton we imported in 1919

6,000,000 pounds plus, in 1920 49,000,000, in 1921 about 19,500,000 pounds. Of course the importations of pork products were very small, but they amounted to something. Where does that beef and veal come from that is imported here?

Mr. MERCER. Of course I do not know without looking at the record, but I would say largely from Argentina and Brazil and South American points, and of course the mutton in great quantity from New Zealand and Australia.

Senator JONES. Those countries export a great deal of those products, do they not?

Mr. MERCER. I think so; yes, sir.

Senator JONES. They export a great deal to the same markets where we send our exports?

Mr. MERCER. I presume they do; I think the record shows that.

Senator JONES. Then how can that be a permanent situation reaching any considerable magnitude if we are exporting?

Mr. MERCER. It is just the general conditions of the country that are going on from year to year that naturally follow up one year after another. I would say this, that if we prohibited by an embargo or even a high tariff the importations of the meats that you refer to, we would not have exported so much meat, because our people would have consumed it at home, and we would probably have had a more even keel on prices.

I am very strong for looking after our home people first.

Senator CURTIS. Reports, Senator Jones, say that 72 per cent of our importations of beef were from Argentina.

Mr. MERCER. It must be mostly from down there.

Senator JONES. It came from Argentina and Canada?

Senator CURTIS. It came from Argentina and Canada.

Senator JONES. We are selling our meats abroad in competition with those countries, and at the same time they are shipping some of their meat in here. It looks like rather a strange situation, and if we could get at the reasons for it, I think it would be of value to us.

Mr. MERCER. I think Judge Cowan illustrated the reason—that the people who have the meat to export from Argentina are going to export it to the best market they can find, and perhaps at the time they exported it the United States was the best market they could find. Newspaper reports from England this week say that there is a glut in the market that would naturally result in diverting South American beef to this country.

Senator JONES. The suggestion was made here by Judge Cowan that those importations into this market were made by the very people who are exporting from this market to other countries.

Mr. MERCER. The record shows that that is largely true. The large packers who are operating in the United States are operating in Brazil and Argentina and Australia, and New Zealand, and, of course, they are seeking the market where they can find it in any port in the world, and have the same interests there in their business operations as here, I presume. I do not know just the percentage of meat they export, but it is quite a percentage of the meat that is exported from those countries by the same people who buy and manufacture the meat of our own country and export it and sell it here.

Senator JONES. If we put a tariff of 4 cents a pound on meat, you do not think that would raise the price to the consumer, but you do think that it would have the effect of keeping out of this market any of these importations?

Mr. MERCER. No; I do not think it would. I think there would be importations made to this country, because they would pay the duty and come when the market would warrant them in doing so. I believe this, Senator, and I feel it conscientiously, that within two years from now that unless there is a change in the conditions of the live-stock farmers of this country, we will have a tremendous and terrific scarcity. I do not know how it is possible, if the conditions continue as they are now, for our people to produce what our people want. We have got to change the situation some way, or else our stock raisers are going to quit—they are quitting.

Senator JONES. The thought has arisen that our exports of fresh beef were of the high grades of fresh beef, and that the frozen beef was coming into this country to supply a greater demand of cheaper beef.

Mr. MERCER. That applies in a measure, but not altogether. We have some as fine frozen meat imported into this country as we export from this country. The records will show that. But the larger portion of meat comes in here from foreign countries in competition with what we might class our lower-grade meats.

Senator JONES. I am inclined to believe that the majority of people will think that if you raise the price of the meat to the retailer that the retailer will consider that in fixing his sale price, and that that will result in the raising of the level of meat prices. But it is thought also that even if that should result that this country must do something of that sort in order to keep up its meat supply and not be dependent on other countries for the supply of meat.

Mr. MERCER. Of course, when we get to that, that can be considered. But I do not think that should be considered now. I think that the resources of this country are ample to the extent that we can produce all that we need and more provided we are protected and that our people deserve the protection of its Government to the extent of prohibiting the importation of competitive products of their farms to destroy the value of their output.

Now, to answer partially your question, you take the prevailing prices that the consumers pay. You have in this country to consider the selling public as well as the producing public, and which I think has been done. To-day the consuming public is paying for the meat food of this country just a little percentage less than they paid when the producer was getting 100 per cent more for his product than he is getting to-day.

Then, if that be true, the importation of foreign meats in here has not any bearing upon cheapening our living at all.

Senator JONES. What remedy did your committee suggest for meeting this situation which you have just referred to?

Mr. MERCER. I do not think that they have come to any conclusions as to a remedy, only that we favor, of course, a reasonable tariff. That will relieve in two points: It will help to support the Government financially and it will help to protect in a way our home industries.

Senator JONES. I can see how the producer will get some relief from tariff on meats in stabilizing the market, and perhaps the tariff would not raise the price of meat very much even to the consumer. But it would stabilize the market. But there is that great situation in which the consuming public is more interested—the extreme spread between production costs and the consumers' cost.

Mr. MERCER. I understand our Department of Agriculture is making exhaustive investigations of that question now.

But to illustrate that point, less than a year ago, when it was noised and heralded abroad all over this country that there were so many cargoes of frozen lambs coming in here what happened to our sheep industry? It dropped 40 or 50 per cent in value. I do not think the consuming public ever got any benefit of the drop. They never did in our section of the country, although they might in the East.

Senator JONES. I doubt if they did in any section of the country.

Mr. MERCER. That is the situation we are all in. We are just relating to you our side of how we see it, and it is a condition that we know exists among us, and it has all come upon us so unfortunately in the last few years, that if any industry in this country, regardless of what the past might be, needs protection by its Government to-day it is agriculture. There is no question about that.

Senator JONES. I agree with you absolutely about that, Mr. Mercer.

Mr. MERCER. And the question of values—the live stock alone aggregates two-thirds of our national debt in value.

Senator JONES. My thought is this: If you are to benefit your agriculture with a tariff, the only way in which that benefit can be made material would be in the price of the product to the producer, and the thing that we should do is to raise that price to the producer so that he can produce at a reasonable profit, and then take some other step to lower this price to the consumer, and do away with this expensive spread between the producer and the consumer.

Mr. MERCER. I think that is sound, and I also think that you can not make any mistake. We are a living people; we are moving along, and if Congress should make a mistake in putting too high a tariff on, another Congress could reduce the tariff.

I hope this Senate committee will put hides on the dutiable list, and raise the tariff on some other agricultural products.

STATEMENT OF E. B. SPILLER, FORT WORTH, TEX., REPRESENTING THE TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

The CHAIRMAN. Where do you reside?

Mr. SPILLER. Fort Worth, Tex. The membership of the Texas and Southwestern Cattle Raisers' Association are producers of cattle in the States of Texas, Oklahoma, and parts of New Mexico, and Arizona, and some have ranches, of course, in Kansas, too.

It is so well known that it is needless for me to go into the condition of the live-stock industry to-day. I was raised on a ranch and have been connected with this association for 20 years now, and I have never seen or known of such deplorable conditions as exist to-day. When you see it as I do, it is pitiable indeed. There are these men whom I have known all of my life and with whom I have been associated; I know that they have struggled, men and their families, to build up and to make their living out of the ranch business. They did build it up, and they have a ranch on which the man and his family, as a rule, have been doing practically all of the work. The market conditions have been such that they have suffered enormous losses. They, as a rule, are not people who apply to the Government or to anyone else for help as an individual. But conditions exist to-day so that it is impossible for them to continue in business unless some measure of relief is extended to them.

As to what benefit a tariff on cattle and hides would be to the live-stock producers, I see it in this way: We know that in Argentina, Brazil, New Zealand, and other countries that produce live stock, cattle and sheep, in very large quantities, the same people who handle the live-stock products of those countries are the big packers of this country. They can throw on our markets at any time they desire enough beef to demoralize our beef market, and they can throw upon our markets at any time they desire enough mutton to demoralize our mutton market. That is not speculation; that is not what we believe—but it is what we have seen done time and again in the past. We ask for those people who are struggling to try to remain in the business, to rehabilitate the business, that they be given the benefit of a tariff that will take away the danger of having their market destroyed in that way. That is the plain statement of facts. That is all we ask for. We are not asking for any special favor or any protection. We are people who have been in this business and want to stay in it. We feel that we are an important industry, one that has a large part in the production of food for the American people.

When I think how these people are struggling to get along, I realizo that probably few of you comprehend the conditions. We can tell you about it. There is not a man in the cattle business in our country that I know of who does not know what the foreign competition in dressed meat and hides will do to the markets. It has been done. Every one of them has felt the effect of it in the market, and they all want a tariff duty that will take away the danger of that thing.

That is the benefit of a tariff measure as we see it.

I can not go into details and give you any figures. They have all been filed here. But I would it were possible, gentlemen, to express my feelings and my views as well as the gentleman from Cornell University in regard to poultry. But this country is a country for Americans, for our producers. We are entitled to our home market. We produce a surplus now, and we certainly do not want to be the dumping ground for the surplus produced in other countries by people who care nothing about our people, who pay none of our taxes and have no interest in us.

Senator JONES. Mr. Spiller, I would like you to give us, if you will, a little picture of how the free range has disappeared and how the cattlemen now own to a great extent their lands and grazing lands, and, if you think it is correct, how the breeding end of the industry has practically gotten on to a farm-cost basis of breeding, so far as the supply in this country is concerned.

Mr. SPILLER. Oh, yes, there is no free range, and the cost of production has increased on account of increased values of land.

Where a man has bought land, he has had to pay a high price for it in the last several years; the cost of leases has been higher; his taxes as he has gone along have become higher—everything he has bought has been increased in price.

The day of the free range has long gone by, and that condition that existed many years ago that made the business very profitable—all those conditions that existed in the early days that eliminated the expenses are gone. The operation of a ranch now is a business proposition, with overhead expenses and other expenses, the same as any other business in the United States that requires good business management to operate.

Senator LA FOLLETTE. Even under the very best of conditions?

Mr. SPILLER. Even under the very best of conditions.

Gentlemen, I am not a tariff expert or artist, but I state to you the condition of the people I represent.

Senator LA FOLLETTE. If you know of any people in the world needing help it is the cattle people?

Mr. SPILLER. I am just one of the cowboys. I want to make one other statement. I am in the cattle-raising business in Texas. I have been with them practically all of my life. They are very much interested in this tariff proposition. Some might say, being so much interested, why are they not here? The plain fact is that they do not have funds available to come here.

Mr. COWAN. I would like to reserve the right to analyze some of these statistics in a very short way that may be thought later on to be of some value to your committee. I do not know that I shall have the time, but I should like to reserve that right.

The CHAIRMAN. If you prepare anything, the committee will be glad to consider it.

STATEMENT OF ISAAC T. PRYOR, SAN ANTONIO, TEX., REPRESENTING THE AMERICAN LIVE STOCK ASSOCIATION.

Mr. PRYOR. My full name is Isaac Thomas Pryor.

The CHAIRMAN. Where do you reside?

Mr. PRYOR. San Antonio, Tex.

The CHAIRMAN. Will you proceed to address yourself to the question of hides, which I understand you want to be heard on?

Mr. PRYOR. Well, my address is going to be on the subject of the tariff, and hides in particular, but beef hides and the products of cattle.

I claim that to compete with foreign countries in the raising of cattle, which is a branch of agricultural industry, that we must have some degree of protection. I will hurry along by saying that in four countries I will give to you there are 41,000,000 people, and 91,000,000 cattle. In this country we have 106,000,000 people and 67,000,000 cattle. The salaries and the wages of those people in those four countries—Argentina, Uruguay, Brazil, and Australia—are nothing like the salaries paid the people in this country for raising cattle.

Senator SMOOT. Mr. Pryor, will you tell me, briefly, just what you want, so that I can have it here to refer to quickly? What do you want on cattle less than 2 years old?

Mr. PRYOR. Here is what I want: I respectfully submit for your careful consideration the following schedule of import duties, that in my opinion will be necessary to stimulate the production of live stock in this country as well as place it on an equal footing with other countries.

Senator SMOOT. What is it?

Mr. PRYOR. That you enact a duty of 20 per cent ad valorem on all cattle and hides imported into this country. That you enact a 20 per cent ad valorem duty on all live stock imported into this country.

That a duty of 20 per cent ad valorem be placed on all fresh and prepared meats, subject, however, to a minimum of 4 cents a pound specific duty.

I can look you men right in the face and tell you that in Mexico we pay our helpers $15 a month in Mexican money, and they feed themselves. That would be $7.50 a month in our money. That is going on to-day.

On this side of the river in Texas we pay our cowboys $30 a month in Arizona and furnish them everything.

My son-in-law has recently leased 650,000 acres in what is known as one of the most beautiful countries on the face of the globe. This land lies in a valley 40 miles long and 10 or 15 miles wide, with mountains on both sides. He has leased it for 15 years, at what? I have seen the tract. He leased it for 1½ cents an acre for the first five years, 3 cents an acre for the second five years, and 5 cents an acre for the third five years.

Senator SMOOT. That is in Mexico?

Mr. PRYOR. That is in Mexico; and that is parallel with conditions in those southern countries, as a rule. We are leasing our lands in our country all the way from 15 to 40 cents an acre.

I am interested in one property in Mexico, 170,000 acres, that we get $1,000 a year for; that land on this side of the river would lease for $40,000 or $50,000 a year. I am giving those figures so that you may understand why we need a tariff on cattle.

I have been in the cattle business for 52 years.

Senator MCLEAN. What is the matter with the Mexicans that they do not get more rent for their property?

Mr. PRYOR. There is nobody to buy their property but Americans, and the reason we do not buy anything down there is fear of the stability of the Government.

Senator MCLEAN. I should think there would be competition among Americans that you could get pasture at that rate.

Mr. PRYOR. You would think so. I am now preparing to move 3,000 cows across the border into that country, in January.

As I told you, I have been in this cattle business 52 years. I have seen the cattle go up; I have watched the tariff under the Dingley and the Underwood bills. Gentlemen, it is my honest opinion that if it had not been for this World War the Underwood bill would have brought destruction to the cattle industry in this country.

The CHAIRMAN. And to every other industry.

Mr. PRYOR. It would have brought that, and the Democratic Party would have been put out of power on account of that. I know that for this reason, that immediately after the Underwood bill was passed I was importing a good many cattle from Mexico. I was paying the United States Government 20 per cent ad valorem. I would bring over 10,000 in a year. Immediately after the Underwood bill was passed we brought them in free, and the Mexican Government put 20 per cent on and they got the money and the United States did not.

And then the beef from South America began to come into this country in increasing quantities, and would have come in here in sufficient amount to have ruined us if it had not been for the war and the demand for beef in the war zone that diverted it from South America over to Europe.

Immediately after the armistice was signed, what happened? They began to load these ships in South America with beef and mutton for the United States, and they brought into this country in 1919 and 1920 a sufficient quantity of mutton and beef which, when put into carload lots, would make 13,000 carloads. I have worked it out into car lots, and for this reason: I wanted to show the difference. You take 10,000 cars of mutton and sheep from the various ranges all over the United States and ship them to market. The railroad companies get the freight. The shipper on the train and the stockyards and every interest, besides what the farmers have used to produce this beef, get something out of it. When the check is given for the beef it goes back to some country bank or is paid on some hard-pressed cattleman's paper.

Compare that transaction to 13,000 carload lots of beef brought in from foreign countries. It slips into our country without ever spending one dollar in this country. It gets unloaded in these ports, put into the trade. Ninety or 95 per cent of it, I will say, has gone back to some foreign country.

I say to you, gentlemen, after 50 years' experience that this country has never been touched, when it comes to producing cattle and hogs and sheep, in the matter of capacity. We can take care of and produce 100,000,000 cattle in the place of 67,000,000, if we have the encouragement to do it. Every farm in the country ought to have cattle on it.

The greatest farming county in the United States is Lancaster County, Pa. What makes it the most fertile land and the best farms in the United States? They feed cattle every year in Lancaster County. They buy them in the markets and take them there and feed them. For what? To get the droppings and manure on their farms. If that was done in all the other counties and in all our range country, we would produce 100,000,000 cattle; would feed the American people with 75 per cent and probably take 25 per cent and ship it abroad.

That is better than to discourage us and make us cut down our holdings.

The markets of Fort Worth alone this year, which is only a State market—it is not a big market like Kansas City and Chicago—shipped up to a month ago 145,000 more calves than they did last year. Why? They are discouraged. No tariff has always discouraged them. They have other things that discourage them. I will touch on that in a moment. I do not mean to lay all of the discouragement to the low tariff, but the low tariff did start us downward. Cattle was the first to start on the downward tendency in this country, and the imports of meat brought into this country is what did it. Then there was the stringency of the money market.

The CHAIRMAN. We are very glad to get this out of the way. If you want a tariff on hides, you are interested in hurrying us along?

Mr. PRYOR. That is right.

The CHAIRMAN. You have as much interest as we have in shortening the hearings.

Mr. PRYOR. Yes, sir. I am going to file this brief with you; it gives absolutely concrete reasons. May I read one paragraph of that brief?

The CHAIRMAN. Go ahead.

Mr. PRYOR (reading):

We have in the United States 20,000 millionaires, judging from the income tax records. This estimate is based on the assumption that each individual who pays taxes on an income of $50,000 or more is the owner of a million-dollar estate, and it is very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State and probably 90 per cent of the others live north of the Mason and Dixon line and east of the Mississippi River. How many of these men made their millions in farming? Whoever heard of an "honest-to-God" millionaire farmer? "No such animal." How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnished the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world. They furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world. The farmer furnishes the cotton from which the manufacturer creates cloth to make clothing for the people. They also furnish the grain from which to create flour, meal, and cereals to feed the people.

That comes out of the ground; that is where the manufacturer gets it.

Here is exhibited the community of interest, one absolutely dependent upon the other, which should be a 50–50 proposition instead of—well, I can't even guess what per cent the farmers and ranchmen receive for their so-called raw material as compared with what the manufacturer receives for the finished product.

BRIEF OF ISAAC T. PRYOR, SAN ANTONIO, TEX., REPRESENTING AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION.

The farm and ranch industry of this country is the very life and vitals of its existence. It should have a superior claim because its prosperity is the Nation's best protection.

By the very nature of this business it is more exposed to adverse influences and has much less protection against losses than any other business of similar importance.

Hence, the farmer and ranchman should have credit in larger proportion than has been extended him in the past. Increase their credit and they will increase their production, provided they receive fair treatment as to a tariff on their products.

The farming and live-stock interests are suffering from competition with raw material from foreign countries imported into this country free of duty; they can not compete with cheap labor employed to cultivate or raise stock on cheap land and maintain our standard of living and property values. If they are forced to do this, then poverty is their heritage. The farmers and the ranchmen are as much entitled to a tariff on the so-called raw material as the manufacturers are on their finished product.

Why should they be compelled by law to sell their products in a free market and buy in a protected one? It is an unjust discrimination.

The tariff affords a degree of protection and at the same time produces a revenue thus reducing our tax burden just that much and the less taxes we pay the more cash we can lay aside for a rainy day.

We talk about a tariff of least a sufficient amount to equalize the cost of production here and abroad. Who knows or can find out the exact cost of production? Take the cattle business for example. It costs less to produce a beef in south Texas ready for slaughter than it does in north Texas. It costs less to produce a beef in Texas than in Nebraska, and less in Kansas than in Illinois. One year it can and does often cost 25 to 50 per cent more to care for an animal than the previous year, or the year following, hence the cost of production will vary all over the United States, according to local conditions, etc.

We should, however, place a tariff sufficiently high on live stock and the products of live stock to cover the maximum cost of production, compared to that of foreign countries, plus a reasonable profit, and at the same time not so high as to create a monopoly in this particular branch of agriculture.

We should not ask for favors in any form but oppose favors in all forms. It is asking no favor to put us on an equal footing with foreign importers, and when we don't receive that consideration from Congress then the favor is extended the foreign producer of raw material and not the home producers, which is absolutely unfair.

To better understand the importance of protecting our live-stock producers by a proper tariff, the following statistics should be studied carefully:

Population, and number of cattle and sheep.

	Population.	Cattle.		Sheep and lambs.	
		Prewar period.	Recent estimates.	Prewar period.	Afterwar period.
Argentina	8,284,000	25,867,000	35,000,000	81,485,000	8 ,000,000
Uruguay	1,379,000	8,193,000	7,802,000	26,286,000	11,473,000
Brazil	26,542,000	30,705,000	37,500,000	10,653,000	7,000,000
Australia	4,971,000	11,745,090	11,040,000	92,047,000	91,676,000
Total	41,176,000	76,510,000	[1] 91,342,000	210,471,000	[2] 193,149,000
United States	106,653,000	61,804,000	[3] 67,866,000	52,448,000	[4] 39,863,000

[1] Increase, 19 per cent. [2] Decrease, 8 per cent. [3] Increase, 9 per cent. [4] Decrease, 4 per cent.

The four competitive countries mentioned are known to consume less meat per capita than our people and their population is less than 40 per cent of that of the United States, yet they raise nearly 40 per cent more beef and four times as much mutton as we do, and consequently export the bulk of their meat.

Argentina has more than 4 cattle and 10 head of sheep per capita, while we have but little more than half a beef per capita and less than half a mutton per capita. The great markets of this country are in large cities, most of which can be reached by water transportation. In other words, at least one-third of the American people to-day can be reached from foreign countries by water transportation and when the great canal is built which will connect the lakes with the Atlantic Ocean, thus permitting ocean going ships to reach Chicago, one-half of the American people can be fed by water transportation from foreign countries.

COST OF ARGENTINE LABOR.

From the Pan American Union statistics it develops that farm laborers in Argentina receive from $10 to $20 per month and board, so it is plain that with our farm labor being paid from $30 to $40 per month and board, our labor cost of production must be more than two or three times as great as Argentina.

It should also be considered that these competitive countries still have enormous tracts of free range, and the cost of raising cattle is much less than here. Land values and pasture charges are much lower than in this country, and there is hardly an item of expense incident to the live-stock business that is not very much less in competitive countries than here.

Live-stock receipts at market centers declined more than 10 per cent in 1920, as compared to 1919. On such a decline in receipts why didn't cattle, hogs, and sheep increase in price? The answer is, imports of meats free of duty is various forms took up the slack and prevented the advance; on the contrary, pressed the market downward. Cattle led in the decline of agriculture products in 1919 and has been on the toboggan ever since. Each month live stock has dropped a little lower than the previous month; now 7 cents per pound live weight looks as good to us as did a 15-cent live weight in the spring of 1919.

Over 80,000,000 pounds of mutton and lamb was imported into this country in 1919 and 1920.

Putting the average mutton carcass at 40 pounds, it seems there were the equivalent of more than 2,000,000 sheep brought into this country free of duty during said period and of this number three-fourths arrived during the year 1920.

BEEF AND VEAL IMPORTS.

More than 100,000 carcasses of beef and veal were also imported into this country free of duty in 1919 and 1920, making a total of over 3,000 carloads of cattle and about 10,000 carloads of mutton and lambs. This vast amount of meat was brought into this country in ships which entered our harbors from the high seas without the expenditure of one single dollar in this country before it reached our large consuming centers. When sold, at least 95 per cent of the proceeds was returned to some foreign country—practically little or no benefit to our commerce in any way. This is the direct result of no duty.

What if this 3,000 cars of cattle and 10,000 cars of mutton and lambs had been marketed from our farms and ranches in this country? Our railroads would have received freight on 13,000 cars of cattle and sheep, the charges for switching and bedding the cars, feed, yardage, attendance, war tax, also a commission charge would have been distributed among the various interests named and finally, and most important, the net proceeds would have been deposited in our home banks or applied on some hard pressed cattle or sheep man's paper. This would be the result of a protective duty on imports. Which do you want and which will do the most general good? It does not take a Solomon to answer this question.

Had it not been for the World War the Underwood bill would have wrought destruction to agriculture, also brought grief to the Democratic Party. Immediately after this Underwood bill was passed dressed or frozen beef and mutton began to be diverted from Europe to this country in large and increasing quantities. Only the war and the great demand for meat in the war zone gave us temporary relief from the imports from South America. Shortly after the armistice was signed these great foreign ocean-going vessels began loading—not only meats, but other agricultural products—in great and increasing amounts. On January 5 of this year two ships reached the United States loaded with 270,262 carcasses of mutton, and three other foreign ships were en route to this country loaded with mutton. Five ships in one month containing about 675,655 carcasses, or 34,687,580 pounds of meat, coming in free of duty is a staggering blow to the meat producers of the United States.

NO MILLIONAIRE FARMER.

We have in the United States 20,000 millionaires, judging from the income-tax records. This estimate is based on the assumption that each individual who pays taxes on an income of $50,000 or more is the owner of a million-dollar estate, and it is very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State, and probably 90 per cent of the others live north of Mason and Dixon's line and east of the Mississippi River. How many of these men made their millions in farming? Whoever heard of an "honest-to-God" millionaire farmer? "No such animal." How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnished the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world. They furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world. The farmer furnishes the cotton from which the manufacturer creates cloth to make clothing for the people. They also furinsh the grain from which to create flour, meal, and cereals to feed the people.

Here is exhibited a community of interests, one absolutely dependent upon the other, which should be a 50-50 proposition, instead of—well, I can't even guess what per cent the farmers and ranchmen receive for their so-called raw material as compared with what the manufacturer receives for the finished product.

I respectfully submit for your careful consideration the following schedule of import duties that in my opinion will be necessary to stimulate the production of live stock in this country as well as place it on an equal footing with Mexico and Central and South America.

First. That you exact a 20 per cent ad valorem duty on all cattle hides imported into this country.

Second. That you collect a 20 per cent ad valorem duty on all live stock imported into this country.

Third. That a duty of 20 per cent be placed on all fresh and prepared meats brought into this country, subject, however, to a minimum of 4 cents a pound.

FROZEN MEATS.

[Paragraphs 701 and 702.]

STATEMENT OF GEORGE W. ARMSTRONG, FORT WORTH, TEX., REPRESENTING THE CATTLE RAISING INDUSTRY.

The CHAIRMAN. Where do you reside, Mr. Armstrong?

Mr. ARMSTRONG. Fort Worth, Tex.

The CHAIRMAN. What is your occupation?

Mr. ARMSTRONG. Cattleman, cattle raiser, and manufacturer.

The CHAIRMAN. Manufacturer of what?

Mr. ARMSTRONG. Iron and steel and oil and oil-well supplies.

The CHAIRMAN. Will you state to the committee what you have to say upon the subject of cattle raising and the importation of cattle, as suggested by Senator Gooding?

Mr. ARMSTRONG. Gentlemen, I understand you have had this frozen meat and live-stock importation question covered, and that I am taking up some one else's time. I therefore will only call attention to one phase of this matter that perhaps has not been presented to you—I am a cattleman; have been engaged in the business for 10 years, and in every branch of the business. I have been largely a breeder of cattle, but I have also fattened cattle of all kinds—baby beef, full-fed cattle on corn, on cake, and on the grass.

I am not going into the question of costs, unless the committee desires it, because that perhaps has been covered by others and your time is very much occupied.

In 1915, I think it was, or 1916, I made a trip with Dr. Ladson, of the Bureau of Animal Industry, of the Department of Agriculture, and Mr. Uribe, connected with the Colombian legation, through Colombia for the purpose of investigating range conditions and the cattle industry of Colombia. The Government was making the investigation there for the purpose of determining whether or not those cattle would be admitted into this country. They were looking especially into the question of the foot-and-mouth disease. The Colombian Government claimed that they had no such disease in that country, and that their cattle should be admitted into the United States.

I went there for the purpose of determining whether or not they would be admitted, and if they were I wanted to open up a ranch in that country, because lands had gotten so high and feed so high and the cattle industry had become unprofitable, so that I was at the time considering the matter of either going out of the cattle business or getting into a country where lands were cheaper and conditions better. Dr. Melvin, who was the Chief of the Bureau of Animal Industry, kindly consented that I should go with this delegation.

I found the greatest cattle country that I have ever seen. I doubt if the Argentine will compare with it. I have never seen that country, but certainly we have nothing in America to compare with it.

We went up the Sinu Valley, and then we went across on horseback. I spent two months in the country, and I visited a number of the ranches except on the Pacific coast. I did not go across to the Pacific coast. We got as far as Bogota, and turned back.

Senator WATSON. Are they now shipping cattle into this country from Colombia?

Mr. ARMSTRONG. I think not. I do not think they will be permitted to ship cattle into this country, if you will allow me to say, Senator, because they have a disease, called surra, or rinderpest, which is fatal to horses, but can be transmitted through cattle. It does not seem to injure the cattle; they have it in a latent form. But through the cattle it can be transmitted by the fly to horses, and there is no recovery from the disease. When a horse takes it, death follows. There are no horses in that country, practically speaking, because of the disease of surra. They have had ravages of it in the different sections of the world; practically all of the horses becoming infected with it die. Dr. Ladson found that disease——

Senator LA FOLLETTE (interposing). You say it is carried by a fly?

Mr. ARMSTRONG. By a fly; yes, sir. It is a disease of the blood, and it separates the corpuscles of the blood—the white corpuscles form a bag under the stomach of the horse and he is feverish. But they usually kill them when they take the disease; they had as well kill them.

I did not buy in the country because of two things. They were expecting the building of three packing plants—Armour, Swift, and Morris—and claimed that they had promises of those plants, and that the building was suspended during the war. There was some uncertainty about it, and Dr. Ladson told me that the cattle would not be admitted into this country.

What I want to impress upon you is the fact that in that country they do not feed cattle at all; they have this para grass that grows 6 or 7 feet high. It is fattening; cattle stay fat on it the year around; it is also green the year around. One acre of it will fatten, they claim, from three to five head of cattle. That grass grows in the valleys, it grows—if you have ever seen Johnson grass——

Senator CURTIS (interposing). It grows, also, as high as 3,000 feet above the level of the sea.

Mr. ARMSTRONG. As high as 3,000 feet?

Senator CURTIS. Yes.

Mr. ARMSTRONG. It would be so high that in traveling through the country on horseback you could not see the cattle until you got within 10 or 15 feet of them, it was so thick and high; and the cattle were as fat as they could be.

Senator WATSON. Is the beef from that country admitted to European ports?

Mr. ARMSTRONG. At that time they had no packing plants.

Senator WATSON. Have they packing plants now?

Mr. ARMSTRONG. I am not posted about that. But they will have, because they claim to have from 5,000,000 to 20,000,000 head of cattle down there. I am sure they have as many as 5,000,000 head. The estimate has been made that Colombia has from 5,000,000 to 20,000,000 head, but they do not know how many they have. In the country between Venezuela and Colombia there is a vast plains country where they have a great many wild cattle, and how many they do not know, of course, as they are uncounted. The cattle are very cheap there, as they are very cheap here now; but they were cheaper there than they are here at this time.

They can raise beef there, I estimate, at 2 or 3 cents a pound. In this country beef can not be produced any more at less than 7 cents a pound; and prime beef can not be produced at less than 10 cents a pound. I doubt if it can be produced at 7 cents in any section of this country.

Senator McCumber. You mean on the hoof?

Mr. Armstrong. Yes, sir. It may be that it can be done in southwest Texas under favorable conditions—but that is a country where they have devastating droughts that wiped them out of existence once in awhile. When they have a good year they can produce beef very cheap, because they do not have to feed and they get the early markets, and their wintering cost is very light.

Gentlemen, I would be glad to talk to you longer, but I realize I am trespassing on your time.

Senator Smoot. Why did you not invest down there?

Mr. Armstrong. I did not invest for the reason that there was not a market for the cattle.

Senator Smoot. That was not the reason that Mr. Knight did not invest, because he made the same kind of an investigation you made.

Mr. Armstrong. Who was that?

Senator Smoot. Ramond Knight. I happened to be interested slightly in a cattle company that he was manager of, and he made that same examination. He decided not to go into the cattle business in Colombia on account of the diseases the cattle were suffering from there. He makes the same kind of a report that you do, but he also says that he did not want to take the venture because of the fact that the cattle were affected down there in many ways.

Senator La Follette. Not from the fly?

Senator Smoot. No. The death rate among cattle was exceedingly high, and he did not feel that he wanted to take the chance.

Mr. Armstrong. That was not true of the country I visited. In the country I visited the cattle had bigger calf crops than we have here, and their cattle were fat from the calf on.

Senator La Follette. What year were you there?

Mr. Armstrong. I was on my way there when the *Lusitania* was sunk, which I think was in 1915 or 1916.

Senator Smoot. It was in 1915?

Mr. Armstrong. It was that year that I was there.

Senator Smoot. Mr. Knight made the examination in 1913, and at that time he decided that it would not pay him, and he went to Canada.

Mr. Armstrong. He may have gone over territory that I did not visit. My tour was confined largely to the Sinu and the Magdalena Rivers. I went to Cartagena and went up the Sinu, and then rode on horseback across to the Magdalena and came back from Barranquilla, a port that is near the mouth of the Magdalena River; and the only reason I did not invest down there—the land was cheap—but I had no market for the cattle except the mines. The people there all eat beef, and beef was very cheap, but they were producing all the beef they needed.

Senator Smoot. What took Mr. Knight there was that he had seen many of the Colombia cattle on the English market; in fact he shipped cargoes of cattle to England and saw the beef from

Colombia there, and that is what took him to Colombia. As I say, he refused to go into the cattle business there.

Senator LA FOLLETTE. I understood you to say, Mr. Armstrong, that you did not anticipate that there would be any importations of cattle from Colombia?

Mr. ARMSTRONG. Not of cattle, but there will be of beef, Senator, because the packers now have, I expect, as much packing-house capacity in South America as they have in North America—the "Big Five" packers—and they will go where the cattle are. They may not be there, but there are enough cattle there now to justify the building of a packing house, and certainly the conditions are such that they can be greatly increased. They can produce instead of 5,000,000—if they have 5,000,000 cattle there now, and I am sure they have—I think the country can produce 50,000,000 cattle.

Senator MCCUMBER. You think, then, the character of the disease from which practically all the cattle are suffering will not be such as to prohibit the importation of the meat?

Mr. ARMSTRONG. It will not. The disease is not in the meat; it is a true blood disease.

Senator MCCUMBER. If it is in the blood I can not see why it is not in the meat.

Mr. ARMSTRONG. I am not posted about those matters, except that my information was altogether from Dr. Ladson, and he said the meat could be very safely shipped into this country, and he was the representative of the Department of Agriculture.

Senator LA FOLLETTE. This disease, as I understand you, does not affect cattle?

Mr. ARMSTRONG. It is in the cattle, but in a latent form; it can be transmitted from cattle to horses, but it does not seem to hurt the cattle.

Senator LA FOLLETTE. It is transmitted by infection of the fly?

Mr. ARMSTRONG. It is transmitted by the fly; yes, sir.

Senator LA FOLLETTE. But it is not communicable by contact, by herding them together or anything of the sort, excepting as the fly conveys it, as I understood you?

Mr. ARMSTRONG. I should think the blood when it is dead would kill the disease; that it would take the life blood of the fly; and I should think there would be a limit to the life of the germ that is in the blood.

At any rate, I inquired into that feature of it, because I considered buying a place and just waiting until the plants were established. Land was cheap and I wanted to get a cheap country in which to raise cattle, and I would not have considered that for a moment except that they assured me that the meat could be safely exported, and that these plants were going to be located there when the war was over. I seriously thought of buying a ranch; in fact, I made an offer on one ranch there, which was not accepted.

This land will support three or four cattle, as it is well set with grass and is worth about $5 an acre; that is, the valley land; the hill land is worth anywhere from 10 cents an acre up to $1.

Are there any questions any of you gentlemen desire to ask?

The CHAIRMAN. Is that all?

Mr. ARMSTRONG. That is all I care to say.

The CHAIRMAN. Senator Townsend, do you have some one to present——

Senator SIMMONS (interposing). Mr. Armstrong, I have some vague recollection—and it is vague, I admit—that when we were considering the emergency tariff act some witness stated, either to me personally or to the committee, I have forgotten which, that this South American meat did not go well on this market, and that the packers had had some difficulty in disposing of it in the United States. Do you know anything about that?

Mr. ARMSTRONG. I am not posted about that, Senator; I do not know. I see no reason why it should not. The truth is there is not any difference, so far as I know, between fat beef, no matter whether it is made from corn, cake, or grass. The packers do make a difference in the price, but they do that for the purpose of encouraging the feeding of cattle. So far as the quality of the beef is concerned, assuming it to be fat, and assuming it is the same grade and kind of cattle, I do not think there is any difference. Of course, there is a difference between fat beef and lean beef, but I do not think there is any grade of fat beef so far as quality is concerned.

Senator SIMMONS. The packers are, I suppose, for preserving the meat on the water from there here?

Mr. ARMSTRONG. I am sure that they have boats for that purpose, although I am not very well posted about that.

The CHAIRMAN. You have no definite suggestion to make on the tariff?

Mr. ARMSTRONG. Well—yes, sir. I have just this suggestion, Senator Penrose, that the tariff cover all of the products of the steer—that it cover beef, hides, as well as the live steer—because there is no protection unless you do; of course, there is some protection if you leave out the hide. There is absolutely no protection if you leave out frozen meats. It is far better to have a tariff on frozen meat than it is on the live cattle, because the competition largely will come from frozen meat, and for another reason, gentlemen, the packers have not been exactly pleased with the attitude of the breeders—and I am not unfriendly to the packers, either; I make this statement because it is true. The breeders have been more or less antagonistic; there has been more or less fighting on the part of the breeders, and, of course, the packers have fought back, and the breeders are absolutely at the mercy of the packers. The packers can put the market up and down whenever it suits them. They can kill beef in South America and bring it in here and manipulate the market to suit their purposes. If we are not "good" as they think we ought to be, they can say, "Well, now, we will just bring in a lot of beef from South America and keep this market down, and we will see if we can not freeze a lot of these people who are not the right sort and let a new 'crop' come on that may have a little sense."

The packers are no worse than the average men. I do not want to make any other impression on you at all. Perhaps a lot of the fault is on the part of the breeders; I think a great deal of it is misunderstanding on the part of both the breeders and the packers, and the breeders are not without fault. But they have the power and we have not; and they having the plants in South America and having the power to manipulate this market by bringing beef in here whenever it suits them or taking it somewhere else, we are at their mercy, and that is too much power for one set of men to have over the destiny of another. And if we do not have this—though this alone will not do it—the tariff is not going to restore the cattle industry, because it has been too badly hurt—I think I will go out of the business. I intended to go out before the war or go to some other country. But the war came on, and I thought prices would go up, and then the Government said it took food to win the war; and while I had been running about 6,000 or 7,000 head of cattle, I increased my herd to 10,000, though I have cut it down now to 2,000, and unless I can see more in it than I now see I am going out of the business. I have lost nearly $600,000 in it. I have lost money every year during the last 10 years except 2, and only made money 1 year, and think that I have given it the right sort of thought. I think I have operated the business as it should be. I am able to make money in other lines of business, but it is not in the cattle business. It is an impossible business under the existing conditions. The cattlemen are broke. I think the Government is going to have to go further than the tariff. There is going to have to be something done that has not been done yet or the cattle industry is a thing of the past.

Gentlemen, I am a convert on this tariff question. I have been a Democrat all my life—a Democrat believing in tariff for revenue only. But this war opened my eyes to the importance of protecting the basic interests of the country. I am for protection not for the cattle business alone, but for every basic industry in this country, because I think the country ought to be self-contained if it is to be strong in war and in peace, a prosperous country, and a country which can endure; that it is better to have a self-contained country and protect these basic industries than to build navies or maintain armies. If Germany had been that character of country, there might have been another tale. It would be a national calamity to let this industry that is suffering as it is now be stifled—and it is going that route at a much faster rate than you gentlemen think; disaster is sure to result. In the Fort Worth market this year—I know I am transgressing, and I am saying more than I ought to say—but I just want to mention this fact—we have had three calf-killing years on the Fort Worth market. I have not seen the daily publication——

Senator LA FOLLETTE (interposing). Just what do you mean by that?

Mr. ARMSTRONG. I mean by that that owing to drought, financial conditions, and other things the calves have been slaughtered. This year has been the worst of all. I am just mentioning the Fort Worth market because I see those statistics published in the papers every day, and I might give them as of a month ago, and I can not give them exactly, but approximately; and the last time I saw these statistics there had been 400,000 cattle marketed there of all grades except calves—that means cows, yearlings, and steers, everything except calves. But there had been 300,000 calves. Of the 400,000 cattle that were marketed that were not calves, part of them just went through the market to outside buyers. But the 300,000 calves all went to slaughter, and that is 100,000 more than last year, which was also a calf-killing year.

In two years' time, gentlemen, you are going to have to import beef, and you are going to have to pay the price for it. This country will never be an exporter of beef again; it is only exported to-day because the buying power of the people is limited, because of the financial situation. But we will not export beef any more after things become normal, and we are going to have to import a great deal of it, and it is not coming to the consumer any cheaper.

If you destroy the cattle industry in this country you are at the mercy of the foreigner, and eventually the consumer will pay the price. He may get a little temporary relief, but it will not be permanent.

Gentlemen, I want to record myself—I have done it publicly in my home State—before you as for a protective tariff, not only raw materials, but on finished products and for every basic industry.

Senator SIMMONS. Mr. Armstrong, if I understand you, you mean to say to the committee that in your judgment the price of beef in this country is fixed by the packers?

Mr. ARMSTRONG. Absolutely.

Senator SIMMONS. And the price of live stock is fixed by the packers?

Mr. ARMSTRONG. Let me qualify that: The price of beef is not wholly fixed by the packers, gentlemen. In my opinion the packers should be required to do the retailing. The price of beef is fixed to a very large extent by the retailers.

Senator SIMMONS. I am not talking of what it ought to be, but I am talking of what it is.

Mr. ARMSTRONG. The finished beef price is largely fixed by the retailer. The retailer is undoubtedly doing more profiteering.

Senator SIMMONS. The packer can practically pay what he pleases for live stock, and he sells the manufactured product.

Mr. ARMSTRONG. He sells it wholesale; yes, sir.

Senator SIMMONS. Would that situation that you have referred to be changed if we should build a wall around this country and not permit any beef to come in at all?

Mr. ARMSTRONG. Not entirely; that would be only a step in that direction.

Senator SIMMONS. If that be true, do you not think the packers have an absolute monopoly of the business here, and that it might tend to break that monopoly if you would let them have some little competition from the outside?

Mr. ARMSTRONG. There is not any competition——

Senator SIMMONS (interposing). It is not a question to my mind, the way you put it, of competition between the outside and the producer of live stock in this country, but it is a question of competition from the outside with the packers. Would you want to turn the market over to them?

Senator LA FOLLETTE. The packer is the outside competitor, is he not?

Mr. ARMSTRONG. I was going to say there is not any competition from the outside.

Senator SIMMONS. If it is true that the packers own all the meat in the world, there can not be any. But do they?

Mr. ARMSTRONG. They do not own the meat, but the packers of the world——

Senator SIMMONS. Do they own it all?

Mr. ARMSTRONG. I do not mean to say they own it all; they do not own it all in this country, but they more nearly predominate in other countries, and especially the South American countries, than here.

Senator SIMMONS. Then, if the packers have a monopoly here, and if the packers at the same time have a monopoly in all the other countries of the world which grow stock, by reason of the fact that they own the packing plants there, what good can the tariff do in a situation of that sort?

Mr. ARMSTRONG. We have a limited supply of beef. The tariff can preserve this market here for the American people. I think you are going to have regulation of the packers, and do not understand me to say before this committee that a tariff would give all the relief the cattlemen need. They require financial help also.

Senator SIMMONS. Would not this be the operation of that: They have a monopoly here. If they have to bring it in from abroad and pay a little tax for bringing it in from abroad, he can simply add that tax to what he brings in from abroad to what he sells here without increasing the price one particle for the stock?

Mr. ARMSTRONG. That would be the effect; yes, sir. Of course, if the packer must pay the tax when it comes in here, he is paying that much to the Government?

Senator SIMMONS. Yes.

Mr. ARMSTRONG. And if it does not affect the price, the Government gets the tax. If you can protect us against the fellow who is producing cheaper, the man who is making his beef at 3 cents, if you can make it cost more laid down here, the tendency is to put the price up here. The packer is not going to indulge in the foolish thing of paying taxes always, you know, because it costs him money, and he is going to fight with some discretion.

I do not pretend for a moment, gentlemen, to say that the tariff is going to solve this question. I am here to say to you that the cattleman needs this protection and he needs more than this protection. This is but a step and the only one that is now being considered. If you do not want this industry to perish you have got to regulate the packer—and I am in favor of regulating the industry and not in favor of Government ownership—you have either got to inquire into the cost and provide some methods of giving us a living price or you have got to valorize the industry as they do in Brazil and other countries, and as advocated by Secretary Meredith, or——

Senator SIMMONS (interposing). I agree with you entirely looking at the subject from the standpoint of revenues. The packers, if they control this market, can control all the markets of the world If you put a tax on them, of course, they would have to pay a certain amount of money into the Public Treasury and the people would have to pay that much more for their beef. But, I did not understand that you were presenting it from the standpoint of revenue; I thought you were presenting it from the standpoint of protection of that industry. Now, if you are going to present it from the standpoint of revenue, I should think that the last thing possible that we ought to impose a tax on for revenues would be a thing that is universally consumed as a food product by the people. So, I would not be disposed sympathetically to look at it from the standpoint of revenue.

I want to get just a little detailed information: Will you name the countries from which beef is imported into this country?

Mr. ARMSTRONG. I think the larger volume of beef comes from the Argentine.

Senator SIMMONS. The packers, you say, control the situation there?

Mr. ARMSTRONG. The packers have the principal plants there.

Senator SIMMONS. I am just trying to find out how powerful the packers are.

Mr. ARMSTRONG. Well, my information is, Senator, that the three big packers have 20 or 21 plants in South America. My information comes from a packing house official. If that is true——

Senator SIMMONS (interposing). And that gives them control of the beef markets——

Mr. ARMSTRONG (interposing). And there are no other plants of consequence in South America?

Senator SIMMONS. Go now to the next country.

Mr. ARMSTRONG. And that gives control to them of the frozen beef industry of that country.

Senator SIMMONS. Go to the next.

Mr. ARMSTRONG. I do not pretend to be well informed on these subjects, but I know the packers have plants in Australia and New Zealand. There is not a meat-producing country in the world that produces a large amount of meat that I dare say that the packers have not plants.

Senator SIMMONS. Then, in that situation, in your judgment, the packers are in no danger from competition from the outside?

Mr. ARMSTRONG. They compete with themselves alone.

Senator SIMMONS. And they control this market absolutely?

Mr. ARMSTRONG. Yes, sir.

Senator SIMMONS. And every other market?

Mr. ARMSTRONG. Yes, sir.

Senator SIMMONS. Did you refer to the American packers when you say they have plants all over the world?

Mr. ARMSTRONG. I am speaking of the American packers. Gentlemen, let me say this again, that I am not unfriendly to the packers. They are my personal friends. I have been associated with them, and they do not regard me as unfriendly. But they have got too much power, and that power ought to be curtailed, and this is but a step in that direction.

Senator SMOOT. Mr. Armstrong, you have touched upon the question in the proper place, when you said that as far as the consumer is concerned the retailer is the man who charges the exorbitant prices.

Mr. ARMSTRONG. That is my understanding. My understanding at this time is that the packers' wholesale prices are now reasonable; that the retailer is the man who is doing the profiteering.

Senator SMOOT. When the packers were paying $9 to $10 for lamb, and now they are paying $2 or $3, lamb chops are just as high to-day to the consumer as they were at that time.

Mr. ARMSTRONG. We have got too many retail establishments. The packer has his cold-storage plants, and it seems to me to be in the interest of economy that he do the retailing, and that he should be regulated, and that he should be allowed a reasonable profit for his service, and that the producer be allowed to receive a reasonable profit, and I think that that is really the final solution of the problem.

Senator MCCUMBER. Would you put all of the little butcher shops in the little villages all over the country out of business and put that business into the hands of the packers?

Mr. ARMSTRONG. I think you would get better service if you did that; you would get better meat and get it in the long run at a more reasonable price.

Senator MCCUMBER. What would you have him do as a business—send him into the stock raising, then?

Mr. ARMSTRONG. Of course, it might be best for him to do the stock raising, too. But he would not want to go that far, and you could not get him that far. But the packer has the instrumentality for handling the beef from the hoof to the consumer.

Senator MCCUMBER. That is true of every great monopoly in the United States. If they could be the producer and the retailer, too, the American public could have its meat cheaper, so far as profits are concerned. But what would the balance of the American people be doing if they allow a few monopolies to be the entire producers; and if it would apply to the meat business, would it not apply to every other character of business?

Mr. ARMSTRONG. We have got the monopolies, and we have been trying to break up monopolies here for a number of years ineffectually. We had just as well recognize the fact that they are here and regulate them. We are not going to break them up.

Senator WATSON. Mr. Chairman, I do not desire to interrupt the witness, but while this is very interesting I am reminded that we are here to make a tariff bill.

Senator SIMMONS. You can no more regulate the retailers than you can the packers.

Senator LA FOLLETTE. Just a moment. You stated that so far as the wholesale price is concerned that the packer is charging reasonably?

Mr. ARMSTRONG. That is my understanding; yes, sir.

Senator LA FOLLETTE. But at the present the price that he pays the producer of beef is not unreasonable, is it?

Mr. ARMSTRONG. It is about 50 per cent of the cost of production.

Senator LA FOLLETTE. At the present time?

Mr. ARMSTRONG. Yes, sir.

Senator LA FOLLETTE. At the present time he is taking his excessive profit out of the producer of beef instead of taking it out of his wholesale price to the public?

Mr. ARMSTRONG. I doubt very much if he is making an excessive profit.

Senator SIMMONS. He is taking his excessive profit out of the producer and giving the retailer an opportunity to get his excessive profit in another way?

Senator LA FOLLETTE. Yes.

TALLOW.

[Paragraph 701.]

STATEMENT OF FLOYD M. BARNES, CINCINNATI, OHIO, REPRESENTING LAUNDRY SOAP MANUFACTURERS OF THE UNITED STATES.

Mr. BARNES. My address is Cincinnati, instead of Washington, D. C., as printed in the schedule. I am connected with the Procter & Gamble Co., of Cincinnati, Ohio, and represent the Soap Makers' Association on tariff questions. I am speaking more particularly to paragraph 701, namely, tallow.

Tallow represents one of the principal basic raw materials of soap, and to-day is approximately 25 per cent of our raw materials. We are asking that tallow remain on the free list.

About 75 or 80 per cent of the laundry soap sold in the United States are tallow soaps. These soaps divide into two natural groups—white laundry soaps and yellow laundry soaps, which are so-called rozin soaps.

In 1913 the price of white laundry soap was 6.4 cents per pound. I put it on a pound basis, for the reason that the bars vary in size. The peak of the high prices carried this soap to a price of 12⅛ cents per pound. To-day that soap is selling at 7½ cents per pound.

Yellow laundry soap which in 1913 sold at 5½ cents per pound, and at the peak of prices was selling at 10 cents per pound, to-day is selling at 6 cents per pound. The difference between the 1913 and the 1920 prices represent to a very large extent the increased cost of transportation of raw materials; the balance represents higher costs on raw materials and higher labor costs. The soap makers of this country have been bending their efforts in recent months toward getting the price of soap down to the price unit which is popular with the public at large, and that is a 5-cent bar of soap.

We find in this proposed tariff, however, that all of our principal raw materials, such as oils and fats, are being put on a dutiable basis, whereas they have always been duty free. Tallow and oils represent at least 50 per cent of our raw materials. This means, as we explained in a previous hearing, that we are facing an advance in the price of soap which will approximate 15 to 20 per cent of the present selling price. It means also that the duty which is being assessed on tallow and other commodities in which we are interested will not be a revenue producer. Take, for example, the matter of tallow. We have always exported more tallow than we have imported, with a possible exception of the two war years when tallow came into the United States freely from New Zealand and Australia, principally due to a desirable shipping condition which prevented the tallow from going to England. It will, therefore, not be a revenue producer, because the importation is practically prohibited.

It is not going to benefit the cattle grower. Only about one-third of the tallow in the United States is produced in packing houses from the killing of the stock. The other two thirds is produced from the rendered stock, the so-called butcher's scrap, and restaurant scraps which is collected by renderers all over the United States, and the tallow rendered out of it. So that as far as helping the cattle grower, it means nothing, for the simple reason that an average steer will produce only from 7 to 9 pounds of inedible tallow, which at a half cent a pound means a matter of 3½ cents. It is entirely too small to be passed back to the man who is raising the cattle.

Senator WATSON. What was your statement made about the relative quantity of imports and exports of tallow?

Mr. BARNES. I said that the exports of tallow have always exceeded the imports, with the exception of two years.

Senator WATSON. What two years were those?

Mr. BARNES. From 1918 to 1919.

Senator SMOOT. Those are calendar years?

Mr. BARNES. Those were calendar years; yes, sir. The reason for that is this: It is simply a trading proposition. There are times when the tallow producers and renderers of this country have a better market in Europe, and they take advantage of it, and rightly so. There are other times when the price of tallow in South America or in other countries is on a buying basis, so far as the United States is concerned, and at those times the soap makers take advantage of those market conditions, and it is for that reason we have an exportation of tallow, and that we also have an importation of tallow.

Senator WALSH. Is the rendering business in the hands of a few people in the country?

Mr. BARNES. It is pretty largely controlled by the Chicago packers.

Senator WALSH. And they have agents all over the country to visit the butcher markets?

Mr. BARNES. Yes, sir. They collect the scraps from the butcher shops and restaurants.

Senator WALSH. And have it shipped to a central point?

Mr. BARNES. And have it shipped to central rendering points. It is a very large business, as far as those concerns are concerned.

Senator WALSH. They are not owned directly by the packers but by subsidiary corporations?

Mr. BARNES. They are all subsidiary corporations. The soap manufacturer is in the unfortunate condition to-day under this tariff program of practically losing all of his principal raw materials, and all of the work we have done for the last 30 years in the developing of our supply of raw materials in these far countries is absolutely being torn down.

Senator WATSON. Did you use tallow in the manufacture of soap during the operation of the Payne-Aldrich Act?

Mr. BARNES. There was practically no tallow came in. We used what we could buy in this country.

Senator WATSON. The tariff was just the same as here provided, a half cent a pound?

Mr. BARNES. There was no tallow came in, except in small quantities; the duty was prohibitive; as a matter of fact, I think the revenue averaged only about $3,500 a year under that tariff. So that it was practically nothing.

In our hearing before the Ways and Means Committee of the House we unfortunately came in at the very end of the day, and were only given a very few minutes. Our briefs were filed, and the subcommittee that gave careful consideration to these briefs on oils and fats recommended to the full committee that they remain on the free list. But they were overruled, as the bill indicates, and we are asking that, as far as the soap trade is concerned, our raw materials be left on the same basis as they have practically always been, and that is on the free list.

Senator WATSON. The imports of tallow for 1921 were 1,762,000 pounds. Did that all go into the manufacture of soap?

Mr. BARNES. I would say that practically all of the tallow that is imported is nonedible tallow and therefore used for soap.

Senator WATSON. Suppose that we excluded it absolutely; would that interfere with the manufacture of your soap? Have you not other raw materials?

Mr. BARNES. There is nothing going to interfere, Senator, with the manufacture of soap. ~~We are~~ going to manufacture soap just the same as we have always done, but the consumer is going to pay more for it.

Senator MCCUMBER. What proportion of a pound of laundry soap is represented in the tallow?

Mr. BARNES. Tallow represents 25 per cent of all the raw materials that go into soap.

Senator MCCUMBER. That would be one-fourth pound. If you added the tariff it would be a quarter of a cent added to a pound of soap that would be charged to the consumer.

Mr. BARNES. Correct; yes, sir.

Senator SMOOT. What other fats do you put into soap besides tallow?

Mr. BARNES. All of the vegetable and fish oils. There is an extensive development in this country of the hydrogenation of fats, including soya-bean oil and coconut oil; but they are all in this tariff proposition, so that the soap maker is in a very unfortunate position.

Senator MCCUMBER. If the tallow would add a penny to every 4 pounds of laundry soap——

Mr. BARNES (interposing). It is more than that, Senator.

Senator MCCUMBER. At 1 cent a pound?

Mr. BARNES. You have no small units of currency in this country, and when you have a price of 5¼ cents means that the soap is going to be sold on the next largest unit.

Senator MCCUMBER. I assume, however, that the manufacturer sells, of course, to the wholesaler, and therefore where he does that he does take into consideration quarters of a cent a pound?

Mr. BARNES. He may take it into consideration, but his profit is based on that, and the retailer's profit is based on that. It is a cumulative proposition, and when the retailer gets it, if the price is 5½ cents, he can not sell soap at 5½ cents, unless there was some customer willing to buy 10 bars of soap, and he gets a unit price.

Senator MCCUMBER. That is the retailer?

Mr. BARNES. Yes; but the average consumer can not buy 10 bars of soap at one time; he is in no position to pay it. Therefore, when he gets down to the smaller unit of price, it is a matter of 5½ cents, the consumer pays 6 cents a bar for it. That is the practical working of it.

Senator SMOOT. If you put less tallow in you put more oil in the making of your soap?

Mr. BARNES. The raw materials are interchangeable.

Senator SMOOT. Could you use more tallow than the 25 per cent and make soap?

Mr. BARNES. We can use all the tallow that is produced in the world in the United States in soap making.

Senator McCUMBER. What I was saying is that the manufacturer, if there is a quarter of a cent added to the cost by reason of the tariff on tallow, can sell to the wholesale trade at a quarter of a cent a pound more, could he not?

Mr. BARNES. Absolutely. But tallow is only one of our items that is affected.

Senator WALSH. The importation of this tallow tends to serve as competitive with the tallow produced by these rendering companies who control the whole output of the United States?

Mr. BARNES. In some respects it has a leveling influence, because if the renderers are not satisfied with the price of tallow they are going to hold it, and it has that effect at times.

Senator SMOOT. Tallow is cheaper to-day than the oils, is it not?

Mr. BARNES. As a general rule tallow is. Tallow to-day is about 6¾ to 7 cents a pound.

Senator LA FOLLETTE. Is it a duty that you manufacturers can pass along without any difficulty; the duty retained upon tallow is an added cost to manufacturers that you can pass along?

Mr. BARNES. Absolutely.

Senator LA FOLLETTE. So that it is something that falls upon the consumer?

Mr. BARNES. Absolutely; it will mean 15 to 20 per cent advance on common laundry soaps in the United States.

Senator SMOOT. By the retailer?

Mr. BARNES. By the retailer to the consumer.

Senator LA FOLLETTE. Is your interest in being here to speak for free raw material solely one of consideration for the consumer?

Mr. BARNES. Absolutely; the cause of the consumer is the cause of the manufacturer. That has been the position of the soap trade right straight through in these tariff hearings, because so far as the soap trade is concerned it is not going to make one bit of difference to us in our manufacturing of soap. We are going to continue to make soap, but it will cost the consumer more.

Senator LA FOLLETTE. You are going to make just as much soap and you make just as much profit?

Mr. BARNES. We hope we will make some profit. We have not seen such a thing for so long that we do not know what it looks like.

Senator LA FOLLETTE. Where have you been during the war? [Laughter.]

Mr. BARNES. We were all right until the war ended, and then——

Senator LA FOLLETTE (interposing). You were all right until the war ended?

Mr. BARNES. Then the perpendicular drop in price came along, and the soap trade has been taking losses for two years.

Senator McCUMBER. Has it taken enough losses to balance the profits during those war years?

Mr. BARNES. We have lost it all.

Senator LA FOLLETTE. What is your protection—what duties do you have on soap?

Mr. BARNES. We asked the Ways and Means Committee to leave soap stand where it was.

Senator LA FOLLETTE. Where did soap stand?

Mr. BARNES. That we were not interested in a duty on imported soap; that the soap makers in the United States were well able to take care of themselves.

Senator LA FOLLETTE. Notwithstanding——

Mr. BARNES (interposing). They increased it for us.

Senator LA FOLLETTE. Then, you did not want it?

Mr. BARNES. No, sir; and then they turned around and interfered with our whole relations in this country on our raw materials.

Senator WALSH. I think the soap people wanted soap free if the materials were made free.

Mr. BARNES. That was one of our statements; yes, sir.

Senator LA FOLLETTE. Do you want this increase on the manufactured product, which has been put into the Fordney bill, if the duty upon tallow is to be retained?

Mr. BARNES. We care nothing about that. It can leave soap where it was so far as the soap trade is concerned.

Senator LA FOLLETTE. Even though the duty on tallow be retained?

Mr. BARNES. That puts the soap trade at a disadvantage, there is no question about that.

Senator LA FOLLETTE. Just what disadvantage does that put you to?

Mr. BARNES. For the simple reason——

Senator LA FOLLETTE (interposing). You say you can pass it along without any difficulty, and that nobody will be hurt by it but the consumer. You arouse my curiosity a bit.

Mr. BARNES. For this reason, Senator——

Senator LA FOLLETTE (interposing). We have seen so much philanthropy in this country in the last three or four or five years and so much keenness of interest in the consumer that we become a bit skeptical.

Mr. BARNES. Our keenness so far as the consumer is concerned, is, of course, to attain a small unit of price, because naturally in the soap business, as well as any other business, when your unit of price is small your consumption is larger and we can not attain that low unit of price if our raw materials are taken off the free list. It is not entirely philanthropy.

Senator LA FOLLETTE. How much laundry soap do we export?

Mr. BARNES. About $14,000,000 was exported, I think, in the last year.

Senator LA FOLLETTE. About 100,000,000 pounds?

Mr. BARNES. I think that is correct. I have it in the brief here.

Senator LA FOLLETTE. We are able to walk right into the foreign trade in a pretty lusty sort of a way?

Mr. BARNES. Yes, sir; but we will lose it all if our raw materials are made dutiable.

Senator LA FOLLETTE. It would raise quite a lather, I should think. [Laughter.]

Mr. BARNES. It has taken us years of effort to build this export business up.

Senator CALDER. Has the witness testified how much soap was imported last year?

Senator WALSH. That is all in the record.

Mr. BARNES. It has been all presented, and I have a brief that I would like to offer.

Senator McCUMBER. Very well; that will be printed as part of your remarks.

BRIEF OF THE LAUNDRY SOAP MANUFACTURERS OF THE UNITED STATES.

A duty of one-half cent per pound is proposed in the Fordney tariff bill upon animal tallow. This duty would be prohibitive of imports and would, therefore, yield no revenue.

Animal tallow is on the free list in the tariff of 1913, paragraph 622.

Under the tariff act of 1909 a duty of one-half cent per pound was placed on tallow. While this duty was in force there were practically no importations, the average importations being only 750,000 pounds annually.

The tariff act of 1905 placed a duty of three-fourths cent per pound on animal tallow. While this duty was in effect the importations of tallow were even less than while the duty of one-half cent per pound was operative. In 1908 the importations were only slightly over 300,000 pounds.

During the entire eight years that a duty was in force on tallow importations the average revenue income was only $3,576.70. It is obvious, therefore, that a tariff on animal tallow creates an effective embargo upon imports because the laundry-soap maker can not afford to buy it with the duty added to its value. Further, inasmuch as imports decrease to negative volume under the weight of a duty no revenue worthy of consideration is resultant from such duty. The following table shows the annual importations and exports of tallow from 1908 to 1920, inclusive, together with the prevailing rate of duty in force:

Year.	Imports.			Exports.	
	Duty.	Amount.	Value.	Amount.	Value.
	Cent.	*Pounds.*		*Pounds.*	
1908	[illegible]	304,765	$23,074	91,397,507	$5,399,219
1909	[illegible]	364,964	28,299	53,332,767	3,000,366
1910	[illegible]	117,464	7,081		
1910	[illegible]	794,008	61,402	29,379,992	1,779,615
1911	[illegible]	984,383	81,640	29,813,154	1,933,681
1912	[illegible]	347,837	25,595	39,451,419	2,388,046
1913	[illegible]	880,283	70,618	28,264,622	1,794,458
1914	Free.	12,698,519	833,549	9,980,066	621,296
1915	Free.	3,577,476	233,068	26,868,703	1,952,189
1916	Free.	13,066,640	1,070,759	15,338,057	1,573,196
1917	Free.	73,619,524	9,997,325	7,505,880	1,196,305
1918	Free.	51,885,808	7,444,230	4,222,657	745,977
1919	Free.	12,096,189	1,812,093	38,953,783	6,370,112
1920	Free.	13,398,885	1,720,136	17,494,887	2,582,494

It will be noted from the above that when the duty was removed from tallow in 1913 that importations began to enter the country in fair volume. It will be further noted that in the 13 years covered by the above table that 10 years of the 13 show a preponderance of exports over imports, which in most of the years in which this condition obtained amounted to many millions.

With an exportable surplus of tallow in the United States it can readily be seen that there is no need for a duty upon tallow and no stronger reason could be furnished for the retention of tallow upon the free list as provided in the act of 1913.

The following table reveals the consumption of animal tallow by the soap makers of the United States during the years 1912, 1914, 1916, and 1917:

Year.	Pounds.	Percentage of total fats and oils used.
1912	238,685,000	30.7
1914	270,713,000	28.9
1916	338,931,000	29.9
1917	362,297,000	27.1
Average annual consumption	302,656,500	

From the above table it will be noted that animal tallow is one of the most important basic raw materials used in the manufacture of soap, the percentage used varying from 27.1 to 30.7 of all oils and fats used in the manufacture of soap.

The animal tallow which is imported into the United States for the use of the soap makers originates in South America, Australia, and New Zealand for the most part, with importations of less consequence from China. The soap maker, it should be pointed out, is interested only in inedible tallow, the grade of tallow commonly used for soap. He is not interested in the grade of tallow classed as edible as relates to domestic tallow or to imported tallow.

While the importations of animal tallow are not large under normal conditions, they are, nevertheless, important, first, in that they contribute to the miscellany of fats and oils which the soap maker must constantly have available to draw upon with the upward fluctuations of the market and without which wide range of choice the price of common soap would fluctuate up and down the price scale in place of remaining almost constantly a fixed entity. Under previous tariff acts in which his raw materials have entered free of duty, the soap maker, with the stocks of the world to draw from, has been able to change his formula as one oil or fat ascended in price to a height beyond which the soap maker could reach to another oil or fat less expensive, thereby enabling the soap maker to hold the price of a bar of soap at a low level. Following out this line of procedure the soap maker, when the price of tallow goes beyond his reach, is not forced to change his formula, but merely switches to South American tallow. He may buy only sparingly, but by this respite he is able to hold the price of common soap at a constant level.

We come, therefore, to the second benefit resultant from free animal tallow which is that the importations exercise a price leveling influence preventing the upbuilding of artificial domestic prices, a benefit which directly redounds to the public good as the price of soap thus remains at a constant low level.

That the soap maker does pass on to the consumer the savings which he effects in the purchase of his raw materials is undeniably manifested in the constantly low price of common soap. It is, of course, not to be adjudged that the soap maker is of more philanthropic turn of mind than other business men, for as a point of fact the laundry-soap business is of such highly competitive nature that every manufacturer is compelled to sell the consumer the lowest possible priced soap consistent with the quality and size of the cake if he expects to retain or increase his business. In the highly competitive laundry-soap field, therefore, the only factor which can increase the price of soap throughout the United States is the marked increase of the price of soap makers' raw materials. So long as the soap maker can, by the exercise of the greatest agility, switch from one oil or fat to another the price of soap stays down and the length of time which the price stays down depends upon the freedom of choice which the soap maker possesses in drawing upon the wide world supply of raw materials. Limit his ability to do this, however, and force him to make soap from high-priced edible oils and the price of laundry soap will no longer remain a synonym of cheapness.

The widespread distribution of soap factories throughout the United States and the comparatively large number of these factories make for the most active competition. There are and can be no territorial divisions of markets in the soap business and no regulation of volume of business or prices among the 371 soap makers of the United States distributed as they are from Maine to California.

We give herewith report from the 1914 "Census of Manufacturers" showing total number of soap makers in the United States and their location:

New York	65	Maryland	3
Illinois	27	Connecticut	12
New Jersey	16	Georgia	2
Pennsylvania	50	Kentucky	3
Missouri	9	Tennessee	3
Ohio	30	Texas	8
Massachusetts	24	Nebraska	2
Indiana	12	Kansas	6
California	25	Oregon	3
Wisconsin	11	Washington	2
Rhode Island	11	All other States	22
Iowa	8		
Minnesota	6	Total	371
Michigan	11		

A TARIFF ON ANIMAL TALLOW WOULD NOT BENEFIT THE FARMER.

There are two grades of tallow produced in the United States, the first of these grades is edible tallow and naturally commands the highest price. In this grade of tallow the soap maker has no interest as he can not compete with the manufacturer of edible products. The second grade of tallow is the inedible tallow of which the soap maker uses practically the entire production of the country with the exception of the exports and small quantities used for stuffing leather, in lubricating greases, and similar technical usages.

The following table reveals the total production and consumption of tallow, edible and inedible, during recent years, together with imports and exports during these years:

Year.	Production.	Consumption.	Imports.	Exports.
1914	370,586,000	366,294,000	12,690,000	9,980,000
1915	411,295,000	374,143,000	3,577,000	26,869,000
1916	428,493,000	411,246,000	13,087,000	15,338,000
1917	422,013,000	481,060,000	73,620,000	7,510,000
1918	450,820,000	541,714,000	51,896,000	4,223,000
1919	472,846,000	449,748,000	12,096,000	38,954,000
1920	300,344,000	284,433,000	14,935,000	20,692,000

The average annual consumption of tallow, both edible and inedible, as shown by the above table is slightly over 400,000,000 pounds annually.

From table two of this brief it will be noted that the consumption of tallow by the soap industry averages about 300,000,000 pounds annually. This is inedible tallow only, the balance of the tallow shown as consumed going into edible products.

By comparing consumption in the soap industry with total tallow consumption in the United States it will be seen that the soap maker uses three-fourths of all the tallow consumed in the United States. Inasmuch as the soap maker can afford to use only inedible tallow it can be said inferentially that at least three-fourths of the tallow consumed in the United States is inedible tallow. We stress this point because we desire to bring out the fact that in the consideration of the matter of animal tallow in relation to tariffs that the soap maker is primarily concerned and will be the chief sufferer from the effects of a duty. Likewise the soap maker is about the only manufacturer who has any important desire or need to import tallow, as the imports of tallow for purposes other than soap making are negligible.

Inasmuch as the experience of former years when tariffs on tallow were in effect proves that a duty on tallow is nonproductive of revenue owing to the soap maker's inability to buy the tallow to the value of which a duty has been added, we will now examine into the element of protection to American products involved in an import levy upon tallow.

The following table from Bulletin 769 of the United States Department of Agriculture reveals the production of edible and inedible tallow by the packing houses of the United States:

Tallow production, edible and inedible.

Calendar year:	Pounds.	Calendar year:	Pounds.
1912	202,946,000	1918	304,891,000
1914	227,339,000	1919	251,834,318
1916	275,511,000	1920	263,989,589
1917	268,825,000		

Of the above production of tallow we will again point out that the soap maker is interested in only the inedible grade of tallow.

The yield of inedible tallow per head of cattle slaughtered in the United States is about 7 or 8 pounds. The former figure was included in the testimony of the packers at Chicago and is therefore probably more nearly accurate. The slaughterings of cattle under Government inspection for the fiscal years ending June 30, from 1911 to 1920, inclusive, are given in the table below along with the estimated yield of inedible tallow which would be produced therefrom on the basis of 7 pounds of inedible tallow from each head of beef live stock.

Cattle slaughterings under Government inspection and estimated yield of inedible tallow therefrom.

Year.	Cattle slaughtered.	Estimated inedible tallow produced.	Year.	Cattle slaughtered.	Estimated inedible tallow produced.
		Pounds.			*Pounds.*
1911	7,781,030	54,467,210	1916	7,404,288	51,830,016
1912	7,532,005	52,724,035	1917	9,299,489	65,096,423
1913	7,155,816	50,090,712	1918	10,938,287	76,568,009
1914	6,724,117	47,068,819	1919	11,241,719	78,692,033
1915	6,964,402	48,748,814	1920	9,709,719	67,968,033

It will be seen that on the basis of the maximum years' slaughterings of cattle as reached in 1919 the production of inedible tallow by packing houses was 78,692,033 pounds. The greater part of the inedible tallow produced in the United States is the product of tallow renderers who accumulate the scraps from butcher shops, restaurants, etc., and in which the farmer has not the slightest concern. The figure 78,692,033 represents the maximum amount of tallow which could be influenced by the proposed levy of one-half cent per pound on animal tallow in the Fordney bill on the basis of which influence the American farmer or the packer could benefit. The price of edible tallow will not be influenced because the inedible grade is the only grade on which the duty will be operative as previously explained.

The figure 78,692,033 pounds does not represent all the inedible tallow consumed by the laundry-soap maker but it is all that can come from the packing houses and therefore all that concerns the American farmer. Let us see then how much the American farmer can benefit by the assessing of one-half cent per pound duty on the soap makers' tallow.

The yield of inedible tallow from each 900 to 1,000 pound steer sent to market by the farmer, it has been stated, is 7 pounds. One-half cent per pound increase in price on the 7-pound inedible tallow yield from the 900 to 1,000 pound steer would involve the tremendously important sum of 3½ cents. Granting for the sake of an argument that the duty of one-half cent per pound on tallow would raise the price of inedible tallow an equivalent amount the increase in value on an entire carload of steers would not equal 75 cents.

It is necessary that it be kept in mind at all times in connection with our discussion of a duty on animal tallow that this duty will be operative only on the inedible grade, as this is the only grade imported.

Returning to the 3½ cents, while this would be a very small increased return on the carcass of a 1,000 pound steer, it should be stated that even this insignificant increase in value would not result from the placing of a duty upon animal tallow, because the soap maker would not be able to purchase tallow if the price were raised and would cease using it, depending upon supplies of other oils and fats for his raw materials. As we have repeatedly pointed out, the soap maker can not pay high prices for his raw materials and make low-priced soap. If the price of one raw material becomes unduly high he must change his formula and use other raw materials. If tallow becomes high in price the soap maker must then make his choice from the next most suitable raw material.

In former days when tallow was assessed a duty it was probably considered as a protective measure to a great many small packing houses scattered over the United States. Since the combining of such plants into large packing-house organizations it is understood that such protection has not been needed. According to the Federal Trade Commission report of 1919 on the meat-packing industry 82.2 per cent of all interstate slaughter of cattle was by five packing houses and their subsidiary and affiliated companies. It is not improbable that these five packing organizations produce 85 per cent of the packing-house output of inedible tallow of the United States.

PROPOSED DUTY ON TALLOW IS VIRTUALLY PROHIBITIVE ON BASIS OF NORMAL VALUE.

The price of inedible tallow in 1914 and 1915 before the strain of filling European demands for glycerin and all fats and oils began to be felt averaged 6.36 and 6.33 cents, respectively.

The following table shows the average monthly price for the first seven months of 1921 for the two most important grades of inedible tallow used by soap makers in the Eastern part of the United States.

Market prices on inedible tallow, 1921.

[Per hundred pounds.]

	Jan.	Feb.	Mar.	Apr.	May.	June.	July.
City special tallow	$6.15	$5.61	$5.09	$5.00	$5.22	$4.80	$4.51
Prime city tallow	5.33	4.69	4.10	4.00	4.00	3.84	3.51

The above market prices may be said to be those which will be a part of a normal price range such as will prevail in years to come. It can readily be seen therefore that with market prices for domestic inedible tallow ranging from 3½ cents per pound to 6⅛ cents per pound that an import duty of one-half cent per pound or from 14 to 8 per cent ad valorem would prove an effective barrier to imports, particularly on inedible tallow the ratio of interchangeability of which with the general run of animal and vegetable oils and fats is high when considered in relation to soap making. With an inhibition of imports it would naturally follow that the revenue yield would be negligible.

If corroborative evidence is needed for our statement to the effect that a duty of one-half cent per pound on tallow would be virtually prohibitive of exports and therefore essentially nonrevenue producing, reference need only be made to the first table of this brief, in which it is shown that when the one-half cent per pound duty on tallow was in effect between 1909 and 1913 the yearly importations of tallow dried up to the faintest trickle, averaging less than 745,000 pounds annually, and this at a time when relatively the same scale of market prices prevailed as to-day.

The laundry-soap maker in asking that animal tallow be retained on the free list has in mind fundamentally the necessity for the needs of his business of a flexible supply of raw materials. The addition of a duty on animal tallow will merely decrease the number of imported raw materials upon which he can draw by one. This has been demonstrated by the effect of a duty upon tallow in the two tariff acts prior to 1913.

The soap maker would not be forced to pay more for domestic tallow were a duty to be placed upon imported tallow because of the wide interchangeability of other fats and the several animal and vegetable oils with tallow. If tallow increased in price to a point beyond which the soap maker could afford to pay he must perforce use other raw materials, and thus the domestic consumption of animal tallow is decreased.

A DUTY ON ANIMAL TALLOW ACTS TO DECREASE DOMESTIC CONSUMPTION.

In 1912, with a duty of one-half cent per pound in effect on animal tallow, the soap maker used 238,685,000 pounds of animal tallow; in 1917, with no duty in force, he used 362,297,000 pounds of animal tallow, an increase in consumption of 123,612,000 pounds, or 51 per cent.

The total exports of animal tallow from the United States for the six years preceding 1914, when there was a tariff in effect on animal tallow, were approximately 270,000,000 pounds, or an average of 45,000,000 pounds per annum. The total exports for the six years following the removal of the tariff were approximately 104,000,000 pounds, or an average of 17,000,000 pounds annually. The inference to be drawn from this is that under the stimulus of false ideas as to the value of animal tallow under the then existing barrier of a tariff the holders thereof kept their product out of the channels of domestic consumption because the soap makers could not afford to buy as heavily, forcing larger quantities of it into export channels probably at smaller profit than could have been obtained in the domestic market had same been properly encouraged.

The price-leveling influence of the small amounts of imported tallow which come into the United States is as much in favor of the domestic tallow producer as it is in the favor of the soap maker. It prevents the establishment of artificial prices upon domestic tallow, which may be pleasant to contemplate but are absolutely devoid of solid benefit to those who endeavor to maintain them, because when the artificially high price is established the soap maker ceases to buy owing to his ability to use other raw materials, and tallow which might thereby have gone into consumption remains unconsumed. Leave the market for tallow open to the unrestricted operation of the laws of supply and demand and the domestic consumption of tallow will be largely increased.

We maintain that the foregoing observation applies to all animal and vegetable oils and fats. Because of the interchangeability of these oils and fats a duty upon imported oils and fats which are alleged to compete with domestic oils and fats would injure the domestic product infinitely more than it will do it good through the automatic damper placed upon consumption. Even if high prices were artificially created in the markets for any domestic animal or vegetable oil or fat, their creation would automatically create a vacuum of nonusage resultant not of profit to the domestic producer who supposedly profits by them but of decreased consumption of his product and of lasting injury to his industry.

The soap maker asks that animal tallow be retained on the free list not because he is forced to use it but because the imposition of a duty will interfere with the well-ordered conduct of his business, because the duty will be productive only of annoyance to the soap maker and nonproductive of customs revenue or of benefit to the farmer, the packer, or other domestic producer.

Paragraph 498, free list, act of 1913, "Greases, fats, and oils (excepting fish oils) not chemically compounded such as are commonly used for soap making." Because of the fact that there are certain nondescript soap makers' raw materials which have no definite classification and which are of importance in the aggregate it is respectfully requested of the committee that such a paragraph be included in the pending tariff measure.

Laundry-soap manufacturers of the United States: F. M. Barnes, Procter & Gamble Co.; Russell Colgate, Colgate & Co.; F. R. Collingwood, Fels & Co.; Louis H. Waltke, Wm. Waltke & Co.; N. N. Dalton, Peet Bros. Manufacturing Co.

Senator LA FOLLETTE. Your post-office address is Cincinnati?

Mr. BARNES. I am connected with the Procter & Gamble Co., Cincinnati, Ohio.

Senator LA FOLLETTE. I am going to write you a letter.

SAUSAGE CASINGS.

[Paragraph 706.]

STATEMENT OF A. W. KEMPNER, OF F. S. OPPENHEIMER & CO., NEW YORK CITY.

Mr. KEMPNER. My name is A. W. Kempner, of F. S. Oppenheimer & Co.

Senator SMOOT. Have you a brief that you desire to file?

Mr. KEMPNER. I have been selected by the members of the trade as their spokesman in order to save your valuable time. I represent a number of houses whose representatives are present and a number who are not. I should like to submit a list of those who are here and those whom I represent.

(The list referred to is as follows:)

Present; Standard Casing Co., New York City; M. Brand & Sons, New York City; Berth Levi & Co., New York City; Oppenheimer Casing Co., Chicago; Brecht Co., St. Louis; F. S. Oppenheimer & Co., New York City.

The following firms are represented by Mr. A. W. Kempner: Early & Moore, Boston; Bechstein & Co., New York City; Wolf, Sayer & Heller, Chicago; M. Ettlinger & Co., New York City; E. Heymanson Co., New York; Drodel Co., Brooklyn; Massachusetts Importing Co., Boston.

Senator LA FOLLETTE. With what firm are you connected?

Mr. KEMPNER. F. S. Oppenheimer & Co.

I would like to say that the gentlemen for whom I am authorized to speak dispose of fully 95 per cent of the sausage casings which are imported into the United States.

When the Fordney bill was reported it came as a surprise to the casing trade to find that sausage casings had been removed from the free list, where they had been for over 50 years; and this is the first opportunity that the trade has had to submit a protest.

Senator SMOOT. Congressman Rainey sent over a letter addressed to him, inclosing a brief. Do you want this brief printed?

Mr. KEMPNER. I should like to read a few notes elaborating upon this brief.

House bill No. 7456, in paragraph 706, page 95, proposes to levy a duty of 15 per cent on sausage casings.

"Sausage casings" is the commercial term for the cleaned intestines of sheep, cattle, and hogs, and are used as containers for sausage, likewise for the manufacture of surgical ligatures.

For the past 50 years sausage casings have been on the free list, and in the present 1913 Underwood-Simmons tariff they appear under paragraph 419.

Sausage casings are produced from sheep, hogs, and cattle, and have always been considered as providing a means of utilizing as a desirable and cheap food product trimmings, cuts from primal pieces of beef, pork, mutton, veal, and other parts of food animals, in the form of sausage, which is recognized as the poor man's food.

The total imports for the year 1919, from the latest available statistics, were valued at $5,629,412, estimated to have been made up as follows——

Senator CURTIS. This last June report shows $6,427,000.

Mr. KEMPNER. These figures were not available to me at the time this memorandum was prepared. I sent to the customhouse for them but could not get them.

These imports are estimated to be made up as follows: Sheep casings, 85 per cent; hog casings, 10 per cent; cattle casings, 5 per cent.

It will be readily observed from these figures that sheep casings form by far the larger part of the entire importation, and this is due to the fact that this article is absolutely required for the manufacture of so-called Frankfurter sausages, one of the most popular food articles in this country.

The sheep casings produced in the United States are comparatively of inconsequential quantity. Owing to certain soil and breeding conditions, they are of an inferior quality, and do not supply, conservatively speaking, more than 10 per cent of the quantity actually required. The other 90 per cent have to be obtained from foreign countries.

The importation of the hog casings (10 per cent of total) is made necessary by the shortage of sheep casings, as certain calibers of hog casings can be used at times in place of sheep casings. The United States produce large quantities of hog casings, which are consumed here and a large surplus exported to all parts of the world.

Cattle casings are also produced in large quantities in this country, being partly consumed here, and the surplus exported principally to European countries. Consequently, as hog casings and cattle casings are produced here in quantities exceeding home consumption, and heavily exported, they require no protective duty.

While the imports of sausage casings in 1919 were valued at $5,629,412, it is estimated that for the year 1921 imports will not exceed $4,000,000, due to deflation, greater purchasing power of the dollar, and to decreased consumption, so that for revenue purposes they will yield only about $600,000 if taxed 15 per cent.

The imposition of a 15 per cent duty on sausage casings will add at least one-half cent per pound to the cost of manufacturing sausage, and as the article passes through the hands of a number of intermediaries before it eventually reaches the consumer, each of these intermediaries will add a percentage of profit. This pyramiding, it is estimated, will finally result in enhancing the price of a pound of sausage from 1 to 2 cents. I have been told since by practical manufacturers that it will probably reach 3 cents.

Senator SMOOT. How many pounds are consumed in the United States?

Mr. KEMPNER. There are representatives of the sausage makers of the United States present who have those figures, I believe. I am not able to speak for them. It is an enormous quantity.

Senator SMOOT. I thought you knew, because you said there would be only $4,000,000 of importations.

Mr. KEMPNER. That is casings.

Senator SMOOT. That is what I say. We are talking about casings.

Senator CURTIS. Twelve million seventy-one thousand, to the value of $6,000,000, for the year ending June, 1921, according to this report. At the same time there were exported 29,000,000 at a value of $5,000,000.

Mr. KEMPNER. For the manufacture of surgical ligatures, for sewing wounds, the domestic casings, because of inherent defects, are far inferior to the imported, and to tax these would affect every hospital in the country, and eventually the patient.

Prior to the war, German and other European merchants controlled large quantities of sheep and hog intestines produced in various sections of the world. During the war American houses acquired a large percentage of the raw material. In order to do so, long-time purchase contracts had to be made, some of them extending over a period of five years and heavy investments were requisite. To-day these American merchants are selling this merchandise which they wrested from the German and other European merchants to Germany and elsewhere in Europe.

To impose a duty of 15 per cent on sausage casings means that the advantages gained by the American merchants will be completely destroyed, and the "drawback" and "in bond" privilege offers no relief because these casings, salted for preservation only, must come to the United States for examination and selection, and could not be shipped direct to Europe from the point of origin because of the necessary inspection and selection. If the new tariff is intended to protect American merchants, it would utterly fail to do so in this particular instance, and would entail a heavy loss to those interested.

The above argument applies not alone to sheep casings but also to certain grades of hog casings which are imported from China, and from which merchandise substitutes are selected to make up the shortage in certain grades of sheep casings.

As a protection to home industry, no one but the large slaughterers would gain any advantage, as it would not benefit the farmer or cattle grower, for the reason that the entire intestines of a herd of cattle in the raw state are valued at 10 cents per head, and of sheep at 6 cents. Assuming that the slaughterer would benefit to the extent of 15 per cent, this would equal from 1 to 1½ cents per animal, and the slaughterer could not, because of the insignificant amount, add it to the price he pays the cattle raiser.

That domestic sausage casings require no protection is established by the fact that the exports from the United States for the year 1919 were valued at $6,810,000, against imports of $5,629,412 (of which 85 per cent were sheep casings).

The main and most serious objection to a tariff on sausage casings is that it would affect the working class almost entirely, with whom a large part of its meat diet is in the form of sausage, a wholesome, palatable food, with high nutrition value and containing no bone or other inedible substance. It is in fact a 100 per cent food article.

The arguments presented in the House protesting against a duty on hides can be applied to sausage casings, even more strongly so, as sausage is a food ~~article~~ consumed almost entirely by the working classes, and it can not be the desire or intention of Congress to increase the cost of a food article daily consumed in enormous quantities by the poorest classes, of whom millions are at present without employment.

For the reasons above stated it is urged that sausage casings remain on the free list as they have been for the past 50 years.

The home industry requires no protection. The revenue that could be collected would be extremely small, and a disproportionate burden would have to be carried by the poorest class. American merchants who have during the war secured advantages will be occasioned a considerable monetary loss to the advantage of foreigners.

Tersely expressed, the importer does not want it, the manufacturers do not want it, the workmen do not want it, it won't help the farmer, and the public certainly opposes it.

Senator SIMMONS. How do you think it got into the bill?

Mr. KEMPNER. I beg your pardon?

Senator SIMMONS. What influence do you think brought about its inclusion in the bill?

Mr. KEMPNER. I can answer that best by repeating what Representative Hawley told me when I asked him that very question. I asked Representative Hawley why sausage casings had been included in the bill after they had been on the free list for over 50 years, and his answer was that he did not know; that there had been no discussion of the article; that it may have slipped in with a great many others.

I am not authorized by Representative Hawley to make that statement, but that is my answer to your question. He did not know why.

I might supplement my remarks by stating that the three main meat-trade journals of the United States are all in favor of having sausage casings retained on the free list.

BRIEF OF THE OPPENHEIMER CASING CO., CHICAGO, ILL.

The tariff bill recently reported out of committee in the House contains a provision (par. 706) placing a duty of 15 per cent on "sausage casings, weasands, intestines, bladders, tendons, integuments." For 50 years sausage casings have been on the free list, although a few years ago a duty of 10 per cent was assessed on imported weasands by appraisers in New York, who held that weasands (lining of ox throats) were not sausage casings.

In all previous tariffs sausage casings are designated as unmanufactured and salted for preservation only. This term was applied because on arrival in the United States and before they were sold to the trade it is necessary that they be graded for caliber and length, freed from holes, threads, and other defects. In cases where they are not so graded by importers, it is done by the manufacturer of sausage before using the casings as a container for meat.

Sausage casings are the intestines of sheep, hogs, and cattle. They are produced in many varieties of quality, caliber, length, and strength the world over. Imports from statistics issued by the Department of Commerce are as follows:

1916	$3,857,084
1917	4,235,514
1918	3,508,434
1919 (11,234,028 pounds)	5,629,412
1920 (12,734,290 pounds)	7,047,437

The figures for 1919 and 1920 we consider excessive. These importations are not classified by animals, but we believe they might safely be computed as follows: Sheep casings, 85 per cent of total; hog casings, 10 per cent of total; beef casings, 5 per cent of total.

SHEEP CASINGS.

Sheep casings are imported principally from New Zealand, Argentina, Australia, and Russia. They are used in the manufacture of what is known as Frankfurters, Viennas, or "red-hots." The domestic killing of sheep is, roughly, 9,000,000 head, and the intestines from this domestic killing will not suffice for the production of sausage in the United States; firstly, because of their inferior quality; secondly, because of their inferior size (chiefly narrow, whereas imported goods yield medium wide and wide sizes); thirdly, because the quantity required is at least 30,000,000 intestines, or more than three times what can be produced here. There is a world-wide quest for sheep casings for importation to and consumption in the United States.

HOG CASINGS.

The killing in the United States varies from 30,000,000 to 35,000,000 hogs per annum, whereas the production is about double the domestic consumption, the balance being exported to all parts of the world, but chiefly England, Germany, and Spain. Since 5 or 10 years China has been sending the intestines from 5,000,000 to 10,000,000 hogs per annum into the United States, where they are wanted because of their desirable size, being principally narrow.

BEEF CASINGS.

The killing in the United States is about 6,000,000 head and approximately double what is required for home consumption. The balance is exported into Germany, Scandinavia, Spain, and Italy. However, some portions of the intestines of cattle, known as beef bungs and bladders, are imported into the United States because these particular portions are not produced in the United States in sufficient quantities to cover the domestic demand.

RÉSUMÉ.

1. A tariff on sausage casings is too broad a classification. There should be separate classifications for casings taken from sheep, from hogs, from cattle.
2. A tariff on sheep casings (intestines of sheep) is unnecessary, because the domestic production is approximately one-fourth of the total consumption. It will therefore unnecessarily contribute to the cost of the production of an important food article.

STATEMENT OF WILLIAM GAUSSELIN, REPRESENTING THE SAUSAGE MANUFACTURERS OF CHICAGO.

Congressman BRITTEN. Mr. Chairman, I desire to present the following brief:

We, William Gausselin, Hugo Arnold, and Oscar G. Mayer, representing the sausage manufacturers in the city of Chicago, beg to lodge our protest against the suggested duty on sausage casings, covered by House bill H. R. 7456, paragraph 706, page 95, which proposes to levy a duty of 15 per cent ad valorem on importation of sausage casings. The sausage manufacturer's objection to this duty, or, in fact, any duty on importation of sausage casings, is based on the fact that it is going to add, at 15 per cent ad valorem, about $3,000,000 to an already heavy burdened sausage-eating public, which naturally means to a great extent the poorer class, as 80 per cent of the sausage consumed in the United States is used in the mining and manufacturing centers. Using a 15 per cent ad valorem figure as a basis, it would mean an added cost to the manufacturer of about three-fourths cent per pound. Before reaching the consuming public this figure probably would be pyramided to 2 cents or possibly 2¼ cents per pound.

We desire to direct your attention to the fact that casings have been on the free list for the past 50 years; that 85 per cent of the sausage casings imported into the United States are sheep casings used in the manufacture of frankfurter sausage.

We require the intestines from 30,000,000 sheep to manufacture the frankfurters used in this country alone. It is estimated that this country kills 10,000,000 sheep, of which 10 per cent are fit for sausage containers, the balance of 90 per cent being unfit for sausage manufacturing on account of their tenderness and narrowness, the tenderness being caused by the feeding, soil, breeding, or atmospheric conditions; narrowness being caused by the love of the American public for lamb instead of mutton, requiring our sheep to be slaughtered while still at a tender age. There are about 150,000,000 pounds of sausage manufactured in the United States yearly stuffed in imported casings. The above figures will show that it is necessary for us to import the intestines of 29,000,000 sheep to fill our requirements. We might add that there are no sheep casings of any kind that are exported.

Following the facts as stated above, the net results would be that the American public would be compelled to pay an added $3,000,000, with a revenue to the Government of approximately $500,000.

STATEMENT OF MR. GOSNEY, REPRESENTING THE SAUSAGE INDUSTRY OF CHICAGO.

Mr. Gosney. Mr. Guggenheim, of New York, has asked me to speak for him. Mr. Guggenheim represents the sausage industry of New York and I represent the sausage industry of Chicago. I might say that I have had occasion to talk to almost every sausage manufacturer in the United States, and I can safely say that I voice their opinion in making this statement.

Our reason for objecting to the 15 per cent tariff on the importation of sheep casings is that it is going to add to an already heavy burden of the sausage-consuming public, which means that the poor class alone will have to pay about $3,000,000, in no particular territory, but all over the United States.

Possibly 80 per cent of the sausage manufactured and consumed in this country is used in manufacturing and mining centers. With a 15 per cent tariff it would mean that there would be added to the manufacturer's cost about three-quarters of a cent per pound. To the jobber it would be an added cost of about one-quarter of a cent. To the retailer it would mean an added cost of 1 cent per pound, making a total added cost of about 2¼ or 2½ cents a pound.

Senator Smoot. That is the way we get our high cost of living.

Mr. Gosney. We have no control over the retailer. There are about 150,000,000 pounds of sausage manufactured in the United States yearly, stuffed in imported casings. Therefore the sausage-consuming public would be compelled to pay an added $3,000,000, with a revenue to the Government of about $500,000.

Senator McLean. What is the actual cost of the casing for a sausage?

Mr. Gosney. With this added?

Senator McLean. Without it. What is the actual cost of the casing required for one Frankfurter sausage?

Mr. GOSNEY. It would average from 3¾ to 4¾——

Senator McLEAN. I am talking about one sausage, a "hot dog," as it is sometimes called. How much does that casing cost?

Mr. GOSNEY. There are about 10 sausages to a pound, and they will average about 4½ cents to a pound of sausage.

Senator McLEAN. A little less than half a cent?

Mr. GOSNEY. Yes, sir.

Senator McLEAN. You claim that the retailer would add 3 cents a pound?

Mr. GOSNEY. Well, of course, the higher the sausage goes the more his shrinkage is.

Senator SMOOT. In other words, the added cost would be a half a cent a pound by the provision of 15 per cent, and the consumer would have to pay about 500 per cent more?

Mr. GOSNEY. No; the manufactured cost, I said, would be about three-quarters of a cent per pound.

Senator SMOOT. That is 50 per cent. Then go on with the others and add it up to 2½——

Mr. GOSNEY. Two and a quarter, I believe my statement was.

Senator SMOOT. I think you said 2½.

Mr. GOSNEY. That increase does not come from the manufacturer.

CREAM.

[Paragraph 707.]

STATEMENT OF CORNELIUS A. PARKER, BOSTON, MASS., REPRESENTING THE CREAM DEALERS' ASSOCIATION OF NEW ENGLAND.

Mr. PARKER. Mr. Chairman and members of the committee, I appear here representing the Cream Dealers' Association of New England, which is made up of a group of cream dealers, men who specialize in the sale of commercial cream. Their main business, and in some cases their only business, is the selling of cream produced in New England or imported from Canada, according to the conditions of the market and the necessities. Practically all of them handle the New England product as well as the Canadian product which they are obliged to use.

I will also say that the position we have taken in this matter has been indorsed by the Boston & Suburban Milk Dealers' Association, an association containing practically all the milk dealers in Boston, and the New England Ice Cream Manufacturers' Association.

We have approached this problem, as far as cream is concerned, as an independent problem from that of milk or butter, because commercial cream is something which is not entirely dependent, as far as the selling price is concerned or as far as conditions are concerned, on the butter market, although somewhat allied to that, and scarcely at all as far as the milk market is concerned.

New England is perhaps the only district which is particularly concerned with regard to the tax on cream as a commercial commodity. The heaviest year's imports of cream, I think, was 1915, and that year seven-eighths of the total supply of cream, approximately, that came in from Canada came over the New England border. In other words, for some reason or other the importation of commercial cream is not apparently necessary to supplement the market in the Middle States as it is in the East; and that is practically the ratio, I think, that we find in each year, that perhaps seven-eighths, or at least a very large proportion, comes over the New England border.

Senator McCUMBER. That is probably due to the fact that the dairying interest is not developed at all in western Canada, and is more highly developed in eastern Canada contiguous to New England.

Mr. PARKER. I presume that is true.

Senator DILLINGHAM. Is it not a fact that the Province of Quebec produces 75 per cent of all the dairy products of Canada?

Mr. PARKER. Yes, sir. We find this situation, generally speaking, in New England, which I will speak of before taking up the subject according to the brief which I am ready to submit and have copies of for each of ~~the~~ members of the committee.

Some 20 years ago the cream supply came from northern Vermont and some from Maine and from New York for the Boston market. We were forced by the competition of the milk industry to go over the line for a portion of our supply. That came about largely because of the fact, I think, that prior to a decision of the Interstate Commerce Commission in 1916 the railroads made the same freight charges for any point beyond 160 miles. Beyond that it was the same as 160 miles; so that the milk producers could go out 300 miles for a milk supply and could bring it in at the same freight cost as it would be to bring it in for 160 miles. That was later changed by ruling of the Interstate Commerce Commission. But, meanwhile, the milk contractors had captured the producing section where the cream used to be produced.

We have also this thing to remember, that the cream which is imported as commercial cream and is to be sold as commercial cream is practically none of it sold north of Springfield, Worcester, and Boston, making a distance of perhaps some 250 miles on an average; that it has to be transported before it reaches the point of general distribution. From a wholesaling standpoint, in other words, there is no competition with cream in the Quebec section and the cream from New England. It is purely a question of supplying the Boston, Worcester, and Springfield markets, and at certain times of the year it is an absolute impossibility to get the supply for the market that is required.

In looking at the question we have tried to consider the needs of the country measured from a revenue standpoint and also from a protection standpoint. My clients are all patriotic citizens and are, I believe, protectionists.

Senator DILLINGHAM. Can you tell us who they are?

Mr. PARKER. The Lyndonville Creamery Association, which handle a very large business, and Mr. T. P. Grant, of the T. P. Grant Co., who do a very large specialized cream business.

Senator DILLINGHAM. Where?

Mr. PARKER. At Boston, getting his supply from Vermont and Canada.

Senator McCUMBER. Both of those firms are importers?

Mr. PARKER. They are importers and they handle the domestic product as well. They are not exclusively importers.

Senator WALSH. There are no exclusive importers of cream, are there?

Mr. PARKER. I do not think so.

Senator DILLINGHAM. Has the Lyndonville concern any creameries in Canada?

Mr. PARKER. I do not think they have manufacturing creameries; I will ask Mr. Grant.

Mr. GRANT. I only know of one. They did have one a few years ago across the line.

Mr. PARKER. They have their receiving stations and prepare it and take it across the line, but it is not strictly a manufacturing creamery. Also, Tait Bros., of Springfield, handle a big part of the business in the Connecticut Valley. There are a number of other members in the association, but these are the men who are most interested in the question of importations; also the E. T. Luce Co., of Boston, who also handle a large business.

Senator WALSH. Of the cream that these companies handle, do you know what per cent of it comes from Canada and what part from New England?

Mr. PARKER. I have here some tables which will show pretty plainly, I think, what the situation is. I was going to take that up in order, but I will give it to you now.

Senator WALSH. Thank you. Just follow your own line.

Mr. PARKER. The cream dealers have taken the stand that they owe a certain amount to the Government for the privilege of conducting business, and from the standpoint of a revenue tariff they were all agreed to bear the rates as imposed in the Fordney bill; that is, the 6-cent rate on butter and 5-cent rate on cream. They are not particularly interested in the butter rate, excepting as it affects the general industry. They believe that the 6-cent rate is high enough on butter and that an 8-cent rate is not necessary. They are not interested in the butter business excepting as it may affect, in the decision of this committee, the cream question.

They also approve the 5-cent tax on cream up to 40 per cent. The House committee, I believe, has reported this, and it is before your committee at the present time, providing for a rate of 5 cents up to 30 per cent cream and 10 cents above 30. The great bulk of the cream that is imported, as the figures will show, is between 25 and 40 per cent. It is called 40 per cent cream imported practically at 38 per cent, perhaps to 40 per cent.

We believe that the 5-cent rate is higher than that. We do not say we could not do business on the other basis. We say that if a tax such as is proposed by the National Milk Producers' Association and the New England Milk Producers' Association were levied on cream the result would be to absolutely shut out the importations of Canadian cream, and then there would be no revenue produced from it.

On the other hand, we do not believe that the reaction of such a measure would be for the interest of the farmer, and we certainly know it would not be for the interest of the consumer, because the milk business is quite highly organized at the present time in Massachusetts; and at the very apex of the season, when the demand is highest and we can not secure the supply of cream in New England to meet the demands of the market, we would be faced with the necessity of paying practically any price that the producers demanded, and the consumer would have to stand the freight.

Senator DILLINGHAM. Do you know the proportion that Canadian cream bears to that produced in New England?

Mr. PARKER. I have those figures here.

Senator DILLINGHAM. I mean, the cream imported.

Mr. PARKER. I will give you those figures. Senator Walsh just asked for a part of that, and I will give it to you right now. The comparison here is not for the full year, but it will give you an idea.

During the month of February, which was the first time that our Department of Agriculture tabulated it in this form, keeping milk and cream separately, our importations——

Senator WALSH. The State agricultural department are you referring to?

Mr. PARKER. Yes, sir. We shipped over the Boston & Albany Railroad into Boston——

Senator WALSH. Does that mean from other States?

Mr. PARKER. All the States of New England, and New York—30,177 quarts; over the Boston & Maine, 924,419 quarts; over the New York, New Haven & Hartford, 25,107 quarts. The Boston & Maine figure of 924,419 quarts included 30,000 quarts received from Canada, which was all that was received from Canada out of a total of 954,979. Of almost a million quarts received, only 30,000 came from Canada.

In March—of course we have to remember that these are the months of low demand—there were 34,700 sent over one railroad——

Senator MCCUMBER. Can you not give us just the totals?

Senator DILLINGHAM. Just the comparative figures.

Mr. PARKER. I had not just compiled it in that form, but if you will give me just a moment I will give you the figures approximately.

Out of 1,300,000 brought into Boston during the month of March, 52,720 came from Canada—52,000 as compared with 1,300,000.

In April, out of 1,600,000, 126,000 quarts came from Canada.

In May, out of 2,200,000 quarts, about 264,000 came from Canada.

In June, out of 2,425,000 quarts, 394,520 came from Canada. That was rather a high month.

Senator WALSH. The highest month is about 10 per cent?

Mr. PARKER. Yes. The high months come in June, July, and August.

We have telegrams and letters which would show that my client, Mr. Grant, who is here and will tell you something of the intimate working details, during those months has been trying to get a supply from New England and has telegraphed and written and telephoned to practically every producing point in the territory and has endeavored through the Massachusetts Department of Agriculture and the Vermont Department of Agriculture to locate some supply without any success whatever.

Senator MCCUMBER. Do you not think that if the protection was sufficiently high to make it profitable the year round the supply would be greatly increased in the United States through the New England section?

Mr. PARKER. I do not think so.

Senator MCCUMBER. Of course you can not change that situation readily. It takes three years to produce a heifer that will raise a calf to supply milk. You can not change your condition in a few months; but if there is that strong encouragement that can make it profitable to raise milch cows, do you not think that New England and that section could really supply the entire market?

Mr. PARKER. I do not think so, Mr. Chairman, for the reason that the demand for cream is a seasonal demand. In the warm weather during the summer months, in extreme warm weather, it is an impossibility to get a supply unless you have your creameries organized to take care of the cream supply for the full year. For nine months of the year the demand is so much less than it is during the summer months, when the ice cream season and the berry season are on.

During those months you have got to have that extra supply. The farmer wants to contract his cream for the full year. The same with his milk supply, or whatever he raises—he wants to contract for the full year. He does not want to do business for two or three months and then be thrown back on something else. Therefore it comes to a question of either treating it as just a surplus proposition and taking what you can get and not considering it as a definite business, which it is to-day, or it comes to a question of using the present methods.

Senator SMOOT. As I understand you, you think that the 30 per cent of butter fat which has a duty of 5 cents ought to be raised from 30 to 40 per cent?

Mr. PARKER. Yes, sir.

Senator SMOOT. You think that 6 cents on butter is sufficient? What do you think about cheese?

Mr. PARKER. I have not gone into the subject of cheese.

Senator SMOOT. You are down here as speaking for it. That is the reason I asked.

Mr. PARKER. I have not gone into the subject. I think it is an error in putting in that paragraph.

I wish to speak about some of the general conditions. Let me say one thing further with regard to the question which the chairman asked, and that is the fact that at the present time it is possible to manufacture sweet butter and manufacture that into cream, keeping it in storage, and that displaces to some extent the use of cream. The minute you raise your cream market to a very high point, as will be done for three or four months of the summer, by a prohibitive tax, you will encourage on the part of the ice-cream dealers the use of storage and homemade butter into cream by a mixture of skimmed milk, with the result that your ice cream will take that product instead of taking cream; and to that extent you will discourage the cream industry of New England, which is one of the things that we have been trying to build up.

Senator DILLINGHAM. I would like to ask the witness one question.

Senator MCCUMBER. Certainly.

Senator DILLINGHAM. The people of my State are a good deal interested in this question. I have a letter from the commissioner of agriculture of Vermont in relation to differentials, which I would like to have you explain. I think you told me you thought you could find the way out of the difficulty. He says:

The trouble with the schedule, it seems to me, is that some of the items covering the materials from which butter is made are not in conformity with the duty levied upon butter. For instance, the duty on fresh milk is 1 cent per gallon. There are about 12 gallons of milk in a hundredweight; therefore 100 pounds of milk can come into the United States to our creameries along the border with a duty of 12 cents. From this hundredweight there will probably be made at least 4 pounds of butter on the average, which if manufactured in Canada would take a duty of 32 cents.

Coming in, in other words, in the form of milk would pay a duty of 12 cents; coming in in the form of butter it would pay a duty of 32 cents.

Mr. PARKER. I should consider particularly the question of harmonizing the cream and butter. I want to say that I do not think you will find that the milk and butter markets follow closely together at all. The milk market is fixed on a collective bargaining basis—the milk market in the United States and New England—between certain big contractors and the producers acting as a unit. The butter market is dependent on more factors than the mere cost of production or the cost of getting into the country. It is dependent on the supply, and at times, as, for instance, which happened this last year when the Boston butter market was broken absolutely for 6 or 7 cents a pound by the shipping into New England by Nelson Morris & Co., I think it was—one of the large packer concerns—of a very large supply of butter, and which was thrown overboard at a low rate. Therefore, the milk and the butter market are not governed by the same considerations.

As far as the harmonizing of cream and butter——

Senator McCUMBER (interposing). What was that importation—Danish butter?

Mr. PARKER. No; this was, I think, homemade butter. There had been some Danish butter come in during the last year, but this was cold-storage butter.

Senator McCUMBER. You used the words "shipped in."

Mr. PARKER. Shipped in from the West; yes. Now, with regard to the harmonizing of cream and butter, I want to say that the selling price of cream does not follow exactly the butter market. It is bought on a butter-fat basis, but if the market on butter goes up there is a range of 2 or 3 cents on the amount of butter fat in a pound of butter that the dealers do not immediately reflect the range—there is a range of 2 or 3 cents that they do not necessarily change on the change of the butter market; in other words, it is more stabilized for a certain period of time.

However, the attempt has been made by the National Milk Producers' Association committee from New England to insist on a basis of harmonizing butter and cream on the basis that here [illustrating] is a line in Canada and here is a line in the United States, and you take those half a mile apart, and you take cream and import it at a certain rate and manufacture this over the line, and you will find that there ought to be a larger tax provided there in their rates.

That is all right in theory, but it does not work out, and it does not work out for this reason, because there are cartage charges; there is a premium on the grade of cream for commercial cream. There is the freight as compared with butter from the point where that would be entered into the country to Boston, Springfield, or Worcester, whereas the butter freight would be very low.

I will not take the time, because I am informed my time is passed—but I have the figures right here in the brief to show you what constitutes the actual harmonizing on the present rates, which would leave it practically where it is.

Senator DILLINGHAM. To help you understand what I have in mind, I will read you another extract from Commissioner Brigham's letter. He says:

> Take the case of fresh cream testing less than 30 per cent fat, which in the Fordney tariff takes a duty of 5 cents per gallon. A farmer on a creamery in Quebec may ship a gallon of fresh cream testing 25 per cent to a creamery in Vermont at a duty of 5 cents. This gallon will make approximately 2½ pounds of butter. If this cream were manufactured in Quebec into butter, the duty would be 20 cents, while the cream gains admission for 5 cents.

Does your plan meet that proposition?

Mr. PARKER. I will give you a plan to meet that question, if you have any fear of it; but, as a matter of fact, some people started—I think that was the same in the Payne-Aldrich rate as in the emergency bill—and tried that right along the line, and it did not work out for practical reasons, and they have practically abandoned it.

Mr. GRANT. That was 1910.

Mr. PARKER. I do not know of any concern that is importing cream from across the border and manufacturing it into butter, and there was a tax of 2½ cents under the Underwood Act and cream was 3, and they might have imported it that time or in the past four or five months, when the Fordney Emergency Act has been in effect, and these things have not happened. They have not happened all these years, and we do not believe it is necessary to look for possible trouble. But we will make this suggestion, that if this committee is worried on the question of harmonizing, that if they give us a 5-cent rate up to 40 per cent cream, that we are willing they should tax us as they see fit in excess of 40 per cent on cream introduced into this country for purposes of manufacture. There are only a few concerns handling this, and it would be a comparatively simple matter to differentiate in your tax between cream imported and manufactured into butter and cream imported as commercial cream and to be sold as commercial cream.

Senator DILLINGHAM. Just a word further. There are creameries in New England that get cream from Canada?

Mr. PARKER. They get some cream from Canada along the border.

Senator DILLINGHAM. From information that has come to me it would appear that in one instance they claim they paid 90 cents freight on a 40-quart can of 40 per cent cream, that the duty on that would be $1, making $1.90. But now, on the figure of the commissioner, you make 37 pounds of butter. The duty if it came in in the butter would be $2.96, while in the other case the duty is $1 and the freight 90 cents, making $1.90. Have you any explanation of that, or do you care to discuss that problem?

Mr. PARKER. I think that that is pretty largely absorbed in the question of the extra cartage on your cream in jugs and in the fact that there is a premium paid up to 3 cents per pound of butter fat; it runs from 1½ to 3 cents usually for cream produced for commercial cream. My client, Mr. Grant here, who is the president of the association, can give you all the little points about that which I can not give.

Senator DILLINGHAM. I am only seeking light because I want to know what the situation is.

Mr. PARKER. I will file a brief, and I will simply say, in closing, that this question of the relation of exports of dairy products and imports I also want to call your attention to. I want to invite your attention to a table here in D (p. 2730) in a brief which I will file very shortly after the argument. That shows at the present time, as for years past, that we have been shipping from 6 to 15 times the amount of dairy products that we have been importing, and that in this last year, when there was a great cry about the importation of Danish butter, we were shipping butter across in larger quantities than we were importing, with the result that it must be that the American farmer was getting the highest market price.

Senator WALSH. You are now speaking of the country at large?

Mr. PARKER. I am speaking of the country at large.

Senator DILLINGHAM. These briefs will all be carefully read and digested. You need not think anything will be overlooked.

BRIEF OF CORNELIUS A. PARKER, BOSTON, MASS., REPRESENTING THE CREAM DEALERS' ASSOCIATION OF NEW ENGLAND.

On behalf of the Cream Dealers' Association of New England, I beg leave to present some facts which should be given consideration in the framing of the tariff relative to milk, cream, and butter. The same arguments apply in a greater or less degree to all these products, but I am more particularly interested in the cream schedule.

We maintain that in no case should a tariff be levied on these articles which exceeds the difference between the United States and Canadian markets.

The general suggestions which obtain why no tariff should be levied which will unnecessarily raise the price of these articles to the consumer are:

(1) The fact that the question of dairy imports is principally a Canadian question. Do we desire to foster trade with Canada, which last year took from the United States $800,000,000 of goods, leaving a balance of trade in our favor of $300,000,000? If so, we must not place a prohibitive tax on agricultural products, which make up the bulk of Canada's exports. We believe it will be admitted that regardless of the possibilities of a retaliatory tariff it is impossible to sell Canada in the future to the same extent if any tariff bill prevents the import from Canada of its agricultural products.

(2) Perhaps the most important factor in the cost of living is that of dairy products. In 1919 the production of milk in this country was 90,000,000,000 pounds (approximately 45,000,000,000 quarts). Of this amount the use was—

	Per cent.
For manufacture:	
Creamery butter	20
Dairy butter	16
Cheese	4½
Condensed milk	5½
Ice cream	4
Total manufactures	50
As fluid milk:	
Household purposes	43
Feeding calves	4
Waste, loss	3
Total	50

Any tariff which increases the cost materially strikes at every family, every child, every invalid.

(3) Milk is the food of children and contains all the elements necessary for human sustenance, holding in proper balance protein, carbohydrates, fats, and salts, and contains the vitamines essential for proper growth and development. It furnishes about 20 per cent of the food of the average American family, and has no substitute for the proper nourishment of infants. (Tariff Information Surveys, Dairy Products, p. 11; reference hereafter to pages unless specified are to this document.)

(4) Cream is the most easily digestible form of fat, and as such is greatly in demand for invalids. There has been in the past two years a large increase in the consumption of cream for table use, and particularly for ice cream. This has been accentuated

since the passage of the Volstead Act. The fact that over 2,000,000,000 quarts of milk were used in this country in the manufacture of ice cream shows the importance of the article to the table.

I am submitting herewith some figures as to the shipments of cream to Boston on table marked "A".

(5) If an attempt is made to keep the price of milk at as low a figure as possible for the consumer, it must be remembered that at least in the New England territory milk is bought by weight and test, a premium being paid for butter fat in excess of 3.7 per cent, with the result that any unnecessary burden placed on cream or butter will tend to raise the price of milk to the consumer.

(6) While there has been some international trade in butter, and considerable has been imported from Denmark in the past year, that import has practically ceased at the present time, it being apparent that Denmark can find a better market abroad. Without question, completed statistics will show large shipments of butter abroad to balance these imports. (See inclosed clipping from Current Affairs, publication of the Boston Chamber of Commerce, under date of Apr. 25.)

(7) A study of the situation relative to the Canadian and United States markets indicates clearly that there has been no injury to the United States farmer because of the imports from Canada.

Table B gives a comparison of the Boston and Montreal markets from May, 1913, to April 15, 1921. It will be noted that these figures cover a period during which there has been a tariff of 2½ cents on butter and cream has been free; also that frequently Montreal quotations are higher than those of Boston, as particularly for the years 1915, 1916, and 1917, and that since January, 1921, the Montreal market has often been in substantial advance of the Boston market. Wednesday quotation, August 25, 1921, Boston 40 cents, Montreal 40 to 41½ cents. It will be remembered that there was no difference in exchange prior to 1920, and had it not been for a favorable exchange rate no butter could have been imported during the last year.

Table C is the result of taking the tables on page 43 and adding to the Canada price 2½ cents, the amount of the tariff act of 1913 in force while the prices prevailed. It will be seen that with the addition of these figures Canada's average was higher by about 4 cents in 1914, practically the same in 1915, 3 cents higher in 1916, 2 cents higher in 1917.

The general considerations stated in paragraph 1 apply particularly to dairy products. Comparison of imports of butter and butter substitutes from Canada and exports of butter alone to Canada for 5 years from 1913 to 1919, inclusive, practically all under the 1913 tariff act, show total in pounds: From Canada, 7,399,211; to Canada, 6,196,971. (See Dairy Products, United States Tariff Survey.)

In May of 1921 (see New York Produce Review) Canadian exports to United States of butter were 22,399; imports from United States were 156,030.

These facts show the interdependence of this country and Canada for butter supply.

(8) International trade in fresh milk and cream has been limited to border trade with Canada because of the highly perishable character of these products (see p. 10), the limit on fast refrigerating trains about 500 miles (see p. 12); also because of the fact that they are sufficiently bulky when handled in containers so that they can not be moved any considerable distance from the entry point without considerable freight differential against the Canadian product.

The total of imports and exports in 1919 were only a small fraction of 1 per cent of the value of domestic production (p. 10), and as to the cost of production in the sections from which fresh milk and cream come, namely, Ontario and Quebec, the advantages in dairying do not greatly differ from those of competing sections of the United States (pp. 10 and 36). A comparison of wholesale milk prices (p. 21) shows for the years 1913-1916, inclusive, that the Montreal prices were at all times nearly equal to the Boston prices, being somewhat higher frequently, while Montreal and Toronto prices ruled considerably higher than Chicago and New York prices. The freight differential between Montreal and Boston meets any normal difference between these markets.

(9) See Table D (taken from tables, pp. 38, 39, and 41, Tariff Information Surveys, Dairy Products) to the effect that our butter exports have exceeded imports of butter and substitutes in every year excepting 1915 since 1910, and that our exports have increased from approximately three-quarters of a million dollars to $15,000,000.

Adding butter substitutes exported shows a large balance in our favor, and for 10 years, 1910 to 1919, inclusive, exports are six times greater than the imports.

(10) It is clear that the New England imports will make up a great part of the total cream imports from Canada, and if New England producers are not adversely affected other parts of the country will not be injured.

In 1915 there was a total import into the country of 2,077,000 gallons, of which 1,735,000 gallons came in over the Vermont border (see p. 15).[1]

Also note that Boston prices are consistently higher than in any other large cities in the country (p. 15), and that since cream and milk were placed on the free list, while the milk imports have increased, trade in cream has not been so greatly affected.

Further, a study of tables (p. 9) shows that in 1918 the value of imports of dairy products was only 10 per cent of the value of exports. In 1917, 7 per cent, and in 1920, with the exchange in favor of the importer, only 16 per cent.

(11) That the dairy industry has not suffered during a period in which the tariff was at all times low and under which for some years milk and cream have been free and butter only 2½ cents per pound is shown by report on pages 11 and 12 and table on page 17 showing the number of dairy cattle in the country increased from 16,292,000 in 1920 to 23,747,000—approximately 50 per cent increase—and the value of the same was practically multiplied by four in that time.

This indicates two facts, first, that farmers have increased the production per cow by breeding and elimination of "boarders" or unproductive cows; and, second, that dairying has come to be recognized as a profitable branch of husbandry. (See p. 12, pars. 2, 3, and 4.)

(12) The United States should be careful to levy no prohibitive tariff on dairy products, not only for the effect on the price to the consumer, but because we wish to encourage our export trade. At the present time that trade is making a rapid advance (see table, p. 10), showing that while imports for consumption grew from 1917 to 1920 about one million dollars, exports increased one and one-half million dollars.

(13) The United States and Canada are to a certain extent interdependent on each other in the matter of a cream and milk supply. Varying crop conditions in different areas affect production differently. Then, again, this trade has a seasonal aspect, highest production being April to June, heaviest consumption June to September.

While the total trade is small, it does come largely at seasons when the market is short and the absence of the small amount imported would give an unfair chance for profiteering.

This season investigation showed not enough cream to supply the legitimate demands of the business for the summer months in the United States available for Boston market.

(14) There seems no good reason for considering it necessary to harmonize the cream tariff so as to bring it up to the tax on butter, if that remains at 8 cents per pound. If to be strictly harmonized, however, the following is the proper method of arriving at an equivalence and not the figures of the New England Milk Producers' Association, which are based on theory and not on actual working conditions:

As indicated in paragraph 7 of this memoranda, the imports of cream outside of New England are negligible. There is no cream shipped into Vermont, New Hampshire, or Maine for consumption. The nearest points to the Canada line are Springfield, Worcester, and Boston, all upward of 225 miles from the border and points south. A fair comparison of freight and cartage plus tariff reduces to absurdity the claims of the National Milk Producers' Association for 20 per cent ad valorem on cream. Most cream shipped is about 36 per cent butter fat—a 10-gallon jug of cream contains 82 pounds of 36 per cent cream and contains 29.52 pounds of butter fat, which, with the churn gain, will make 35.42 pounds of butter.

The figures relative to freight and cartage are probably a fair average on both butter and cream. It is necessary for purchasers of cream to pay a small premium over the butter market, ranging from 1 per cent to 3 per cent—in this comparison it is averaged at 1½ per cent. The subtraction shows the amount of tariff tax on cream necessary to balance (taking into consideration the freight charges and premium):

Freight, cartage, etc., on 35.42 pounds butter		$0.35
Duty at 8 cents per pound		2.88
Total		3.23
Freight, cartage, etc., on 82 pounds cream	$1.73	
Premium over butter market	.30	
		2.03
10 gallons required to balance, approximately		1.20

[1] Where the word "pounds" is used the word "gallons" should be substituted, as this is apparently an error.

However, if the imports from Canada were to be considered only, there is no need for a tax of more than 2½ cents per pound on butter from a standpoint of strict protection. As no cream is imported from any other country than Canada, it is unfair to submit that product to the disadvantage of meeting a competition which does not exist. The theory advanced by the proponents of strict harmonizing is that a man might buy cream, bring it across the border, and there close to the border manufacture butter. It was not done to any considerable extent when butter was taxed and cream free, nor when butter was taxed 6 cents and cream 5 cents. On the other hand, it would be a perfectly simple matter to tax cream imported for manufacture of butter on a different basis from that imported for commercial use. Heavier cream, sour cream, and other cream imported for the churn could be placed at rate harmonizing with the ~~butter~~ tariff.

(15) It is apparent that the purpose of the proponents of a high tariff on dairy products have in mind prohibiting the import of these products. Articles of the New England Dairyman, official organ of the New England Milk Producers' Association, show clearly the purpose of the movement. On the other hand, with imports of $21,842,866 in value, and exports of $126,742,429, it is apparent that as a revenue-producing schedule it will be a small factor. Under the Payne-Aldrich bill in 1913 milk produced a revenue of $918, cream $62,287, and any increase over the Payne-Aldrich rate will in our opinion place the imports on a plane where the law of diminishing returns will become effective and the income will be negligible.

(16) In the opinion of the cream dealers, the whole trouble with any tendency of weakness in the butter market last year was the result of oleo and vegetable oil substitutes both manufactured and imported. So long as this is classed with butter will the large packing houses be able to store butter both salted and sweet, for purposes of homogenizing, and when overloaded ship same into the market to break prices, as was done in the spring of 1921. In closing, the cream dealers hold the increase of duty on cream, butter, and milk above the 1913 tariff act as unnecessary from a standpoint of protection, but advocate the rates as provided in the Fordney emergency act as the fair share the business should pay in customs revenue for support of the Government. They oppose any increase over those rates excepting that they do not object to an increase on cream of 40 per cent or more butter-fat content, sour cream, or cream imported for manufacturing into butter for the market.

I am authorized to say that the New England Ice Cream Manufacturers' Association and the Boston and Suburban Milk Dealers' Association both have passed resolutions opposing any increase beyond that provided in the Fordney emergency tariff act.

A.—*Milk and cream receipts by rail at Boston during 1921.*

JANUARY.

	Quarts.
Boston & Albany	1,032,333
Boston & Maine	9,870,535
New York, New Haven & Hartford	2,277,415
Total	13,180,283

FEBRUARY.

	Boston & Albany Railroad.		Boston & Maine Railroad.		New York, New Haven & Hartford Railroad.	
	Milk.	Cream.	Milk.	Cream.	Milk.	Cream.
	Quarts.	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*
Massachusetts	78,064	817	689,734	3,502	388,933	16,100
Maine			1,928,648	307,903		
New Hampshire			1,324,122	49,854		
Vermont	986,870	29,360	3,229,229	476,000	670,535	3,920
Connecticut					407,160	
Rhode Island					300	407
New York			1,133,918	56,680	498,132	4,680
Canada			5,300	30,480		
Total	1,064,934	30,177	8,310,951	924,419	1,965,060	25,107

A.—*Milk and cream receipts by rail at Boston during 1921*—Continued.

	Boston & Albany Railroad.		Boston & Maine Railroad.		New York, New Haven & Hartford Railroad.	
	Milk.	Cream.	Milk.	Cream.	Milk.	Cream.
MARCH.						
	Quarts.	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*	*Quarts.*
Massachusetts	93,015	660	776,431	5,472	457,959	20,344
Maine			2,264,062	371,619		
New Hampshire			1,433,229	89,128		
Vermont	1,072,050	34,040	3,654,693	648,369	752,912	200
Connecticut					448,922	200
Rhode Island					675	
New York			1,362,681	84,320	692,154	9,920
Canada			8,100	52,720		
Total	1,165,065	34,700	9,499,196	1,251,628	2,352,622	30,664
APRIL.						
Massachusetts	97,631	996	694,935	4,865	426,340	16,919
Maine			2,078,282	427,416		
New Hampshire			1,467,143	117,033		
Vermont	774,727	27,600	3,360,377	765,659	548,195	5,880
Connecticut					475,380	360
Rhode Island						
New York			1,446,218	103,080	871,766	13,640
Canada			6,200	126,000		
Total	872,358	28,596	9,053,155	1,544,053	2,322,332	36,799
MAY.						
Massachusetts	102,264	538	702,742	5,969	440,325	17,121
Maine			2,292,424	476,424		
New Hampshire			1,712,525	182,314		
Vermont	1,122,848	36,280	3,460,920	1,055,935	158,310	18,440
Connecticut					608,940	980
Rhode Island					264	
New York			1,734,863	173,320	912,840	12,780
Canada			29,010	264,640		
Total	1,225,112	36,818	9,932,084	2,160,602	1,120,679	49,321
JUNE.						
Massachusetts	104,917	720	616,663	12,302	439,072	17,922
Maine			2,114,418	455,699		
New Hampshire			1,674,308	211,874		
Vermont	935,880	53,120	3,921,217	1,060,964	384,984	19,400
Connecticut					446,424	2,070
Rhode Island					60	440
New York			1,911,751	189,080	1,022,360	17,680
Canada			46,020	394,520		
Total	1,040,797	53,840	10,284,377	2,324,439	2,292,900	57,512

FIGURES COMPILED BY CITY OF BOSTON MILK INSPECTOR'S OFFICE.

Total cream receipts at Boston for year ending December 31, 1918: Forty per cent cream, 1,489,565 gallons; 15 per cent cream, 1,807,115 gallons.

Total cream receipts at Boston for year ending December 31, 1919: Forty per cent cream, 1,781,200 gallons; 15 per cent cream, 2,157,880 gallons.

Total cream receipts at Boston for year ending December 31, 1920: Forty per cent cream, 2,400,605 gallons; 15 per cent cream, 3,081,330 gallons.

B.—*Average market price for butter, 1913–1921.*

	Boston Chamber of Commerce.[1]	Average Montreal quotations.
1913.		
May	$0.28¾	$0.26½
June	.28¾	.26
July	.27¾	.25 1/16
August	.28¾	.24¾
September	.31⅝	.26¾
October	.31¼	.27⅝
November	.31¾	.28⅝
December	.33⅞	.28⅞
1914.		
May	.25⅞	.23 11/16
June	.27½	.24 11/16
July	.27 9/16	.24 1/16
August	.30⅝	.29 11/16
September	.30 9/16	.29
October	.30⅞	.27⅞
November	.32⅝	.27 7/16
December	.32⅜	.27⅝
1915.		
May	.28⅝	.30⅝
June	.28⅝	.28⅝
July	.26⅝	.28⅜
August	.26⅝	.28 1/16
September	.27⅝	.30⅝
October	.28⅝	.32⅝
November	.29⅜	.32⅜
December	.31⅞	.34⅜
1916.		
May	.30⅝	.30
June	.29⅜	.30
July	.29⅜	.29 11/16
August	.31⅞	.33⅜
September	.34⅜	.36⅜
October	.35⅝	.39 9/16
November	.38⅜	.43 7/16
December	.38⅜	.44⅜
1917.		
May	.40⅜	.44⅜
June	.38⅝	.39⅜
July	.39⅜	.37⅜
August	.41⅜	.42 1/16
1917—Continued.		
September	$0.44⅝	$0.43⅞
October	.44⅞	.46⅜
November	.43⅝	.45⅜
December	.42⅞	.45⅜
1918.		
May	.44⅞	.42⅞
June	.44⅝	.43 7/16
July	.44⅜	.43⅞
August	.46	.43½
September	.53⅜	.45⅝
October	.58 7/16	.49
November	.61⅜	....
December	.66½	.52⅞
1919.		
May	.58½	.54¼
June	.52 1/16	.52¾
July	.53⅛	.53½
August	.55 1/16	.54¼
September	.54¼	.57½
October	.63½	.58
November	.67¾	.65¼
December	.66½	.70
1920.		
January	.63¾	.62
February	.64¼	.59
March	.66⅞	.60 9/16
April	.67½	.61
May	.60	.56⅞
June	.57	.55⅝
July	.57	.58⅞
August	.56 1/16	.58 9/16
September	.58½	.58¾
October	.58 1/16	.54¼
November	.59	.52 1/16
December	.53¾	.50
1921.		
January	.52¾	.52
February	.46¾	.52
March	.48	.51½
April (two weeks)	.49	.54

[1] Wednesday of each week.

Butter market, 1921.

	Boston.	Montreal.
Underwood tariff, 2½ cents:		
Jan. 5	$0.55	$0.50 + $0.02½ = $0.52½
Jan. 12	.54	.52 + .02½ = .54½
Jan. 19	.52	.53 + .02½ = .55½
Jan. 26	.50	.52½ + .02½ = .55
Feb. 2	.49	.52½ + .02½ = .55
Feb. 9	.44	.52½ + .02½ = .55
Feb. 16	.45	.51½ + .02½ = .54
Feb. 23	.49	.51½ + .02½ = .54
Mar. 2	.54	.54 + .02½ = .56½
Mar. 9	.50	.56½ + .02½ = .59
Mar. 16	.45	.58 + .02½ = .60½
Mar. 23	.45	.58 + .02½ = .60½
Mar. 30	.46	.55½ + .02½ = .58
Apr. 6	.49	.54½ + .02½ = .57
Apr. 13	.49	.54 + .02½ = .56½
Apr. 20	.46	.52 + .02½ = .54½
Apr. 27	.38	.54 + .02½ = .56½
May 4	.37	.35 + .02½ = .37½
Underwood tariff, 2½ cents—Contd.		
May 11	$0.34	$0.28½ + $0.02½ = $0.31
May 18	.29	.26¼ + .02½ = .28¾
May 25	.28½	.28½ + .02½ = .31
Emergency tariff, 6 cents:		
June 1	.29	.31 + .06 = .37
June 8	.32	.30½ + .06 = .36½
June 15	.33	.29¾ + .06 = .35¾
June 22	.34	.29¾ + .06 = .35¾
June 29	.36	.31¾ + .06 = .37¾
July 6	.37½	.35 + .06 = .41
July 13	.40	.37½ + .06 = .43½
July 20	.42	.42 + .06 = .48
July 27	.42½	.39 + .06 = .45
Aug. 3	.44½	.39 + .06 = .45
Aug. 10	.43	.40 + .06 = .46
Aug. 17	.43	.41 + .06 = .47
Aug. 24	.40	.40½ + .06 = .46½

The following table shows in one column New York butter prices, the other Montreal prices plus 2½ per cent (present duty):

C.—*Market prices for butter, 1913–1918.*

[See p. 42, Tariff Information Surveys—Dairy Products.]

	New York.	Canada.		New York.	Canada.
1913.			**1916.**		
January	$0.3488	$0.3238	January	$0.3288	$0.3725
February	.3656	.3113	February	.3365	.3675
March	.3650	.3175	March	.3706	.3600
April	.3478	.31	April	.3650	.3450
May	.2847	.29	May	.3128	.3250
June	.2801	.2813	June	.2966	.3238
July	.2693	.2763	July	.2888	.3275
August	.2791	.2775	August	.3118	.36
September	.3135	.2838	September	.3381	.3838
October	.3169	.3013	October	.3555	.4275
November	.3375	.305	November	.3981	.4575
December	.3615	.31	December	.4003	.4600
Average	.3225	.2990	Average	.3419	.3758
1914.			**1917.**		
January	.3325	.3125	January	.4035	.4575
February	.2894	.3075	February	.4319	.4550
March	.2765	.3150	March	.4153	.46
April	.2544	.2875	April	.4447	.4475
May	.2613	.3100	May	.4060	.4368
June	.2725	.285	June	.3910	.3875
July	.2781	.2675	July	.3900	.3950
August	.3044	.2963	August	.4147	.4375
September	.3135	.31	September	.4425	.4575
October	.3175	.3025	October	.4455	.4625
November	.3491	.3025	November	.4572	.47
December	.3410	.3075	December	.4938	.4625
Average	.2997	.2986	Average	.4280	.4441
1915.			**1918.**		
January	.3369	.3225	January	.5200	....
February	.3256	.3375	February	.5094	....
March	.3015	.3575	March	.4456	....
April	.3085	.370	April	.4385	....
May	.2885	.3250	May	.4572	.4487
June	.2815	.3075	June	.4397	.4608
July	.2703	.3038	July	.4478	.4625
August	.2600	.3063	August	.4600	.46
September	.2675	.3263	September	.5456	.4762
October	.2878	.3525	October	.5895	.515
November	.3123	.35	November	.6306	....
December	.3547	.3675	December	.6850	.5525
Average	.2996	.3355	Average	.5142	.4822

D.—*Imports and exports of butter and butter substitutes.*

	Imports of butter and substitutes.	Exports of butter.	Exports of oleo.	Total exports of butter and butter substitutes.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
1910	1,360,245	3,140,545	3,418,632	6,559,177
1911	1,007,826	4,877,798	3,794,939	8,672,936
1912	1,025,668	6,092,235	3,627,425	9,719,660
1913	1,162,253	3,585,600	2,957,582	6,543,182
1914	7,842,022	3,693,597	2,532,821	6,226,418
1915	3,828,227	9,850,704	5,252,183	15,102,887
1916	712,998	13,487,481	5,426,221	18,913,702
1917	523,573	26,835,092	5,651,267	32,486,259
1918	1,805,925	17,735,966	6,309,896	29,045,862
1919	4,131,469	33,739,960	18,570,400	52,310,360
1920	20,770,959	27,155,834	20,952,180	48,108,014

Supplemental Brief.

POSITION AND REQUESTS STATED.

Our association reaffirms its position stated in brief filed August 30, 1921. We support the rates on cream and butter in effect under the emergency tariff law. We do not believe the increase on cream over the present duty as provided in H. R. 7456 from 5 cents to 10 cents on all cream of 30 per cent or over is required to protect the producer, or that it will materially increase the revenues. It will, however, probably not prevent the importation of a sufficient amount to supplement the New England supply at the season of greatest demand, and will not, on the other hand, probably raise the price sufficiently to deter the consumption of fresh cream by the public. In our opinion any increase over the rates proposed in the House bill will bring about those results.

We are confident that a demand exists which is seasonal in its character and which the New England producer will not meet. For nine months in the year we could probably supply the market from New England. However, creameries and producers should be equipped to handle sweet cream for the whole year, as its care and handling are entirely different from that required by milk or butter. New England producers, more or less, permanently contract their supply. This they do with the milk contractor or the creameries. Unfortunately, the demand for cream is a seasonal demand, and while there is a seasonal surplus of milk in New England, this surplus always preceded the heavy demand of the summer months. Further, creameries have not cared to put their supply in the market for cream to a sufficient extent, even though our dealers agree to contract for a year's time. It is a business requiring more care and trouble than either milk or butter, and many do not care to bother with it. We use whatever New England cream we can obtain, importing comparatively little, excepting in the months of shortage.

BUTTER.

We are not directly concerned with the schedule on butter, excepting for its effect on the cream schedule. We believe the rate on butter in H. R. 7456 is as high as it should be, and reasons are set forth in our brief of August 30, 1921, when the subject was considered from the standpoint of comparison of Canadian and United States market quotations and exports and imports.

HARMONIZING DUTIES ON BUTTER AND CREAM.

We maintain that it is not necessary that cream and butter schedules should be closely harmonized, for the reason that the sweet-cream business is a day-to-day business, and that the cream market seldom follows sharp advances or decline sof the butter market, also because the equipment of plants for handling cream is a different proposition from that of those handling butter, and of the fact that it is not easy to shift a butter factory onto a cream-producing basis. We have noted with interest the arguments that cream might be imported across the border and manufactured on the American side, thus avoiding payment of a higher duty placed on butter. The fact that this did not happen to any marked degree during the life of the Payne-Aldrich or Underwood Tariff Acts, and has not happened during the time when the emergency tariff has been in effect, would appear to indicate that the fear was unfounded.

PROPOSED SOLUTION ON HARMONIZING.

On the other hand, we meet this argument by the proposal that if it is the purpose of the proponents of the higher rate to prevent such imports for manufacture the cream duty shall be strictly harmonized as of the prices on each side of the border without considering transportation costs on all sour cream, cream of over 40 per cent butter-fat content, and on all cream imported for manufacture into butter. We assume that this could be provided for in the administrative features of the bill. The amount manufactured by any of the cream dealers will, we believe, be found to be negligible, as he pays a premium for extra care of pasteurized sweet cream for market and will not manufacture it into butter.

IF PRINCIPLE WERE ADMITTED, PROPOSED BASIS OF HARMONIZING WRONG.

We take issue with the statements and proposals made on page 2209, of part 29,[1] and Exhibit D, page 2638, part 35, tariff hearings on H. R. 7456, schedule 7, and the statements made by David Buttrick Co., page 2627, same document, regarding the basis of harmonizing. The figures are based on theory and are made without actual knowledge of conditions under which Canadian cream is purchased. This matter is discussed in the brief filed by the Cream Dealers' Association on August 30, 1921, page 2213, part 29, of said hearings, and those figures are based on the actual working conditions under which cream has been imported. It would seem perfectly apparent that with a milk market uniformly higher in the Canadian market than in the New York market and only slightly lower than the Boston market producers in Canada will not permit the reaping of the profit which the said Exhibit D purports to show.

NO INCREASE NEEDED TO MEET CREAM COMPETITION.

As shown by figures of consumption, there is no competition between Canadian cream and Vermont cream which is detrimental to the Vermont supply with a protection of 5 cents per gallon. The principal argument of the producers is directed to harmonizing cream with butter. If that is the purpose, the basis of harmonizing would be with allowances for extra cost of collection in Canada and extra cost of processing and care, with allowances for transportation cost on cream from the Canadian points to Boston, Worcester, or Springfield (the only markets using any Canadian products) and the transportation costs on butter for the same distances. The producers shift their basis when they reach the international boundary line from harmonizing with butter to comparing transportation costs to market of cream shipments on one side of the line and on the other. The result of the proposed method of harmonizing will be to give a differential in favor of butter and encourage manufacture of cream into sweet butter on the Canadian side.

We wish to call attention to statement of W. H. Bronson, pages 2623–2625, part 35, quoting a small portion of a paragraph from "The suggested reclassification and revision of section relating to agricultural products and provisions," United States Tariff Commission. "If it is desired to levy a duty on a butter equivalent to that on the milk it represents, the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk." He adds it is just a matter of mathematics as to how much butter fat there is in milk. It is not debatable at all. We have the United States Tariff Commission's statement to back up the rate that we ask for. And, further, on page 2624, there is stated as follows: "As I started to state, the Tariff Commission, on page 11, paragraph 3, of the reference already cited, states that on the basis of physical equivalents the duty on light cream would naturally be 5 to 7 times that on milk, and on heavy whipping cream about 8 to 10 times. At a rate of 3½ cents per gallon on milk, the equivalent rate on heavy cream would be from 29 cents to 36 cents per gallon." We take issue with the quotation of parts of paragraphs which misrepresent the position of the United States Tariff Commission. In the document referred to an examination shows that while the commission has suggested, as the title implies, changes in many schedules, in this particular matter the paragraphs referred to deal only with the butter-fat content equivalents and not with comparative costs, nor does the commission make any recommendation with relation to the desirability of basing the respective rates in such equivalents.

In order to show how baseless a fear of Canadian competition is, we call attention particularly to the tables showing Canadian prices, exports and imports, and other statistics contained in the brief referred to on page 2210 of said part 29.

FIRST ARGUMENT OF THE NATIONAL MILK PRODUCERS' FEDERATION.

Addressing ourselves more particularly to certain items of the various briefs filed for a higher rate, we note on page 2592, in paragraph 3, in brief of the National Milk Producers' Federation, the statement, "Should there be any attempt to trade the farmer for foreign markets to place upon the free list, or near free list, his product to gain trade for protective industries, the same will not be patiently tolerated by agriculture." We object to arguments of this nature, which would seem in the nature of an implied threat. Realizing that the Senate Finance Committee is anxious to care for the interests of the whole country, we suggest in reply to the statement that there are 4,000,000 milk producers and but few manufacturers; that while we as an asso-

[1] References in this brief are to the preliminary prints.

ciation represent a comparatively few organizations directly we do represent directly, and through the indorsement of the associations, not only cream dealers of New England but the Boston and Suburban Milk Dealers' Association and the New England Ice Cream Dealers' Association, and indirectly, we speak for a consuming public of approximately seven and a half million in New England. For these reasons we suggest that it is unfair that the large number of people in poorer circumstances even than the average farmer in New England should be compelled to pay any higher prices than are necessary for milk and its products, which are the most necessary articles of food and are particularly the food of infants and invalids. Being, moreover, in direct touch with the consumer, we know what the producer perhaps fails to realize, that there is a price limit at which consumption decreases, and that particularly with regard to the sweet cream going into the manufacture of ice cream it has been and is a fight to hold the market for sweet cream as opposed to sweet butter homogenized, and that when cream rises above a fair price sweet butter is shipped from cold-storage centers and displaces sweet cream, to the detriment not only of the cream dealer but of the consumer and the producer as well. It may be noted here that with the high butter market always comes the increased use of oleomargarine and vegetable oils margarines.

NEW ENGLAND PROSPERITY.

Replying to that portion of the brief of the National Milk Producers' Federation, page 2593, and statements of Mr. George N. Putnam, page 2595, relative to decadence of New England, as well as Tables 1, 1A, 2, 3, and 4, pages 2600 and 2601, the figures shown are misleading without taking into account other factors reported in the same bulletins of the Bureau of the Census to which no reference has been made. The following figures from Vermont, the most distinctively agricultural State in New England, and furnished by H. B. Ellinger, professor in animal and dairy industry, University of Vermont: "Approximate increase during the past 20 years: The census figures for 1900 place the number of dairy cows at 270,194, total value at $7,740,908, average value per cow at $28.65. In 1910 the total number of cows was placed at 275,483, total value $9,527,660, average value per cow $35.89, and in 1920 the total number of cows was placed at 290,122, total value $23,027,209, and the average value per cow at $79.37. The assessor's figures as reported in the annual report of the commissioner of agriculture for 1915 gives 223,911 cows and for 1920 gives 244,126 cows."

Table 1, hereto annexed, is compiled from table 1 of the Agricultural Bulletins of the Bureau of Census for each of the New England States, showing the comparative value of live stock, implements and machinery, buildings, land, and all farm property, together with average value per farm for the same items taken as of 1910 and 1920. They show increases in value of all farm property as follows: Maine, 35.8 per cent; New Hampshire, 14.8 per cent; Vermont, 53.2 per cent; Massachusetts, 32.7 per cent; Connecticut, 42.4 per cent; while even Rhode Island shows a small increase. The values of the live stock on the farms have increased as follows: Maine, 58.1 per cent; New Hampshire, 60.9 per cent; Vermont, 87.2 per cent; Massachusetts, 61.6 per cent; Rhode Island, 47.7 per cent; Connecticut, 65.7 per cent.

Table 2 is compiled from table 20 of the same set of bulletins, to point out the equities in farms. These tables show that in Maine the total value of all farms in 1910 was $39,774,005. Those farms at that date were subject to mortgages of $11,738,529. ~~To-d~~ay the equity above all mortgages is $39,834,863, showing an actual net asset in farm land and buildings greater than the total of all valuations in 1910, including mortgages. This statement is true of Vermont and Connecticut, and values of equities have materially increased in all New England States. Any business man who can figure his net assets as having largely increased bases that as the measure of his prosperity rather than the amount of his indebtedness.

The value of dairy products sold has practically doubled in all the States as shown in Table 3.

Table 4 shows the increase in production of crops in the New England States, and is compiled from Table 32 of the same bulletin.

Table 5 shows the number of depositors and deposits in savings banks in each of the New England States, there being a considerable increase in the number of depositors and deposits in each State in the year 1919-20. Out of a total population of little less than 7,500,000 there are over 4,000,000 depositors and almost $2,000,000,000 deposits.

Table 6 shows the ratio of motor vehicles to the population and to the road mileage. In Vermont the number of cars increased from 1918 to 1921 as follows: Passenger cars, 20,782 to 33,778; commercial cars, 1,873 to 3,487. (From records of the secretary of state of Vermont.)

These various tables are submitted as reliable facts to show the inconsistency of the statements made by the various witnesses and deduced from the partial statistics submitted.

It is not our purpose to minimize the difficulties of the farmer. We realize that he, like the rest of the world, is suffering because of the past seven years upheaval. We do not, however, believe the New England farmer has fully realized the relative measure of prosperity which has come to New England agriculture.

Mr. Putnam, page 2957, part 35, Hearings on Tariff, states that the last three or four years have been the most unprofitable years in his experience in farming. Reference to the market quotations in the years from 1906 to 1909 show prices ranging from $0.30 down to $0.22 per pound for butter, while the rate for 1918, 1919, and 1920 ran between $0.45 and $0.58; that the value of milk, placed at 12.9 cents per gallon in the earlier period, or 3¼ cents per quart, increased to 6.65 cents in 1920; and that cream rose from 78.9 cents per gallon to $1.226 per gallon.

It is interesting to note that in the report of the special commission of Congress, first part, "The Agricultural Crisis and Its Causes," it is found that the purchasing power of the farmer's dollar in terms of commodities, excepting food and farm products, was 17 per cent higher in 1918 than in 1913, and that from 1913 to the present year his gain has been considerably greater than his loss, while, according to the best statistical information, the purchasing power of the workingman's wage has been 7 to 17 per cent less than before the upward movement of prices in 1916. We must further remember that of the seven-tenths of men and women engaged in gainful labor outside of those in agriculture about one-fourth are out of employment and a considerable number are living from hand to mouth on part time and reduced wages. For these reasons we ask consideration for the men and women who are the consumers of milk and its products. We ask nothing that will, in our opinion, prevent the farmer obtaining a reasonable profit on his dairy products, but we do seek to prevent a condition in which there will be a possibility of forcing extortionate prices from the consumer or compelling him to go without.

COMPARATIVE COSTS OF PRODUCTION IN CANADA AND UNITED STATES.

The basis of costs in Canada and the United States has been argued at great length in the testimony of the producers and their briefs. We desire to call attention to the difference in statistics obtained by the United States departments and those obtained by the producers' organizations, which are naturally biased and in spite of an intention to be fair will almost inevitably favor their preconceived views. The brief of the National Milk Producers' Association, page 2593, states, "The difference between a protective tariff and a revenue tariff consists chiefly and almost wholly in wages." Mr. Camburn, director of the division of dairy of Massachusetts department of agriculture, says that the difference lies primarily in the labor cost. Accepting their statement as correct, we call attention to certain facts and figures.

The Warren formula, page 2588, is used. It is difficult to understand why this basis is used instead of that which was most carefully worked out by the United States Department of Agriculture for a two-year period on Vermont farms. It will be noted that the Warren formula shows the total amount of feed and labor. When it comes to a percentage of various factors of the whole, it gives a larger ratio for labor than it is entitled to, because the comparison of gross costs of labor is with net cost. For example, the credits for cows and manure, amounting to approximately 20 per cent return, is deducted from the overhead charges or costs, and the balance is added to the labor and feed costs to make 100 per cent. Thus, the factor of percentage for labor is high (approximately 29 per cent). This factor at the time of the United States investigation in Vermont was given as 21 per cent. However, using each of these methods, Mr. Camburn, page 2615, testified that the cost of butter production in New England was 55 cents. By United States formula, 55 times 21 per cent equals $0.1155, total labor cost per pound; Warren formula, 55 times 29 per cent equals $0.1595, total labor cost per pound.

The brief of the New England Dairy Committee, 2635, gives New England States wages as $52 to $57 per month and Quebec $40. Thus, it would appear that the difference on the highest price of labor in New England and Canada was $17, or 28.6 per cent of the highest New England wage. On this statement, using the United States formula, .1155 times 28.6 equals .033, difference in costs; Warren formula, .1595 times 28.6 equals .045, difference in costs.

Using the labor costs in the preliminary report of the United States Milk Producers' Dairy Tariff Committee, page 2587, part 35, wages without board in the United States were $74; in Canada, $68. The wages were 8.1 per cent lower. Using these figures United States formula, .1155 times 8.1 per cent equals .009 plus; Warren formula,

.1595 times 8.1 per cent equals .013 minus. Thus, allowing a range on the figure of the various briefs from .9 of a cent to 4.5 cents as the nearest approach to an accurate statement of difference in labor costs per pound of butter, it does not reach one-half the 10-cent difference which is claimed and is more than covered by 5 cents duty.

Tables in the brief (p. 2634) show feed costs higher in Quebec. Further, we call attention to the statement of Mr. Leach, pages 2610 and 2611, as to the character of soil and natural advantages of the New England dairy section. This is borne out by the New England Dairy Tariff Committee, part 29, page 2209, under the heading, "Standards of Living," and by the Tariff Information and Surveys on Dairy Products, United States Tariff Commission, page 10.

SUFFICIENCY OF UNITED STATES SUPPLY.

We call attention to figures, page 2588, showing that the United States produced sufficient dairy products for needs of the market of the country. No one denies the fact that the United States products are sufficient to more than care for the home market, but they have consistently sought the best market, and we have produced many times the amount consumed at home. This is shown by the fact that in the first 11 months of 1921, which has been heralded as a poor year for the dairy industry, and during which there has been serious disturbance of our export trade, we still exported in value more than double the amount of imports. (See Table 7.) We wish, however, to call attention to one misleading figure in the table referred to. The total production of milk is correctly given for the United States as 90,000,000,000 pounds for the year 1919, but of that amount only about 45,000,000,000 was available for fluid milk, the remainder going into manufactured products which are listed below in the same table, apparently as additional production. The percentage in the last column on the first line in that item would be 89 per cent instead of 42.6 per cent. Again, during 11 months of 1919 the imports and exports of dairy products for the country as given in November Summary of Foreign Commerce, Department of Commerce, were: Imports, $11,684,769; exports, $131,923,237. Thus, the world market gave an opening for a surplus, and that the products sought the highest levels is a fair inference. (See Table 7.)

PRICE LEVEL.

One more question raised is that an increase in price levels justifies higher rate than was given under the Payne-Aldrich Act. Replying, we do not understand that it has been the theory of the protective tariff that all commodities should be taxed on an ad valorem basis or that specific duty should be made on a cost basis. Some things are placed on the free list, others made dutiable, and the difference in wage levels has been really more important than the relative market price.

A product like milk and the various products made from milk should not be taxed so as to levy a heavy burden on the consumer. Furthermore, because of the fact that in butter-fat products we are in competition with substitutes which can be produced at a much lower cost, we must recognize there is a limit at which protection ceases to protect and encourages substitutes, and that as far as the production of revenue is concerned becomes a point of diminishing returns.

It is perhaps natural that in statistics given in the course of testimony rather than the briefs there are errors. We have not attempted to meet many of those, as, for example, that on page 2598 relative to the amount of butter imported from Canada in 1913, where the amount is given as 35,000 pounds instead of 351,242.

Regarding the sanitary production of milk on Canadian and New England farms, we are compelled to ship cream into Boston under the strictest regulations and to bring it in at a given temperature. The Canadian producers are obliged to meet those conditions before cream is taken from their dairies.

Regarding the whole question of duties on dairy products, we submit herewith an item from the New York Produce and American Creamery under date of January 11, 1921. We believe that this statement covers generally the industry and its needs. We believe the rates fixed by H. R. 7456 are ample for butter and cream. We do not believe that cream is in competition with butter so that the interests of the producer require harmonizing of the tariff rates. If they were to be harmonized, the basis is not that suggested by the producer but that suggested in brief of Cream Dealers Association of August 30. We suggest, if your committee deems wise, a different rate on fresh pasteurized cream imported for consumption as cream or ice cream from that on sour cream and cream imported for manufacture into butter. We do this in an honest effort to meet the problem which seems most to disturb the producers. We further invite fullest inquiry into the conditions under which we import cream and the facts stated in our briefs.

[From New York Produce and American Creamery.]

THAT "EXPORTABLE SURPLUS."

According to a press item issued from the office of the executive secretary of the National Milk Producers' Federation, Mr. R. W. Balderson stated at a recent hearing before the Senate Finance Committee, in a plea for a 10 cents a pound tariff on butter, that "the United States can supply with present production all the dairy products necessary for home consumption and still have an exportable surplus." At the same time he referred to the quantities of foreign butter recently coming into United States markets as evidence that "the emergency tariff rate of 6 cents a pound, * * * is no longer an effective bar to imports."

It is interesting to speculate upon the peculiar conception of trade conditions and price relations involved in these statements.

Of course, the relation of our dairy products, in volume, to the needs for domestic consumption is affected by domestic price levels. But if the "present production" at prices affected by the added supply due to importations on a 6 cents duty leaves us with an "exportable surplus," it would be interesting to know what becomes of it. And it seems inevitable that with an "effective bar to imports" and a naturally higher level of prices in domestic markets our "exportable surplus" would be a good deal like the fellow (or was it a girl?) who was "all dressed up with no place to go."

Of course, if the Danish and Argentine and Antipodean butters now coming to our markets were barred out by a prohibitive duty we could hardly expect to find any foreign outlet for what Mr. Balderson calls our "exportable surplus," unless our butter prices should fall to an export relation to the world's markets, in which case a tariff, high or low, would be of no account or effect. If our butter prices are kept above a parity with the world's markets by a high tariff, that result can only be realized by limiting production to domestic needs at that higher price level unless some means could be found by which butter manufacturers could limit their sales in domestic trade and sell abroad any surplus that might arise at a lower price than domestic consumers had to pay, just as the dairymen's combination arbitrarily fixes a price for market milk above the normal value of milk as a whole, and sells the surplus for manufacture of dairy products at a lower price.

There is no doubt that the shutting out of foreign butter from our markets by a tariff high enough to be, as Mr. Balderson says, "an effective bar to importations" will monopolize the domestic markets for the domestic production. But that will also limit our domestic production to the domestic needs, and we can have no "exportable surplus" unless our butter manufacturers can make a surplus profitably at prices low enough to compete abroad with the goods barred out of our own markets.

TABLE 1.—*Comparative value of farm property, 1910 and 1920.*

State and item.	1920	1910	Increase.	
			Amount.	Per cent.
Maine:				
Land	$114,411,871	$86,481,395	$27,930,476	32.3
Buildings	89,697,100	73,138,231	16,558,869	22.6
Implements and machinery	26,637,660	14,490,533	12,147,127	83.8
Live stock	39,780,102	25,161,839	14,618,263	58.1
Total	270,526,733	199,271,998	71,254,735	35.8
Average per farm—				
Land	2,372	1,441	931	64.6
Buildings	1,860	1,219	641	52.6
Implements and machinery	552	241	311	129.0
Live stock	825	419	406	96.9
Total	5,609	3,320	2,289	68.9
New Hampshire:				
Land	47,425,331	44,519,047	2,906,284	6.5
Buildings	42,570,539	41,397,014	1,173,525	2.8
Implements and machinery	9,499,322	5,877,657	3,621,665	61.6
Live stock	19,160,923	11,910,478	7,250,445	60.9
Total	118,656,115	103,704,196	14,951,919	14.4

TABLE 1.—*Comparative value of farm property, 1910 and 1920*—Continued.

State and item.	1920	1910	Increase.	
			Amount.	Per cent.
New Hampshire:				
Average per farm—				
Land	$2,311	$1,646	$665	40.4
Buildings	2,074	1,530	544	35.6
Implements and machinery	463	217	246	113.4
Live stock	934	440	494	112.3
Total	5,782	3,833	1,949	50.8
Vermont:				
Land	82,938,253	58,385,327	24,552,926	42.1
Buildings	76,178,906	54,202,948	21,975,958	40.5
Implements and machinery	21,234,130	10,168,687	11,065,443	108.8
Live stock	42,385,331	22,642,766	19,742,565	87.2
Total	222,736,620	145,399,728	77,336,892	53.2
Average per farm—				
Land	2,853	1,785	1,068	59.8
Buildings	2,620	1,657	963	58.1
Implements and machinery	730	311	419	134.7
Live stock	1,458	692	766	110.7
Total	7,661	4,445	3,216	72.4
Massachusetts:				
Land	127,653,607	105,532,616	22,120,991	21.0
Buildings	119,934,224	88,636,149	31,298,075	35.3
Implements and machinery	19,359,755	11,563,894	7,795,861	67.4
Live stock	33,524,157	20,741,366	12,782,791	61.6
Total	300,471,743	226,474,025	73,997,718	32.7
Average per farm—				
Land	3,989	2,859	1,130	59.5
Buildings	3,784	2,401	1,347	56.1
Implements and machinery	605	313	292	93.3
Live stock	1,048	562	485	86.5
Total	9,389	6,135	3,254	53.0
Rhode Island:				
Land	14,509,073	15,009,981	[1] 500,908	[1] 3.3
Buildings	11,878,853	12,922,879	[1] 1,044,026	[1] 8.1
Implements and machinery	2,408,561	1,781,407	627,154	35.2
Live stock	4,840,279	3,276,472	1,563,807	47.7
Total	33,636,766	32,990,739	646,027	2.0
Average per farm—				
Land	3,554	2,836	718	25.3
Buildings	2,909	2,442	467	19.1
Implements and machinery	590	337	253	75.1
Live stock	1,185	619	566	91.4
Total	8,238	6,234	2,004	32.1
Connecticut:				
Land	101,187,115	72,206,058	28,981,057	40.1
Buildings	89,083,712	66,113,163	22,970,549	34.7
Implements and machinery	13,248,097	6,916,648	6,331,449	91.5
Live stock	23,472,693	14,163,902	9,308,791	65.7
Total	226,991,617	159,399,771	67,591,846	42.4
Average per farm—				
Land	4,466	2,693	1,773	65.8
Buildings	3,932	2,466	1,466	59.4
Implements and machinery	585	258	327	126.7
Live stock	1,036	528	508	96.2
Total	10,019	5,944	4,075	68.6

[1] Decrease.

TABLE 2.—*New England farm values, mortgages, and equities, 1910 and 1920.*

State and item.	1920	1910	Increase.
Maine:			*Per cent.*
Value of land and buildings	$58,427,088	$39,774,005	
Mortgage debt	18,592,225	11,738,529	
Equity	39,834,863	28,035,476	
Average equity per farm	3,227	2,018	59.9
New Hampshire:			
Value of land and buildings	20,274,025	15,457,040	
Mortgage debt	6,820,551	4,773,610	
Equity	13,453,474	10,683,430	
Average equity per farm	2,717	1,886	44.1
Vermont:			
Value of land and buildings	61,070,552	36,858,501	
Mortgage debt	23,575,778	12,436,091	
Equity	37,494,774	24,422,410	
Average equity per farm	3,269	2,012	62.0
Massachusetts:			
Value of land and buildings	70,745,237	49,742,396	
Mortgage debt	23,412,188	16,371,484	
Equity	47,333,049	33,370,912	
Average equity per farm	4,058	2,774	70.5
Rhode Island:			
Value of land and buildings	4,864,643	4,087,933	
Mortgage debt	1,494,367	1,356,326	
Equity	3,370,276	2,731,607	
Average equity per farm	3,937	2,729	44.3
Connecticut:			
Value of land and buildings	55,781,194	37,906,308	
Mortgage debt	17,860,949	11,859,468	
Equity	37,920,245	26,046,840	
Average equity per farm	4,660	2,874	62.1

TABLE 3.—*Total sales of dairy products, 1909 and 1919.*

State.	1919	1909	Increase.
			Per cent.
Maine	$15,543,524	$6,722,779	131.6
New Hampshire	9,627,280	5,130,057	131.2
Vermont	26,634,760	11,501,577	87.7
Massachusetts	24,279,643	14,840,927	96.4
Rhode Island	3,770,528	2,017,444	86.9
Connecticut	14,385,132	7,325,433	63.0
Total	94,240,873	47,538,217	....

TABLE 4.—*Summary of all New England crops, 1909 and 1919.*

State.	1909	1919	Increase.
			Per cent.
Maine	$33,386,440	$100,152,440	200
New Hampshire	12,112,260	23,509,665	94.1
Vermont	23,697,700	47,999,600	102.5
Massachusetts	26,191,705	53,700,925	105
Rhode Island	2,980,816	5,340,378	78.8
Connecticut	19,279,953	44,492,385	130.8
Total	117,654,874	275,195,393	134

TABLE 5.—*Savings banks of New England, number of depositors, and deposits, 1919 and 1920.*

State.	1919		1920	
	Depositors.	Deposits.	Depositors.	Deposits.
Maine	235,377	$92,253,000	255,277	$10,473,000
New Hampshire	244,336	121,092,000	158,518	131,184,000
Vermont	118,267	59,784,000	122,126	64,757,000
Massachusetts	2,391,066	1,089,556,000	2,600,040	1,188,828,000
Rhode Island	166,885	101,419,000	179,573	113,200,000
Connecticut	704,179	381,646,000	717,405	415,585,000
Total	3,860,110	1,845,750,000	4,133,539	1,924,027,000

TABLE 6.—*Ratio of motor vehicles to population and to mileage of roads.*

State.	Ratio to—		State.	Ratio to—	
	Population.	Miles of roads.		Population.	Miles of roads.
Maine	1:15	1:2.3	Massachusetts	1:16	1:13.2
New Hampshire	1:14	1:2.2	Rhode Island	1:15	1:20.6
Vermont	1:14	1:1.9	Connecticut	1:13	1: 7.3

TABLE 7.—*Exports of dairy products for 11 months ending Nov. 30, 1921, compared with 11 months of 1919 and 1920.*

EXPORTS.

	1919		1020		1921	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
Butter	30,796,366	$15,190,564	16,983,101	$9,855,358	7,575,529	$3,079,927
Cheese	12,856,642	4,835,600	15,288,547	4,730,546	11,332,582	2,595,620
Milk and cream	....	1,251,760	....	315,666	....	407,946
Milk, condensed, etc	776,082,017	110,655,313	394,191,431	62,122,380	276,643,305	35,184,381
Total	....	131,933,237	....	77,023,950	....	41,267,874

IMPORTS.

	1919		1920		1921	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
Butter	9,081,803	$4,608,925	23,420,418	$16,691,066	15,956,699	$6,565,085
Cheese	9,848,734	3,468,434	14,213,691	5,038,428	23,467,528	7,533,009
Milk and cream	3,414,732	1,738,741	3,917,143	2,590,574	132,499 3,169,850	602,232 2,217,244
Milk, condensed, etc	15,259,797	1,868,668	22,793,538	3,185,731	7,066,503 1,599,632	1,144,494 275,170
Total	....	11,684,769	....	27,505,799	....	18,337,234

STATEMENT OF THEODORE P. GRANT, REPRESENTING THEODORE P. GRANT CO., BOSTON, MASS.

Senator WALSH. What is your business?

Mr. GRANT. Wholesale cream.

Senator WALSH. And you are located in Boston?

Mr. GRANT. I am located in Boston.

Senator WALSH. How extensive is your business?

Mr. GRANT. Last year we did about three-fourths of a million.

I do not propose to take a great deal of time, but I do want perhaps to emphasize one or two points. Mr. Parker's brief, I believe, gentlemen, if you will study it will give you some light on the subject that you have not had before. I have been engaged in the milk and cream business for about 20 years, and when we first started in the creamery business all our creameries were located along the line of the railroads. We took in milk from the farmers, separated it and gave them the skimmed milk back, and shipped the cream or butter to the market.

In Saturday or Sunday's Boston Herald is a little picture giving the way the milk market had changed in the last 20 years.

In 1900 they got all their milk for the Boston market from Massachusetts and a short distance up into the State of New Hampshire, and nothing from Vermont; in 1910 they reached part way into Vermont and a little way into Maine, and in 1920 they covered the whole of Vermont, New Hampshire, and away down there into Maine, and they had reached into New York State.

Your farmer is ambitious to sell milk on account of the more advantageous price as against butter. I do not think anybody will disagree with that.

Senator DILLINGHAM. There is a great difference of opinion in Vermont and a great contest among farmers as to which is the better way for them, part sticking to butter and part selling their milk.

Mr. GRANT. My experience as a creamery man, Senator, is that we have been absolutely forced away from all railroad shipping points for our supply of cream as a business.

As Mr. Parker has said, we are shipping the commercial cream that is absolutely necessary to-day; it is a necessity; it is not a luxury. A few years ago when I started in the business cream was a luxury. To-day at a wayfarer's lodge even the tramp who goes there and saws wood wants cream in his coffee, when before he would have been glad to get coffee with skimmed milk; everywhere you go you hear the cry for cream.

As this thing developed we had to go into Canada for our supply. I think that I was one of the first ones who took cream across the border into New England and at the same time was operating creameries there. To-day I do not operate any creameries, but we buy our supply in New England and in New York State and in Canada.

Senator WATSON. What is it you really want?

Mr. GRANT. What we want is this: We want to forget that 35 cents a gallon that the New England Milk Producers and the National Dairy Union Association are asking on cream, which would absolutely prohibit bringing in the cream and make us absolutely short.

Senator WATSON. Do you want cream free?

Mr. GRANT. No; we do not. We supported the Fordney bill, because we believed that cream for commercial purposes should be taxed for some revenue. But when we come to tax it to prohibit imports, we do not see that we are doing the Government any good and it is certainly going to put some of us right out of business, because there is not cream enough in New England to go around under normal conditions, and when abnormal conditions come we are in a very serious condition.

Senator WALSH. Is there not a marked increase in dairy cattle in Massachusetts?

Mr. GRANT. I believe there is a marked increase, but I understand Vermont has not increased.

Senator LA FOLLETTE. That is probably due to the importation of milk and cream from Canada.

Senator WALSH. It is not a very large increase; it has increased very slightly.

Senator SMOOT. Do you want this 30 per cent butter fat increased to 40 per cent the same as Mr. Parker?

Mr. GRANT. Yes, sir.

Senator SMOOT. And you want the 5 cents a gallon to remain as it is?

Mr. GRANT. Yes, sir.

Senator SMOOT. And 1 cent a gallon on milk?

Mr. GRANT. We are not particularly interested in milk, but I believe that that is sufficient. We believe the amount which comes in is infinitesimal, and in this brief Mr. Parker has filed you will find dairy markets from 1913 on which included the cream.

Senator SMOOT. The Payne-Aldrich tariff of 1909 was 5 cents a gallon cream.

Mr. GRANT. Then cream was put on the free list under the Underwood Act.

Senator SMOOT. That is true.

Mr. GRANT. None of the dire calamities have happened that were feared in some of the arguments that have been made. We have had a higher butter market in Canada right along than many thought we would have. So that in eight years there have been only five or six months when it has been possible to import butter at a profit.

As regards harmonizing these prices: Part of these prices are harmonized on the other side; that is, to get market cream it must be pasteurized. We can not take raw cream across the line successfully, pasteurize it, and ship it to the market.

We must have it pasteurized there, and for that reason we are obliged to pay Canadian creameries a premium of from 1 to 3 cents a pound of butter—not butter fat in the content of a can of cream. And to bring that across it costs us for hauling and icing charges on every can that we get across the line about $1. In fact, my books will show that it has done that for the last three years.

Senator WALSH. So you prefer to get the cream in New England territory if you could to avoid that charge?

Mr. GRANT. If we could, yes.

Senator WALSH. Is the situation this: The demand for cream in the summer months is away beyond the supply that New England furnishes to the market?

Mr. GRANT. Yes, sir.

Senator WALSH. And in order to have that supply in the summer you must keep up some trade with the producers of cream in Canada?

Mr. GRANT. Absolutely.

Senator WATSON. What is the difference between the price of cream in Canada and in the New England States?

Mr. GRANT. Canadian creams cost us more since the 1st of January on the average than New England creams, on account of the fact that the Canadian butter market on which we buy——

Senator MCCUMBER (interposing). It costs more where—in Canada?

Mr. GRANT. Delivered in Boston, and that is where we have to figure it; we can not figure it at the border.

Senator MCCUMBER. What about the cost of transportation from Canada to Boston as compared with other New England points in the interior?

Mr. GRANT. That is all on mileage basis, Senator. On the railroad it costs, at about the cheapest rate we can get, on a can of cream to any point 50 to 55 cents, and from that to 60 and 75 cents.

Senator MCCUMBER. That is in the United States?

Mr. GRANT. Yes.

Senator MCCUMBER. What does it cost to bring it in from Canada, exclusive of the tariff?

Mr. GRANT. My Canadian cream costs about $1.50 for hauling, freight, and icing. We are dealing not with a cream to go into butter.

Senator MCCUMBER. Does that include the tariff?

Mr. GRANT. That does not include anything except hauling and icing charges. My books will show that, and they will be open to the inspection of anybody representing this committee.

Senator DILLINGHAM. Do you know what amount of dairy products is produced in the Province of Quebec as compared with the whole amount produced in the Dominion of Canada?

Mr. GRANT. I do not. Mr. Parker's figures in his brief, I think, will show that.

Senator DILLINGHAM. My recollection is that Quebec produces about 75 per cent of the entire Canadian dairy products?

Mr. GRANT. I think so. But you can not go back more than 10 or 15 miles from the border to get this market cream. You have got to take what is made in there.

Senator DILLINGHAM. Coming back to this question of differential: Take the question of butter; do you remember what the rate was under the existing law on butter coming into this country from Quebec?

Mr. GRANT. At the present time?

Senator DILLINGHAM. Yes.

Mr. GRANT. Six cents a pound.

Senator DILLINGHAM. Under the Underwood bill it was 2½. Do you know what the Canadian charges to the northern Vermont farmer were if we wanted to send our butter into Montreal?

Mr. GRANT. I do not know that.

Senator DILLINGHAM. I do not remember exactly; but my recollection is that it was 4 cents. I know there is a difference and that Canada charges more than we charge. What is the population of New England?

Mr. GRANT. Something over 7,000,000.

Senator DILLINGHAM. What is the whole population of Canada? Ten million, is it not? And we have that great market in New England, which Quebec wants, of course, and Quebec is not so far distant but what under proper conditions freight rates can be paid.

I want to call your attention to those things and have you explain them in connection with the other statements you are making. Our Vermont farmers pay taxes to support American institutions and they think they have a better right to the New England market than Quebec has.

Mr. GRANT. And we are very glad to give it to them.

Senator DILLINGHAM. All along the New England border we have good men who have creameries in the United States. They are near the border, and I have no doubt they would like to get the cream from Canada, and I am willing that they should have it, but I want it to be on fair rates, and I hope that you gentlemen in making your plea here to-day will be able to suggest some line upon which the two interests could agree as being fair and right; if your brief does that I shall be very glad to study it.

Mr. GRANT. I think it does. I think I will bring that out also that we absolutely need market cream. The brief will show that I sent telegrams and letters to a dozen or fifteen creameries in the States of Vermont, New Hampshire, and New York—the points of large supply—and I was unable to get 50 gallons a day; I was not able to get anything. I have the copies of the letters there, but I also have the originals, and I will be glad to leave the originals if the copies will not do.

Senator DILLINGHAM. It is your idea, is it, Mr. Grant, that the New England dairymen have specialized more either in butter or in milk and have not shipped so much cream; that is your claim, is it?

Mr. GRANT. Absolutely.

Senator DILLINGHAM. I do not know how far that is true.

Mr. GRANT. I have in the past operated creameries, and now I have not one on the line of a railroad. I do not operate any. But we do buy in Franklin County in the wintertime, and from the Richmond Creamery, and I can mention some others the Senator may know.

Senator DILLINGHAM. I know all of them.

Mr. GRANT. Those names are contained in the brief. And then I have taken the matter up with the department of agriculture in Massachusetts, who had been making a survey of the cream supply with the hopes of enlarging it, and they sent me a list of all the creameries they had gotten answers from as a possible source of supply. I wrote to every one of them, and I succeeded in getting one man who would sell me 50 gallons a day. I was looking for 250 to 500 gallons, and I would have guaranteed to have bought for three months, and that probably meant continuing right through the year.

Our solution of this problem is this: It ~~has come to~~ me within the last 48 hours—and I think Mr. Parker has figured part of it in his brief—that this commercial cream up to 40 per cent butter fat, pasteurized cream for market use, should be taxed 5 cents per gallon. Now, that 5 cents per gallon represents what? It represents 1¼ to 1½ cents per pound on the butter content. We have to pay from 1½ to 2½ cents per pound premium above the Canadian butter market, which makes about 4 cents per pound, to which add 3 to 4 cents per pound of butter for hauling, icing, and freight charges, and the duty is already more than harmonized with the present duty on butter.

If we can get a rate on commercial cream, pasteurized in Canada, at 5 or 6 cents a gallon up to 40 per cent, and then tax the cream coming in sour or sweet for manufacturing into butter at 10 cents or any rate that is right, we are right with it. I believe it will solve the problem and take care of all this bugaboo that is continually coming up about the possibility of flooding the land with cream along the line and making it into butter. That has never been practiced successfully; it was practiced in 1910; along the border as soon as the Payne-Aldrich law went into effect 9 or 10 of these Canadians came across and established factories along the border in New York State; they built creameries and started in to the manufacture of butter, and they all went broke when the butter panic came in the spring of 1911, and there are none of them there that I know of. There is some butter made, but it is an infinitesimally small amount.

Senator WALSH. If cream came in free from Canada, you would prefer to buy it from Vermont and New Hampshire?

Mr. GRANT. We prefer it at all times.

Senator WALSH. Would it be cheaper for you?

Mr. GRANT. There is not a great deal of difference between the cost of a gallon of cream in Canada and the cost of cream in New England at any time, as an analysis of our butter markets will show from 1913 to 1921. We have them right up to date in this brief, and they will show. To some of them we have added on the Payne-Aldrich tariff and the present emergency tariff, and they will show the Canadian butter market, the basis on which cream is bought, is frequently higher than our own; and in that case you can not bring the cream in and manufacture butter to compete with our own goods.

We have been at the business 12 or 13 years, and I know it is an impracticable proposition, and I know there is absolutely no danger to the farmers of the country. I believe that if we can have it arranged so that we can have 5 cents duty on market cream—and bear in mind, again, we pay a premium on the Canadian side of the line in order to have them manufacture it—we would be taking a step in the right direction.

Senator DILLINGHAM. May I inquire whether the other side of this question has made application for hearing?

Mr. Stewart will know, I think.

Senator SMOOT. There is a long list of them.

Senator MCCUMBER. What was the question, Senator?

Senator DILLINGHAM. I asked whether the farmers or those representing the farmers of New England had asked to be heard on this question. They are coming later, I understand. But bearing on this, I will ask to have put into the record a brief sent to me by the New England Tariff Committee on certain dairy products, which appears to have been prepared by W. H. Bronson, statistician, New England Milk Producers' Association; O. M. Camburn, director of dairying, Massachusetts Department of Agriculture; and G. C. White, professor of dairy husbandry, Connecticut Agricultural College.

Senator MCCUMBER. That may be done.

DAIRY PRODUCTS.

[Paragraphs 707-710 and 1598.]

STATEMENT OF CHARLES W. HOLMAN, WASHINGTON, D. C., REPRESENTING NATIONAL MILK PRODUCERS' FEDERATION.

Mr. HOLMAN. My name is Charles W. Holman, and I am acting secretary of the National Milk Producers' Federation.

I am filing, Mr. Chairman, a list of our member associations, which is a collection of cooperative corporations exclusive of farmer membership, representing, in the aggregate, 21 associations and something over 200,000 farmer members.

MEMBERS OF NATIONAL MILK PRODUCERS' FEDERATION.

Dairymen's League (Inc.) and Dairymen's League Cooperative Association (Inc.), Utica, N. Y.
New England Milk Producers' Association, Boston, Mass.
Inter-State Milk Producers' Association, Philadelphia, Pa.
Maryland State Dairymen's Association, Baltimore, Md.
Maryland and Virginia Milk Producers' Association, Washington, D. C.
East Tennessee Milk Producers' Association, Knoxville, Tenn.
Oregon Dairymen's Cooperative League, Portland, Oreg.
Kentucky & Indiana Dairies Co., Louisville, Ky.
Queen City Milk Producers' Association, Cincinnati, Ohio.
Ohio Farmers' Cooperative Milk Co., Cleveland, Ohio.
Dairymen's Cooperative Sales Co., Pittsburgh, Pa.
Northwestern Cooperative Sales Co., Wauseon, Ohio.
Michigan Milk Producers' Association, Detroit, Mich.
Southern Illinois Milk Producers' Association, St. Louis, Mo.
Twin City Milk Producers' Association, St. Paul, Minn.
The Milk Producers' Association and the Producers' Cooperative Marketing Co. of the Chicago District, Chicago, Ill.
Milwaukee Milk Producers' Association, Milwaukee, Wis.
Louisiana and Mississippi Dairymen's Cooperative Association, New Orleans, La.
Associated Dairymen of California, San Francisco, Calif.
United Dairy Association of Washington, Spokane, Wash.

I am also filing a list of our officers and directors, Mr. Chairman

OFFICERS AND DIRECTORS OF THE NATIONAL MILK PRODUCERS' FEDERATION.

Milo D. Campbell, president.
R. D. Cooper, first vice president.
H. W. Ingersoll, second vice president.
F. P. Willits, treasurer.
George Brown, secretary.
Chas. W. Holman, acting secretary.

Board of directors: Milo D. Campbell, Coldwater, Mich.; R. D. Cooper, Little Falls, N. Y.; H. W. Ingersoll, Elyria, Ohio; George Brown, Sycamore, Ill.; G. R. Rice, Milwaukee, Wis.; W. F. Schilling, Northfield, Minn.; H. W. Tinkham, Warren, R. I.; W. J. Kittle, Crystal Lake, Ill.; J. D. Miller, Susquehanna, Pa.; F. P. Willits, Ward, Pa.; R. C. Reed, Howell, Mich.; Harry Hartke, Covington, Ky.; J. M. Henderson, Sacramento, Calif.; P. S. Brenneman, Jefferson, Ohio; Richard Pattee, Newton Highlands, Mass.; J. A. Scollard, Chehalis, Wash.; Alma D. Katz, Portland, Oreg.; F. T. Holt, Kenosha, Wis.; H. J. Schultz, Shipman, Ill.; D. G. Harry, Pylesville, Md.; J. Wood Yager, La Grange, Ky.

Executive committee: Milo D. Campbell, R. D. Cooper, H. W. Ingersoll, W. J. Kittle, J. D. Miller; alternates, Harry Hartke and R. C. Reed.

In order to expedite the dairy discussion before this committee, the producers' organizations and some of the creamery men have agreed to divide up the time among themselves and to present sectional arguments.

It is my purpose here this morning only to make a short introductory statement and to file some data which we feel is necessary as a preliminary understanding of the problem from our viewpoint.

For something more than a year our member associations and allied bodies have been making a very careful study of costs of production and costs of distribution of butter products in their relation to the tariff problem. We have even gone to the extent of making some foreign surveys and also requesting various departments of the Government to gather together certain data from foreign countries which we felt was essential to lay before you.

A preliminary report was made in the early summer by a committee known as the United States Milk Producers' Dairy Tariff Committee, performed at the initiation of the federation that I represent. I wish to file the preliminary report of the committee.

PRELIMINARY REPORT OF THE UNITED STATES MILK PRODUCERS' DAIRY TARIFF COMMITTEE.

In February and early March of this year it became apparent that reliable data bearing upon the cost of producing milk and milk products in the United States would be essential for the use of Congress in forthcoming tariff schedules. To that end, and at the suggestion of the National Milk Producers' Federation, regional committees were at once organized in various sections of the United States for the making of investigations upon the question of a dairy tariff and the assembling of material which would be of help in deciding what tariff rates would be necessary to protect American producers from foreign competition.

New England committee: The New England committee was made up of one member from each of the several New England States, each member being appointed as a result of a conference between the following farmers' organizations: Grange, Farm Bureau, Dairymen's Association, College of Agriculture, and State Department of Agriculture. As a result of these selections, the following men were members of the committee from New England: W. N. Cady, Vermont, master of the State Grange, chairman; O. M. Camburn, Massachusetts State Department of Agriculture, secretary; J. W. Alson, Connecticut Diarymen's Association; H. N. Sawyer, New Hampshire Farm Bureau; M. D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Producers' Association; J. J. Dunn, Rhode Island State Department of Agriculture; W. H. Bronson, New England Milk Producers' Association.

Eastern group: The following are the members of the committee for the Eastern States; R. W. Balderston, Inter-State Milk Producers' Association, Philadelphia, chairman; George W. Slocum, Dairymen's League, Utica, N. Y.; D. G. Harry, Maryland State Dairymen's Association, Baltimore; T. E. McLaughlin, Maryland and Virginia Dairymen's Association, Washington, D. C. This group had the cooperation of the granges, farm bureaus, agricultural colleges, and State departments of agriculture in the various States represented.

Central group: The following are the members of the committee for the Central States: H. W. Ingersoll, Ohio Farmers' Cooperative Milk Co., Elyria, Ohio, chairman; P. S. Brenneman, Dairymen's Cooperative Sales Co., Jefferson, Ohio; Harry Hartke, Queen City Milk Producers' Association, Cincinnati, Ohio; N. P. Hull, Michigan Milk Producers' Association, Lansing, Mich.; A. C. Mackin, Indiana & Kentucky Dairies Co., Louisville, Ky. Cooperating with this group were the dairy and extension departments of the Ohio State University.

Mississippi Valley group: The following are the members of the Mississippi Valley committee: E. C. Rockwell, Chicago Milk Producers' Association, chairman; D. L. Putnam, Chicago Producers' Cooperative Co., W. F. Schilling, Twin City Milk Producers' Association, Northfield, Minn.; G. R. Rice, Milwaukee Milk Producers' Association, Milwaukee, Wis.; N. E. Baum, Southern Illinois Milk Producers' Association, East St. Louis, Ill.

Pacific and mountain group: The Pacific and mountain States committee consisted of S. N. Ayres, Associated Dairymen of California, San Francisco, chairman; J. H. Mackin, Oregon Dairymen's League, Portland; J. A. Scollard, United Dairy Association, Chehalis, Wash.

The investigations made by these various committees have been exhaustive and thorough, and the results here presented are largely results obtained from college and governmental investigations for costs of production of dairy products. It has been impossible to present the material obtained before the present time, for the reason that making such investigations has required a large amount of field and office work in order that results presented would be absolutely fair and correct.

All the basing data for the statements made and for the schedules asked are too voluminous to be reviewed by the committee at this late date, but the same are on file at the office of the National Milk Producers' Federation, Washington, D. C., where they may be had at any time.

DAIRY SCHEDULE ASKED FOR.

The results of these investigations by the United States Milk Producers' Dairy Tariff Committee show that the following tariff rates on dairy products are necessary to protect the United States producers of dairy products from foreign competition:

Milk	cents per gallon..	3½
Cream	do....	35
Butter	cents per pound..	10
Cheese	do....	5
Condensed milk	do....	2
Casein (lactarene)	do....	5

These rates are based on the difference of the cost of production in foreign countries and competing sections of the United States.

DAIRY CONDITIONS.

The conditions on farms in the dairy States call for adequate protection on dairy products to bring the production of dairy products back to its former prosperous condition. In New England, for example, the number of farms as reported by the United States census has shown a marked decline in each State for the past 20 years, ranging from 11 per cent in Vermont to 24 per cent in New Hampshire since 1910. Up to the beginning of the high prices for dairy products in 1915-16, the number of cows in New England had steadily declined. Census reports for 1920 show that 24 out of the 48 States had a decline in the number of farms as compared with 1910, of from 1 per cent in Mississippi to 24 per cent in New Hampshire. In 19 of the States the decrease in number of farms is over 5 per cent. This general condition as pictured in New England prevails in other parts of the older dairy sections of the United States.

COST OF PRODUCTION.

The United States cost of producing 100 pounds of milk testing 3.5 per cent in April, 1921, as obtained by two methods, was $2.80 and $2.89. The cost of production varied by sections from $3.12 in Baltimore district to $2.53 in the Chicago district.

The first result was obtained as an average of cost reported by various sections of the United States, the methods of determination varying in each section. The following is the cost by sections:

Cost of producing 100 pounds of milk, 3.5 per cent test.

New England	$2.85
New York	2.56
Philadelphia	3.10
Baltimore	3.12
Ohio	2.86
Chicago	2.53
California	2.60
Average, United States	2.80

The second method of determination of costs was to apply the average feed and labor costs for these various sections to the "Warren formula" for the cost of producing 100 pounds of milk. The costs obtained were as follows:

Cost of producing 100 pounds of milk, "Warren formula."

Item.	Quantity.	Price per ton or hour.	Cost.
Grain........pounds..	33.29	$38.50	$0.650
Hay........do....	43.3	16.00	.346
Other dry forage........do....	10.8	8.00	.043
Silage........do....	92.2	8.00	.369
Other succulents........do....	8.3	8.00	.033
Labor........hours..	3.02	.28	.846
Total, representing 79 per cent of cost........	....	....	2.287
Final cost, including overhead........	....	....	2.89

BASIS OF COSTS OF MILK PRODUCTION IN THE VARIOUS SECTIONS.

New England: The New England costs of milk production are based upon the "Warren formula," which was developed by Dr. G. F. Warren, of Cornell University, who was a member of Hoover's milk commission, and which was used by regional Federal milk boards in determining the cost of milk production during the war period. The "Warren formula" gives the quantities of feed and labor required to make 100 pounds of milk. To these quantities have been applied new feed and labor prices as of April to bring such costs up to date.

New York: New York cost is based upon the "Warren formula," from figures furnished by Dr. G. F. Warren, of Cornell University as of May, 1921.

Philadelphia: Philadelphia costs are from the New Jersey State Experiment Station, comprising a study made of the cost of production of milk on 65 farms in two large milk-producing sections of New Jersey for May, 1921, and checked with actual records of over 4,000 cows in cow-testing associations in Pennsylvania and a recent survey of the cost of milk production made by the United States Department of Agriculture in Delaware.

Baltimore: Baltimore costs were obtained from a survey of 94 farms in Maryland, which was conducted by the United States Department of Agriculture in 1920, with such costs brought up to date as of May by introduction of new labor and feed costs.

Ohio: Ohio costs were obtained from 42 cow-testing associations, which have records extending over a period of seven years with a total of over 21,000 cows, also includes the milk-cost associations which have been operating for the past few years under the supervision of the Ohio State University. These costs in each case have been brought up to date by the substitution of new feed and labor costs.

Chicago: Chicago costs are based on the modified "Pearson formula," which was used by the Chicago Federal milk board appointed by Hoover during the war period to determine costs of milk production, with the figures brought up to date by applying recent feed and labor costs.

California: California costs are based on figures from the records of the dairymen in California for May, 1921, as furnished by the Associated Dairymen of California (Inc.).

Compared with these costs, the costs in Quebec, Canada, in April were $2.37 per hundred for 3.5 per cent milk, a difference as compared with New England of 48 cents per hundred in favor of Quebec, or 4.1 cents per gallon, and with the United States of 43 cents per hundred or 3.7 cents per gallon. The costs in Quebec, Canada, were obtained by an actual survey in territory shipping milk and cream to Boston.

Based on these costs of milk production, the cost of producing 1 gallon of 36 per cent cream is 40 cents per gallon less in Quebec than in New England, and 41 cents per gallon less in Quebec as compared with the United States.

Canada and Denmark: Based on these costs of 100 pounds of milk, the cost of producing 1 pound of butter is 10 cents less in Canada than in New England and the United States. The cost of producing 1 pound of butter in Denmark, as stated by Mr. Harold Faber, agricultural commissioner for Denmark, for 1920 was 40 cents per pound, and as stated by Mr. O. H. Larsen, professor of agricultural economics of the Royal Agricultural College, Denmark, was 45 cents per pound. As compared with the cost of producing 1 pound of butter in the United States of 59 cents and of the New England States of 55 cents, this gives the advantage to the Danish producer of from 15 to 19 cents, with the cost of transportation only 2½ cents per pound to New York.

Other foreign countries: It has been impossible to obtain production costs of dairy products in other foreign countries than Denmark, but the following tabulation of labor rates in the United States and foreign countries, as reported from Government sources, indicates that production costs in other foreign countries than Denmark are considerably lower than United States production costs.

Farm wages in United States compared with foreign countries in 1920.

Country.	Farm wages without board.	Differ-ence.	Per cent of differ-ence.
United States (dairy section)	$74		
Canada	68	$6	8
Denmark	50	24	32
Switzerland	57	17	23
Sweden	35	39	53
Australia	53	21	28
England	36	38	51
France	18	56	76
Germany	12	62	84

TRANSPORTATION CHARGES.

A study of transportation costs from Denmark to New York as compared with transportation costs from Minnesota and Wisconsin to New York shows that butter can be landed in that market as cheaply from Denmark as from the Middle West States, the cost of transportation in each case being approximately 2½ cents per pound, and transportation costs from the extreme West give a decided advantage to the foreign producer. (Transportation charges in respect to milk and cream, considered primarily from a New England and New York State standpoint: The transportation charges for milk from the center of production in New England compared with the center of production in Quebec favor the New England producer by 6 mills per gallon. Similar costs of transportation on cream show that the transportation costs favor the New England producer by the same amount. The cost of transportation of a pound of butter from the New England center of production to Boston as compared with the costs from Quebec center of production is three-tenths of a mill less.)

SPECIFIC DUTY DESIRABLE.

From an administrative standpoint it is believed that a specific duty on dairy products is more desirable than an ad valorem duty.

CHANGE IN PRICE LEVEL MAKES HIGHER DUTY NECESSARY.

In 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was adopted. At the present price level of butter, which will average from 30 to 40 cents for the year, a duty of at least 10 cents per pound is necessary to give the same protection.

A study of the United States production and consumption of dairy products shows that enough are produced here to meet all demands without any imports.

UNITED STATES, 1919.

[From the Market Reporter, June, 1920.]

Item.	Production.	Consumption.	Ratio of consumption to total produced.
	Pounds.	*Pounds.*	*Per cent.*
Milk	90,600,000,000	38,619,000,000	42.6
Butter	1,560,000,000	1,530,000,000	91.7
Cheese	420,000,000	404,000,000	96.2
Condensed milk	1,925,000,000	1,217,000,000	63.2

In 1919, 416,000 gallons of cream were shipped from Canadian points to Boston. The butter produced by New England creameries would have provided four and a half million gallons of 36 per cent cream, or eleven times the amount necessary to replace the Canadian shipments. The butter production in New England would have supplied nine times the amount needed to replace Canadian cream shipments to Boston for the month of heaviest shipment (June).

BALANCE OF TRADE ON BUTTER.

The Market Reporter, published by the United States Department of Agriculture, for February 26, 1921, shows that we have changed from a net exporting country in 1919, when we exported an equivalent of 500,000,000 pounds of milk, to a net importing country in 1920, when we imported what would be equivalent to over 400,000,000 pounds. The butter imports from Canada have increased from 350,000 pounds in 1913 to over 9,000,000 pounds in 1920. This has resulted in an oversupply of dairy products, which has resulted in a demoralized market and a selling price lower than the cost of production.

In order to maintain the standard of living on American farms and meet the difference in costs of production of dairy products in this country and foreign countries, adequate protective tariff is necessary.

IMPORTATION OF VEGETABLE OILS A MENACE TO THE DAIRY INDUSTRY.

The dairy industry demands a tariff on vegetable oils equal to the tariff on butter for which it is used as a substitute. The wholesale price of vegetable oils is usually about 25 per cent of the wholesale price of butter, yet butter substitutes usually sell for 75 per cent of the price of butter. The importation of vegetable oils used largely in the production of substitutes for butter and other milk products increased from 82,000,000 pounds in 1912 to over 435,000,000 in 1920. This importation in 1920 replaced the butter-fat production of over a million cows, or 7 per cent of the total number of cows in the United States. This has been an important factor in causing losses to dairymen, and it may have damaged materially the health of the Nation.

IMPORTANCE OF DAIRY PRODUCTS TO THE NATION.

Eminent scientists and health authorities now recognize milk and its products as absolutely essential to the life of the Nation, because they promote growth, health, reproduction, and longevity, and at the same time are the most nourishing and cheapest form of animal foods. Therefore, the Nation must give the dairy farmer protection which is as effective as that applied to other industries.

Mr. HOLMAN. Following that report, the farm organizations represented here in Washington have held a number of meetings at which they have discussed the dairy tariff schedules and other schedules, and they have come to some agreement among themselves in order to get unified support of the changes which I am offering for the record this morning. I will not read the changes, as the witnesses who will follow me will discuss it very carefully by paragraph, and it will save your time.

I also wish to file a special brief by the Associated Dairymen (Inc.), California, one of our member associations, in regard to casein and milk sugar, and to file an introductory statement of President Milo D. Campbell, president of the National Milk Producers' Federation.

Senator WATSON. Any brief that you desire to file and any witness desires to file will be received for the record.

Mr. HOLMAN. Detailed briefs will be filed by the various members who will follow me.

In closing, I wish to emphasize this point, gentlemen of the committee, that it is the producer who is most vitally interested in this protective tariff on dairy products at the present time, because he is the one whose price is made the first base on which the later operations are made.

Subsequently, the arguments which we will present before you are based primarily upon the need of our farmers.

I wish to thank you, and state our other members will follow in order.

BRIEF OF THE ASSOCIATED DAIRYMEN (INC.), OF SAN FRANCISCO, CALIF.

Casein and milk sugar should be placed on the dutiable list at the rate of 4½ cents per pound.

A duty on both casein and milk sugar is necessary for the protection of the dairy industry. While they may be regarded as secondary products, they, of course, have a direct bearing on the value of milk.

If the United States requirements for casein and milk sugar are supplied from other countries, the value of milk in this country will inevitably be reduced proportionately. Furthermore, casein and milk-sugar production has not been fully developed in the United States because of foreign competition. As important war materials, the production has been greatly stimulated during recent years. These industries, however, will be reduced to their former status without protection being given.

It should be remembered that the water rates on casein from South America and Europe to New York are less than rates by water on casein and milk sugar from San Francisco to New York. It should be remembered that California is an important producer both of casein and sugar of milk.

To place casein and milk sugar on the free list, with a protective tariff on other dairy products, places these products in a worse position than they are in at the present time, because it offers a special opportunity for dairy products to come in in this form.

Considering these facts, it would seem only fair that casein and milk sugar be put on the dutiable list at rates in keeping with the rates proposed for other milk products. Such rates of duty should provide as much protection for 100 pounds of skim milk when made into casein and milk sugar as when made into skim-milk powder.

Approximately 6 pounds of casein and milk sugar (about 3 pounds of each) is obtained from 100 pounds of skim milk, while approximately 9 pounds of skim-milk powder is obtainable from the same quantity of skim milk. It would seem only fair, therefore, that the per pound duty on casein and milk sugar should each be one and one-half times the rate on skim-milk powder.

CREAM AND SKIM-MILK POWDER RATES TOO LOW.

The dairy products schedule contained in H. R. 7456 when applied to the different products resulting from 100 pounds of 4 per cent milk shows a wide variation in the protection afforded, as shown in the following table:

Approximate rates on the different products from 100 pounds of 4 per cent milk.

Product.	Proposed by H. R. 7456.	Equivalent in terms of milk.
Fresh milk	1 cent per gallon	12 cents per 100 pounds.
Sour milk, buttermilk	½ cent per gallon	6 cents per 100 pounds.
Cream, 29 per cent fat	5 cents per gallon	8.6 cents per 100 pounds milk.
Unsweetened evaporated milk	1 cent per pound	43.6 cents per 100 pounds milk.
Sweetened condensed milk	1½ cents per pound	28 cents per 100 pounds milk.
Whole-milk powder	3 cents per pound	39 cents per 100 pounds milk.
Skim-milk powder	1½ cents per pound	13.5 cents per 100 pounds milk.
Butter	8 cents per pound	40 cents per 100 pounds milk.
Cheese at less than 30 cents per pound	5 cents per pound	50 cents per 100 pounds milk.
Casein	Free	No protection.
Milk sugar	do	Do.

From the above it will be noted that there is a serious lack of uniformity in the rates proposed; but on the better-known products, such as butter, cheese, and evaporated (unsweetened) milk, the duty is equivalent to from 40 to 50 cents per hundred pounds on milk used in their manufacture.

No doubt it was considered that fluid whole milk and buttermilk would require little protection, since they could not come in large quantities in any event. Such, however, does not apply to other products that are seriously out of line.

It will be seen from the above table that the protection on the butter from 100 pounds of milk is 40 cents, while on butter fat, in the form of cream from the same quantity of milk, it is only 8.6 cents. With the present methods of pasteurization and refrigeration cream can readily come in from Canada, and with particularly attractive markets might very well be expected to come from New Zealand, South America, and Denmark as well.

Referring again to the table, it will be noticed that the combined protection afforded to skim-milk powder and butter fat (in the form of cream) that may be secured from 100 pounds of milk is only 22.1 cents, while the same quantity of milk converted into cheese would give protection of 50 cents; into butter, 40 cents; into whole-milk powder, 39 cents; into unsweetened evaporated milk, 43.6 cents; into sweetened condensed milk, 28 cents.

Skim-milk powder is certainly as importable as any other product. Moreover, its production is one of the newest of our dairy industries. The development of the skim-milk powder industry in the United States must certainly be recognized as a matter of importance, not only to the dairy industry but to the Nation as a whole. It is only fair, therefore, that skim-milk powder be given at least as much protection as the older and well-established dairy industries are accorded.

In order that this be done, the rate on skim-milk powder in H. R. 7456 should be raised from 1½ cents to 3 cents per pound.

It is obvious that these rates should be raised in order that all protection afforded by the dairy schedule may apply with uniformity upon all products; and it is equally obvious that casein and milk sugar should for the same reason be placed on the dutiable list, each at 4½ cents per pound.

It is a matter of plain justice that the rate on skim-milk powder and cream (butter fat) combined should at least be equal to the rates on evaporated whole milk, whole-milk powder, or even cheese or butter.

It must be recognized that it is equally just that the combined tariffs on casein and milk sugar should be equal to the rate on skim-milk powder.

It must be remembered that in a modern milk plant milk is to all intents and purposes a raw material which can be converted into one product or another to meet market demands. To protect butter, therefore, and to allow cream to come in practically free will defeat the very purpose of the tariff. Moreover, to place a higher protection on butter, cheese, evaporated milk, and condensed milk, and a low degree of protection on skim-milk powder, or on casein and milk sugar, will attract the greatest possible imports of the latter products and thereby reduce the real protection for the owners of the modern milk manufacturing plants. The absolute omission of casein and milk sugar from the dutiable list will still further contract the field of operations for the milk plants.

We trust that these considerations will have careful consideration and approval.

IMPORTS, PRICES, AND DOMESTIC PRODUCTION OF CASEIN (LACTARENE).

Importation of casein.—The importations of casein (lactarene) into the United States has increased from 9,000,000 pounds in 1913 to over 21,000,000 in 1920, as follows:

Imports of casein (lactarene), by years.

[Report Foreign and Domestic Commerce.]

	Pounds.		Pounds.
1913	8,805,000	1917	12,319,000
1914	10,798,000	1918	7,084,000
1915	7,920,000	1919	17,239,000
1916	10,376,000	1920	21,239,000

Over 17,000,000 of the 21,000,000 pounds of casein which was imported in 1920 came from Argentina, as shown by the following:

Imports of casein (lactarene) by countries, 1920.

[Report Foreign and Domestic Commerce.]

	Pounds.		Pounds.
France	368,000	Japan	3,000
England	2,257,000	Australia	179,000
Argentina	17,300,000	New Zealand	677,000
Brazil	201,000		
British India	250,000	Total	21,239,000

Casein prices.—As a result of these very large importations of casein the price to the manufacturer of casein has gone so low that it now pays no more than the cost of manufacture and returns no value for the skim milk used in its production. This has cut off an important market for skimmed milk. It is an economic waste not to use this skimmed milk to replace foreign casein. The following shows the prices received for casein by one New England producer of the product:

Casein prices, per pound.

	1918	1919	1920	1921		1918	1919	1920	1921
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	*Cents.*	*Cents.*	*Cents.*
January	13½	15	11	8½	July	16	10½	12½	6
February	13¾	13	12	8	August	16½	11	13	5
March	13½	12	12	6¼	September	17	12½	13	5
April	13	13	12½	6	October	17	12½	12½	5
May	14	10	12½	6	November	17	12½	12½	5
June	15	10¼	12½	6	December	17	12	10	5

Average prices.

	Cents.
1913	6
1914	5¾
1915	6½
1916	12
1917	16¼

Domestic production of casein.—The United States Department of Agriculture, Bureau of Markets, reports the domestic production of casein or lactarene as follows:

	Pounds.
1918	10,935,000
1919	13,685,000
1920	11,526,000

BRIEF OF MILO D. CAMPBELL, COLDWATER, MICH., REPRESENTING THE NATIONAL MILK PRODUCERS' FEDERATION.

Permit me in behalf of over 200,000 members of the National Milk Producers' Federation to file with you the following general statement:

1. We ask that you first consider that we come to you as milk producers, farmers, and not as manufacturers.

There are 4,000,000 milk producers in the country and but comparatively few manufacturers of dairy products.

Wherein our demands for tariff rates may differ, if they shall, we want you to bear in mind that manufacturers who live and prosper upon margins, the value of whose products is more than 85 per cent the whole milk or cream bought of the farmers, have no right to disregard the needs of the real producers of dairy products.

2. We come to the committee asking no special favors in the way of protections not granted to other deserving industries.

3. We have no apprehension that there will be any discrimination between schedules affecting the farmer and those affecting manufacturers, nor have we any present reason to doubt the purpose of the committee; but, should there be any attempt to trade the farmer for foreign markets, to place upon the free list or near free lists his products, to gain trade for protected industries, the same will not be patiently tolerated by agriculture.

4. The specific rates asked by the milk producers of the country upon their various products will be presented to your committee by experts, and we ask that they be adopted. I am here but mentioning a few basic reasons why they should be enacted into law, along with other protective tariffs upon farm products.

The difference between a protective tariff and a revenue tariff consists chiefly and almost wholly in wages. I want to invite the attention of the committee to this most important question, as it affects the farmer and particularly the dairy farmer at this time.

FARM EARNINGS—WAGES.

The total production of the farms of this country for the year 1921 will not exceed $10,000,000,000.

This sum includes all produce of every kind and description including live stock, whether sold or consumed on the farms by the farmers themselves.

This estimate is probably about $2,000,000,000 too high, owing to the rapid drop in prices during the last few months.

Before the farmer can count a labor wage for himself, he must make from the above amount some deductions.

1. The last census fixed the value of his land, covering 6,459,000 farms at $54,903,000,000, his implements and machinery at $3,595,000,000, his live stock at $7,996,000,000, and his buildings at $11,430,000,000. We exclude farmhouses from the last item, because used as a residence should be offset against him. We therefore divide the buildings amount by 2, calling it $5,760,000,000. We thus have a total investment other than for residences, of $72,250,000,000.

Let us first allow the farmer a meager 6 per cent upon his total investment, or $4,335,000,000.

Allow him depreciation and repairs upon his buildings, fences, farm machinery and equipment, losses through sickness and accident to his live stock, depletion of soil, etc.

A very moderate estimate must place this at 6 per cent upon his valuation, or another $4,335,000,000.

His insurance and taxes, State and local, will exceed $1,500,000,000.

These allowances to the farmer will total $10,170,000,000 or $170,000,000 more than the total value of every crop raised from field and orchard, including all live stock sold.

This does not leave a dollar of wage for the 12,000,000 men employed upon the farms of the country, not a dollar for the support of the 40,000,000 people living out in the rural districts.

Of course, this statement will be at once challenged as to accuracy by the unthinking, because the farmer must and does exist somehow.

He lives, however, because he gets nothing upon investment and because he is allowing his farm, his buildings, and farm equipment to go without repairs or renewal.

There are no new fences, no freshly painted farm buildings, no new farmhouses, and but absolutely indispensable farm machinery is purchased.

He can not escape taxes, insurance, mortgage indebtedness, etc. But to make concrete the conditions existing let us divide by 12,000,000 (the number of male farm workers) an estimated possible $5,000,000,000 remaining after taxes, insurance, and necessary property expenses are met.

We would have for each man per year for wages $416, upon which himself and family must subsist, and upon which three and a third persons must live.

This does not account for any earnings for the millions of women and older children who work in the fields, care for stock, milk cows, and do other farm work.

With no allowance for investment, the farmers of this country are not receiving this year a dollar a day for their labor.

MANUFACTURING INDUSTRIES.

Upon the other hand, let us take a look at manufacturing industries. It is well known that profits are at a low ebb and that enterprise is lagging everywhere.

But statistics prove the contention we make, that agriculture must not be discriminated against or traded in this tariff bill, if justice is to mark its course.

There are 289,768 factories reported, with 9,103,000 wage earners employed therein.

Their capitalization is $44,500,000,000, and their products last year amounted to $63,000,000,000.

If we should make the same allowances that we did for the farmer, credit the owners 6 per cent for their investment and all other items a like consideration, we would have an earning for labor amounting to more than $5,000 for each man per year. It must be admitted that in the grand total of $63,000,000,000 manufactured products must be some pyramiding of figures, but not excessive.

Chicago alone claims to have manufactured products valued last year at $6,500,000,000.

We need not carry this analogy further, for we have no desire to arouse class antagonism, nor are we opposing a fair wage to American labor.

FOREIGN TRADE.

We do not place the importance upon foreign trade to our industries that is being urged by the manufacturing industries upon Congress.

During normal times more than 90 per cent of our farm and manufactured products are sold at home in the home market.

The cause of our business paralysis at this time is not because of lessened foreign trade, it is because of the utter impossibility of the farmers of the country to buy, to consume their part of the 90 per cent from the factories of the country usually absorbed at home.

The 35,000,000 people on the farms of this country are consumers of manufactured stuff equal to the consumption of any other 60,000,000 of our population.

They buy not alone for their personal needs, but for the equipment and management of 6,459,000 farms.

This home market has been paralyzed during the past few months because of the low price of farm produce, and it is that paralysis that has closed the factories of the country.

Had farmers received for their labor and products of the farm the seven or eight billions of dollars shrinkage suffered in a single year all the business would have been normal.

The economic circle would not have been broken. Seven billion dollars of money gives our banks $50,000,000,000 resources and unnumbered billions of clearances.

If, through a low tariff upon farm products, this home market shall be destroyed or seriously weakened, no foreign market can ever take its place.

EUROPEAN TRADE.

The low wages paid in the former manufacturing countries of Europe will for many years prove almost prohibitive competition to American manufacturers in their respective countries. If we shall be successful in protecting our own people against their competition in the United States we will have done much for the laboring men of America, whether such labor be in the factory or upon the farm.

SOUTH AMERICA.

As farmers we have heard the plea for the South American trade and that of other Southern Hemisphere countries. But with that plea we hear the corollary, that if we sell to them we must buy of them. That the ship that carries our manufactured goods to them must be loaded with their goods for sale to us upon its return.

As farmers, we are asking "with what commodities are such ships to be loaded?" What have they to sell but just such food and farm stuff as that produced by our American farmers?

We are not numerously in Washington, the Nation's market place, at this time, because we can not afford the expense; but we are intensely interested in our fate. We have confidence that the Congress and its committees will accord to us fair treatment, but we have no confidence in those who would sell us to the Egyptians. We can not be fooled by the voice of Jacob and the hand of Esau, nor do we believe that Congress can thus be deceived.

THE DAIRY BUSINESS IN JEOPARDY.

I shall not enter the special fields to be covered by experts in various branches of the dairy industry. We are just coming to know the value to the human family that milk as a food has proven to be. The people I represent furnish one-fifth of the food supply of the Nation and the most essential food that is known. We are to-day producing more than 45,000,000,000 quarts of milk per year and receiving for it an average of less than 3 cents per quart.

We do not array ourselves against good wages for labor anywhere, but we do want to have our condition as dairymen known. If the farmers were to drive their cows to the doors of our laboring men in other callings, offering them all the milk the cows produce for the mere act of milking the same, they would not perform that labor at the prices received by the farmer. The milking of the cows is but one-fifth the cost to the farmer of the milk the cows produce.

Time does not permit a discussion of all the bearings the tariff offers to a relief of dairy farmers at the present time. But we do ask a duty upon milk and milk products; and a duty upon vegetable and other cheap oils and fats now being made into so-called substitutes for milk products high enough to protect our honest dairymen in their most essential field of toil, such as will be presented by our member organizations who follow.

LETTER AND RESOLUTION OF THE COOS COUNTY FARM BUREAU.

LANCASTER, N. H., *November 16, 1921.*

NEW ENGLAND DAIRY TARIFF COMMITTEE,
Boston, Mass.

GENTLEMEN: In presenting the brief opposing the present tariff provisions on butter, cream, and milk to the members of the Coos County Farm Bureau, assembled in annual session, November 14, 1921, at the courthouse, Lancaster, N. H., the proposition aroused the interest of several dairymen, former residents of Canada. Coos County is located along the Canadian border, and, consequently, the influence of importation of milk, cream, and butter from Canada is felt from personal knowledge and observation. Combined with this fact, several farmers at the present time in the county are recent immigrants from Canada. These men have a definite knowledge of the American and Canadian conditions relative to producing and marketing milk and milk products. After introducing the brief to the meeting a recent Canadian resident took the floor and made the statement that 3½ cents a gallon on milk with proportionate tariff regulations on other dairy products was not sufficient to check the importation of this product, nor was it sufficient to place the New England, and particularly the Coos County dairyman, on an equal basis with his neighbor in the dairy business in Canada. He further stated that from his knowledge of both countries 5 cents would be a meager sum in bringing about this equality, and it was through modesty that he asked for 5 cents. All felt it should be even more. His sentiment in the matter was more or less the prevailing one among Coos County producers that had recently come from Canada, and this fact influenced in a large measure the attitude which the committee on resolutions have taken in presenting the resolution which was finally adopted.

Am submitting this in connection with the resolution as a guide, and the reason why the resolution committee acted as they did in this matter.

Very truly, yours,

GEORGE H. NEVERS,
Farm Bureau President.

RESOLUTION.

The following is the resolution drawn up by the committee on resolutions at the Coos County Farm Bureau annual meeting, held November 14, 1921:

"*Be it resolved,* That it is the opinion of the Coos County Farm Bureau that the proposed tariff on dairy products, based on 3½ cents per gallon on whole milk, is entirely inadequate to properly protect the dairy industry of Coos County.

"We recommend a tariff rate of at least 5 cents per gallon on whole milk, with other dairy products in proportion.

"*Be it resolved,* That a notice of this action be forwarded to our Congressmen and United States Senators at Washington, with the request that they not only support it by their vote, but that they use their influence in all ways to bring about its enactment as a part of the tariff legislation now pending."

STATEMENT OF GEORGE N. PUTNAM, PRESIDENT NEW HAMPSHIRE STATE FARM BUREAU FEDERATION, CONCORD, N. H.

Mr. PUTNAM. I represent the New Hampshire State Farm Bureau Federation, and also I desire to appear as a representative dairyman from New Hampshire, having been engaged in the dairy business all my life and am engaged in it at the present time.

I want to call briefly to the attention of your committee the conditions of the farm people and farming conditions of New England. I think the New England farmers are more largely engaged in dairying than in any other single line of agricultural pursuits, and the prosperity of New England agriculture depends very largely on the prosperity of the dairy farmer. Dairy products are the one class of agricultural products which is produced in New England in large quantity to practically feed our people, and I want to call your attention to a few things in connection with our farmers. I want to quote from the Fourteenth Census, which shows the figures concisely. I will try to be as brief as possible and give you summaries rather than the situation from each State. I want to speak particularly for New England as a whole, and also for my own State. The census shows this: That from 1910 to 1920 the number of farms decreased materially in each New England State—in all New England from 188,802 to 156,564, or a decrease of 17 per cent as a whole. It might be said by some that this decrease meant the combining of the smaller farms, but it is not true, as the figures show, because along with the 17 per cent decrease of the number of farms in New England comes a decrease of 15.7 per cent in the cultivated acres.

In comparison with 1890 to 1900, which were normal times, the decrease was only 1.6 per cent for that entire period; while from 1910 to 1920 it was 17 per cent. For instance, Maine's farms decreased 1.6 per cent; New Hampshire, 13.2 per cent; Vermont, 11.2 per cent; Massachusetts, 11.5 per cent.

Senator WATSON. That means cultivated farms?

Mr. PUTNAM. Answering that, it means in actual farms as reported in the census. For Rhode Island it was 12.9, and Connecticut 11.8 per cent.

Senator JONES. Have the farmers all gotten rich and gone into the city to enjoy their incomes?

Mr. PUTNAM. No, sir. You will find this in regard to the conditions on the farms, and to my mind it is one of the reasons for the decrease in the farms; in fact I know it to be true, because I have lived on the farm on which I now live all my life. I was born there. When the boys grew up, other opportunities along other lines showed greater advantages to them, and they have simply left the farm and gone to the town, and as a result there are many instances in New England along the roads for miles where the average age of the farmer is away above 50 years. I could cite an instance along a road in New Hampshire on which I drove a few months ago, in a county some distance from my own, a distance of 2 miles there were just two farmers under 50 years of age.

Not only that, but farm after farm was unoccupied.

Senator WATSON. Has farming decreased but dairying increased?

Mr. PUTNAM. I think you will find this: That from 1909 to 1919, while the production of milk in the country as a whole increased 18 per cent, in New England it decreased 2 per cent.

I want to call attention to statements showing the mortgaged condition of the farms in the last 10 years. From 1910 to 1920 the farm mortgages in the State of Maine increased 58.4 per cent; in New Hampshire they increased 42.9 per cent; in Vermont 89.6 per cent; in Massachusetts 42.8 per cent; in Rhode Island 10.2 per cent; in Connecticut 50.6 per cent.

I want to call your attention to the farms that were mortgaged in 1890 to 1900, 1910 and 1920: In New Hampshire in 1890, 21.8 per cent of farms were mortgaged as reported; in 1900, 2.5 per cent; in 1910, 25.6 per cent, and in 1920, 31 per cent; in Maine 22.1 per cent in

1890, 26.7 per cent in 1900, 26.8 per cent in 1910, and 29.8 per cent in 1920.

I am going to file this statement, as it applies to every New England State. In all New England States the number of farms that have been mortgaged have increased continually since 1890. While there was no large increase from 1890 to 1900 up to 1910, yet there has been a decided increase in the number of farms mortgaged in 1910.

Senator WATSON. Mr. Putnam, we are more or less familiar with those statistics. Could you come along to the dairy interests?

Senator SMOOT. Your general idea is that for years in this country the farmers have had the worst of the situation?

Mr. PUTNAM. For years; and for the last period of years in New England we have never faced such as we have faced in the past two years.

Senator WATSON. We are perfectly familiar with those conditions throughout the country. If you can tell us why the rates on dairy products in the Fordney bill are not satisfactory, if they are not, that is what we are interested in.

Mr. PUTNAM. If you would allow me, I would just like to mention one point in connection with the decline in the number of farms and also the number of families, because some people may raise the question that the farms abandoned in New England are the farms that are situated back from the markets and which are not desirably placed properties on which to live. I want to mention one instance which is in my own town. The neighborhood of which I speak is within 6 miles of the statehouse at Concord, within 2 miles of a State road, and all these farms can reach stores and post offices and churches inside of 2 to 3 miles, and some of them within a mile; and years ago, perhaps 25 or 30 years ago, there were on these 13 farms which I speak of, right in one neighborhood, on one New Hampshire hill, where there is as good soil as there is in the State of New Hampshire, 200 head of live stock kept, there are now 50 head. There were 65 people living on those farms, and there are now 12. Of the 13 farms there are 2 upon which live stock is kept, and there are now 6 children in that neighborhood, while, as I remember, years ago there were over 20 children, and a school was run there which is now abandoned.

I mention that just to bring out that one point that the abandonment of farms is not confined to those that are far back, but to those as well which are located, you might say, near to the markets. The reason the farms are being abandoned is because farming as a business is not as profitable as other lines of business have been, and when the boys grew up they left these farms and went to town or into some other line of work for better wages.

Senator JONES. So that now the farmer in your section of the country under 50 years of age is a curiosity?

Mr. PUTNAM. I would not quite state that, but I will say that the percentage of farmers who are under 50 years of age has decreased very, very materially in the past 10 years. There is no question about it, and it is getting more and more that way.

Senator WATSON. Is it your theory, those conditions being equal, that farming in New England is not as profitable as it was 25 years ago?

Mr. PUTNAM. Dairy farming is not under present conditions. A few men engaged in the fruit industry for the past few years have been successful, because they have got good markets. But the dairy farmer, who is the man who stays there 365 days in the year—and I speak personally from my own experience, because I was born on the farm I am now on, and I say frankly to you gentlemen that the last three or four years have been the most unprofitable years, and it was unprofitable because dairy cows have been unprofitable.

Senator JONES. State your age.

Mr. PUTNAM. I was born in 1864.

Senator WATSON. It would seem with the constantly decreasing number of farms and farmers and with the constantly increasing demand because of the increase of population in cities that prices would be enhanced.

Mr. PUTNAM. Yes; it is true. But competition coming from the outside has to an extent flooded the markets.

Senator WATSON. That is the very feature we want to get at.

Mr. PUTNAM. I will cover that right here.

Senator SUTHERLAND. Have not the younger people gone to Canada to farm, where land is cheap?

Mr. PUTNAM. No, sir. Very few of our people have gone out of New England. They have gone into certain lines of industry in New England which have afforded them a better wage. For instance, I had a herdsman who had been with me 10 years, and a machine shop in my own town offered him better wages. He was not a machinist in any sense of the word; he never had done any work at all excepting on the farm. He worked on the farm all his life, a man 50 years old. He is now working in the machine shop because he gets more money than I can pay him.

Senator SUTHERLAND. Is it not a union shop?

Mr. PUTNAM. No, sir. They are paying probably the union wages. I should judge so.

It is true that the dairy business in Canada has increased very materially and the imports into this country from Canada have increased very materially. In 1913 there were 35,000 pounds of butter brought in from Canada into the United States, while in 1920 there were 9,000,000 pounds brought in.

Of cream in 1913 there were 800,000 gallons brought in, while in 1920 there were 1,300,000 gallons brought in.

Of milk there were 8,000 gallons brought in in 1913, and 1,500,000 gallons brought in in 1920. So we living near the dairy sections of Canada to-day have had to meet that competition.

Senator McLEAN. What do you get for milk now?

Mr. PUTNAM. Depending on where it goes, into the market—I can give you some figures a little later that will give you some enlightenment on that.

Our business has not been unprofitable because we have sold off our cows down to the point where the overhead does not compare to the volume of business we do. The statistics show that the number of dairy cows in all New England has varied very little between 1910 and 1920. There were 841,698 cows in New England kept for milk in 1910, and 842,928 dairy cows over 2 years of age in 1920.

Senator SUTHERLAND. While our population has increased?

Mr. PUTNAM. Our population has increased quite materially.

Senator SUTHERLAND. So the number of cows per thousand population would be somewhat less?

Mr. PUTNAM. Yes; certainly. I have a chart here that shows some of these things. In my own State of New Hampshire the total population in 1910 was 430,572, of which 256,439 were urban and 174,133 were country population—the country population includes all people living outside incorporated places—while in 1920 of 443,083 people, an increase of something like 11,000 over 1910, 284,000 were urban, as compared with 256,000 10 years ago, and 159,000 were country people, compared with 174,000.

I want to bring to your attention just one sheet, which to my mind illustrates very clearly the reason why New Hampshire farms are being deserted or abandoned at the present time and have been, while the number of people engaged in farming has decreased materially. This sheet is the result that we found by a survey taken on 12 herds distributed over different sections of New Hampshire, taken under the direction of the farm management representative of the State college, who was a State and Federal employee, going to these farms and taking the survey with the farmer, and the farmer keeping accurate accounts for years, these accounts being checked up monthly by the representative of the college—and it shows—I will give you the summaries. It shows in cost $3.87 a hundred to produce milk on those farms and deliver it to the station where the party sold the milk. The standard market price in the tenth zone, which is comparable to these figures for milk shipped to the Boston market during this same period, which was from the beginning of April, 1920, to the end of March, 1921, was $3.25 a hundred. That is what the farmers actually received who shipped their milk to the large contractors in Boston, delivered at their station.

Senator McLEAN. Per quart?

Mr. PUTNAM. Per hundred pounds—$3.25 as compared with production cost of $3.87.

Senator WATSON. That is to say, he lost money?

Mr. PUTNAM. He lost 62 cents on every hundred pounds.

Senator SUTHERLAND. How many gallons are there in a hundred pounds?

Mr. PUTNAM. A quart of milk weighs practically 2.15 pounds.

Senator WATSON. There are 46½ quarts to a hundred pounds?

Mr. PUTNAM. These cows produced 6,387 pounds of milk. They were exceptionally good herds. They were herds where a man had been keeping records for years and improving and using those records upon which to improve the herds. Therefore, the milk, 6,387 pounds, is at least 1,387 pounds above the average for the State and probably even more than that. So they were as profitable herds, taking them from a production standpoint, as we could expect to find, and very much better than the average. The loss upon each cow figured 62 cents a hundred, for the milk produced was $39.60 per cow; the labor cost, 254 hours, at 40 cents per hour, or $1.02 to produce 100 pounds of milk, and figuring the hours that the man put in, and taking out the loss here, the man who owned these cows got 16 cents an hour for this labor by paying the hired men 40.

There is the reason why people are leaving the farms in New England. It is because the price received for their product does not give them the same wage they can get elsewhere; it does not even give the wage paid the farm hands whom they are hiring on the farm. I have hired five men regularly, three married men and two single men, and I have not a man working for me—and I speak from actual experience—but what has drawn nearly double the wage I have in the past three years. I may say in years back, from 1900 to 1910, I have never seen a time but what I could get a living in the dairy business. But I tell you, gentlemen, it has been impossible to do it for the past few years, in doing a volume of business that requires the employment of men. If the small farmer with 8 or 10 cows in a small place is willing to work as those men did per small wage, raising some of the needs of life on his farm, he can, as we express it, "get by." But as a business proposition, dairy farming in New England has not proved for the past few years profitable and is not profitable at the present time, and unless something can be done to put that business on a basis to give reasonable life and compensation to the men who have got their money invested in it, we can not expect to hold the number of men on the farms that we have now, and instead that decrease will continue. It must be so, because people have got to live, and with the increased tax burdens and burdens all along the line it is impossible. Man after man is closing out all the cows he has, and this year he is closing them out at 50 per cent, and even less than 50 per cent, of the price they are valued at in the census report taken a year ago.

We have got over $1,000,000,000 invested in agriculture in New England. You will hear people say, as it was put up to our representative who came out to meet one of the departments of the Government for the purpose of getting some money to take back into New England to help finance their business there, "We do not look upon New England as an agricultural section."

Senator WATSON. Mr. Putnam, what does it cost the Canadian farmer, on the average, to produce 100 pounds?

Mr. PUTNAM. Those figures will be submitted by a witness who follows me.

Senator WATSON. Can you tell me whether it costs more or less?

Mr. PUTNAM. It costs less materially, and we are here asking, and all we ask, a duty on dairy products that will put us on an equality in our markets with the Canadian producers.

Senator WATSON. How much is that?

Mr. PUTNAM. Speaking from a dairy standpoint, I could figure it 10 cents a pound, and a duty that is comparable to that on milk, cream, and other products.

Senator WATSON. If your figures are correct—and I have no doubt they are—2 cents a gallon would not be protective to you at all.

Mr. PUTNAM. We are not asking for that. We are asking for something that will put us on an equal footing so we can hold for the New England dairy farmer the dairy market.

I want you gentlemen to get this point in closing: That there is some agricultural business in New England; that we have $1,000,000,000 invested; that dairying is the largest industry we have; and that the prosperity of New England agriculture depends on the prosperity very largely of the dairy farmer.

Senator SUTHERLAND. You are asking for 10 cents a pound?

Mr. PUTNAM. On butter, and a comparable basis on milk, cream, and other products, figuring it out on the butter-fat content.

(The tables referred to are as follows:)

Decrease in number of farms, 1910 to 1920.

[Fourteenth United States Census.]

	Number of farms.		Decrease.	Per cent decrease.
	1910	1920		
Maine	60,016	48,227	11,789	19.6
New Hampshire	27,053	20,523	6,530	13.2
Vermont	32,709	29,075	3,634	11.2
Massachusetts	36,917	32,001	4,916	11.5
Rhode Island	5,292	4,083	1,209	12.9
Connecticut	26,815	22,655	4,160	11.8
Total	188,802	156,564	32,238	17.0

Number of farms, 1890 and 1900.

[Fourteenth United States Census.]

	1890	1900	Increase (+) or decrease (−).
Maine	57,391	53,496	−3,895
New Hampshire	25,969	25,370	− 599
Vermont	26,835	27,252	+ 417
Massachusetts	29,370	31,587	+2,217
Rhode Island	4,125	4,229	+ 104
Connecticut	22,669	21,756	− 913
Total	166,359	163,690	−2,669

Decrease in improved land in farms, 1910 to 1920.

	1910	1920		1910	1920
	Acres.	*Acres.*		*Acres.*	*Acres.*
Maine	2,360,657	1,977,329	Rhode Island	187,344	132,855
New Hampshire	929,185	702,902	Connecticut	988,252	701,096
Vermont	1,633,965	1,691,595			
Massachusetts	1,164,501	908,834	Total	7,254,904	6,114,601

Total decrease, 15.7 per cent.

Increase in mortgage debt in New England, 1910 to 1920.

[Fourteenth United States Census.]

	1910	1920	Increase.
			Per cent.
Maine	$11,738,529	$18,592,225	58.4
New Hampshire	4,773,610	6,820,551	42.9
Vermont	12,436,091	23,575,778	89.6
Massachusetts	16,371,484	23,412,188	43.0
Rhode Island	1,356,326	1,494,367	10.2
Connecticut	11,859,468	17,860,949	50.6
Total	58,535,508	91,756,048	49.1

Percentage of farm mortgages, 1890 to 1900 and 1910 to 1920

[Fourteenth United States Census.]

	1890	1900	1910	1920		1890	1900	1910	1920
New Hampshire	21.8	25.5	25.6	31.0	Massachusetts	30.5	38.6	40.9	47.3
Maine	22.1	26.7	26.6	29.8	Rhode Island	19.1	27.1	29.6	32.5
Vermont	44.3	46.9	46.9	50.2	Connecticut	31.1	40.7	43.2	48.2

Decrease in country population and increase in urban population of New Hampshire, 1910–1920.

[Fourteenth United States Census.]

Year.	Total population.	Urban.	Country.
1910	430,572	256,439	174,133
1920	443,083	284,031	159,052

"Country population" includes all people living outside incorporated places. Estimated from census reports.

Number of dairy cows, 1910–1920.

[Fourteenth United States census.]

	1910	1920		1910	1920
Maine	156,819	175,425	Rhode Island	23,329	21,431
New Hampshire	101,287	95,997	Connecticut	122,853	112,622
Vermont	265,483	290,122			
Massachusetts	171,936	147,331	Total	841,698	842,928

Cost of production per 100 pounds of milk (Apr. 1, 1920, to Apr. 1, 1921).

Number of herds		12
Number of cows		196.5
Feed costs: Grain, 27.6 pounds; silage, 67.3 pounds; hay, 76 pounds		$2.19
Labor costs: 2.54 hours, at 40 cents per hour		1.02
Overhead	$1.07	
Less credits (value of manure and calves)	.41	
		.66
Total costs		3.87
Price received per hundredweight, shipping station, same year		3.25
Loss per 100 pounds		.62
Loss per cow, 6,387 pounds per cow, at 62 cents 100 pounds		39.60
Price paid per hour of labor to producer		.16

STATEMENT OF JOHN A. NESS, PRESIDENT MAINE DAIRYMEN'S ASSOCIATION, AUBURN, ME.

Mr. Ness. My name is John A. Ness; my residence, Auburn, Me.

Senator Watson. What is your business?

Mr. Ness. Farming. Mr. Chairman and gentlemen, I have the honor to represent the dairy interests of the State of Maine here on this committee. In our appeal in support of the New England Dairy Tariff Committee, asking a higher tariff on our dairy products, so that we can get a better living out of our industry, I will present to you actual figures, as taken from 17 different herds, giving the production and receipts for the product as received by these 17 different dairy farms. They are taken from various sections, from 9 of the different counties out of 16, so that we would get the average condition and not isolated condition. Of course, the reason why we are not giving figures from some other counties, for instance, Aristook, is because it is a potato section. But we have a relative comparison with the different counties that are more or less dairy counties.

A general statement of the whole matter to show you how those figures were gotten might interest you. A survey was made to determine the cost of pasturage, an inventory of the herd, buildings, and equipment was taken at the beginning of each account. Credit has been given for whole milk used on the farm at the same rate for milk sold; skim milk used on the farm credited; and credit given for manure and other things at uniform rates per cow per year on the basis of the number of cows in the herd. The use of buildings was secured by figuring 10 per cent of the value to cover interest, taxes, and depreciation; the use of equipment was also secured. Hay was charged at the actual market value, the farmer's own time at replacement cost of the hired help, not at what the farmer ought to get as owner and on investment as well as his time put in. The depreciation of cows was secured by adding to the value of cows on June 1, 1920, the value of all cows and heifers which freshened during the year and from that total deducting the value of the cows on hand May 31, 1921.

In the matter of feed, hay, silage, grain, and other things entering into the production of milk it was $117.08. The human labor was set at $50.87. Other costs, such as interest, taxes, insurance, depreciation on cows, use of fields, use of equipment, hauling milk, and horse labor, were $71.04, making a total cost per cow of $238.99. The total credits per cow other than milk amounts to $29.50, the cost of milk per cow $209.49, making a net loss per cow of $38.21.

Senator JONES. You say that that includes the depreciation. Do you mean that you took into consideration the difference in the market price or value of those cows?

Mr. NESS. Yes, sir; the exact conditions from June 1, 1920, when an inventory was taken at the exact price at that date.

Senator JONES. How much was that depreciation owing to the reduced value of the cattle?

Mr. NESS. Up to May 31—I could not say exactly, though not so much as it would be to-day. But detailed figures are at hand and will be given by some of the speakers showing exact figures.

Senator JONES. If some one else is going to give it, very well, but I think that is a very important factor. I think some cows have depreciated that much in price, just for a single cow, and more.

Mr. NESS. The cows certainly have depreciated in price.

Senator JONES. There is no question about it, and I think the depreciation probably between those two dates in the value of the cows is as much as the total loss per annum that you figure there.

Mr. NESS. The depreciation as given by those figures, $19.37 per cow, would mean that that is just about half the depreciation, and not the total.

The cost per hundredweight of milk is $3.76; received per hundredweight for this milk, $3.08. The average return per hour labor for the farmer gives simply 8 cents, or a little better, showing that, of course, there is considerable loss and has been in past years, in support of the contention of the New England Tariff Committee in the bill as presented by them.

The point I would like you specially to note is the cost of milk per hundredweight, and this cost is a little better, or a little less than the average would be for the whole State, because of the production of milk. The production per cow as given here for these 17 different herds is 5,566 pounds of milk. The average for New England is 5,000 pounds or less.

The point I wish to bring out is the fact that there was a loss here of $38.21 per cow, and the farmer only received for his labor 8.8 cents per hour spent in taking care of his cows.

SUMMARY OF THE COST OF MILK PRODUCTION ON 17 MAINE FARMS FOR THE YEAR ENDING MAY 31, 1921.

[Compiled by M. D. Jones, farm management demonstrator.]

GENERAL STATEMENT.

The data given in the following tables were computed from monthly reports furnished by 17 farmers. A survey was made to determine cost of pasture and bull service on each farm. An inventory of the herd, buildings, and equipment was taken at the beginning of each account. Credit has been given for whole milk used on the farm at the same rate as that received for milk sold. Skim milk used on the farm was credited at 30 cents per hundred. The credit for manure was made at a uniform rate of $20 per cow per year on the basis of the number of cows in the herd each month. Use of buildings was secured by figuring 10 per cent of the value to cover interest, taxes, and depreciation. Use of equipment was secured by figuring 15 per cent on the value to cover interest and depreciation.

Hay has been charged at market value at the farm; labor at cost, or in case of the farmer's own time at replacement cost; grain and other items of cash expense have been charged at cost. Depreciation on cows was secured by adding to the value of cows on hand June 1, 1920, the value of all cows purchased and heifers which freshened during the year, and from this total deducting the value of cows on hand May 31, 1921, plus the value of cows sold and slaughtered.

According to these records, the average cow lacked $38.21 of paying expenses. In other words, the average farmer received 8.8 cents per hour for his time while working on dairy cows.

Cost of production.

[17 herds; 180 cows.]

Per cow basis:		
Feed—		
Grain, 1,893 pounds	$53.55	
Hay, 3,180 pounds	33.33	
Silage, 4,021 pounds	15.89	
Green feed, 1,071 pounds	3.81	
Corn stover, 357 pounds	1.14	
Other feeds, 200 pounds	.82	
Pasture	8.54	
Total cost of feed per cow		$117.08
Labor—Human labor per cow, 144 hours		50.87
Other costs—		
Interest, taxes, and insurance on cows	7.08	
Depreciation on cows	19.37	
Use of buildings	17.29	
Use of equipment	3.34	
Bull service	3.86	
Ice	3.22	
Hauling milk	11.40	
Horse labor, bedding, and miscellaneous	5.48	
Total other costs per cow		71.04
Total cost		238.99

Per cow basis—Continued.		
Credits (other than milk)—		
Manure	$19.93	
Calves and calf hides	8.70	
Feed bags and miscellaneous	.87	
Total credits per cow		$29.50
Net cost of milk per cow		209.49
Milk production, 5,566 pounds, value		171.28
Net loss per cow		38.21
Cost of milk per hundredweight		3.76
Received for milk per hundredweight		3.08
Cost of milk per quart		.0809
Received for milk per quart		.0661
Average return per hour for labor used		.088
Total for 17 herds:		
Feed—		
Grain, 340,703 pounds	9,638.94	
Hay, 572,346 pounds	5,999.56	
Silage, 723,715 pounds	2,859.72	
Green feed, 192,790 pounds	686.31	
Corn stover, 64,198 pounds	206.22	
Other feeds, 35,912 pounds	146.73	
Pasture	1,538.14	
Total cost of feed for 17 herds		21,075.62
Labor—Human labor for 17 herds, 25,991 hours		9,156.43
Other costs—		
Interest, taxes, and insurance on cows	1,273.76	
Depreciation on cows	3,487.00	
Use of buildings	3,112.70	
Use of equipment	602.07	
Bull service	695.18	
Ice	579.89	
Hauling milk	2,061.61	
Horse labor, bedding, and miscellaneous	987.02	
Total other costs for 17 herds		12,789.23
Total cost		43,021.28
Credits (other than milk)—		
Manure	3,588.00	
Calves and calf hides	1,565.76	
Feed bags and miscellaneous	157.08	
Total credits for 17 herds		5,310.84
Net cost of milk for 17 herds		37,710.44
Milk—Production, 1,001,899 pounds, value		30,831.24
Net loss for 17 herds		6,879.20
Cost of milk per hundredweight		3.76
Received for milk per hundredweight		3.08
Cost of milk per quart		.0809
Received for milk per quart		.0661

I have a letter here from one of the largest dairy systems in New England, the Turner Centre System, and they are also in favor of this tariff as supported by the New England Tariff Committee. If it is your pleasure I will read that letter. [Reading:]

CHARLESTOWN, MASS., *November 12, 1921.*

The NEW ENGLAND DAIRY TARIFF COMMITTEE,
Boston, Mass.

GENTLEMEN: As a strictly cooperative dairying concern representing 4,000 producers of milk and cream in Maine and New Hampshire, we desire to go on record recommending a new tariff that equalizes the rates on milk and cream with the rates on butter. Our association is chiefly concerned in the marketing of New England products, which under the present tariff is hard to do profitably. There is ample supply of milk and cream in New England to assure the public of a sufficient supply of these products without the Canadian shipments.

When you realize that 1 gallon of 40 per cent cream carries a tariff rate of only 10 cents while a pound of butter carries 8 cents, you can readily see the injustice our producers are suffering. One gallon of this cream will make 4 pounds of butter, hence the rate for cream on a comparative basis should be four times as much, or 32 cents per gallon.

Our entire interest in this matter is to secure more money for the New England producers of dairy products. By placing a duty as recommended on the foreign supply our producers would be able to market a greater amount of product. This would mean better returns to New England producers without added cost to the consuming public. Hoping you may be able to assist us in this matter, we are,

Very truly, yours,

WESTON B. HASKELL.

Mr. NESS. In support of our plea for a higher tariff I would like to substantiate what Mr. Putnam said in reference to the age of the farmer on our New England farms, and that is this: The dissatisfied young farmer who was ready to leave his farm has left his farm because right around us we have manufacturing industries that are paying wages which we can not pay on the farms.

Senator WATSON. Does the desire of the young man to live in the city and enjoy the society in general of city life and see the bright lights have something to do with it?

Mr. NESS. The young fellow who has not got to the age of seriousness of life, yes. But it is the income consideration, that he could not live as he would like to live on the farm and have the enjoyments that a man ought to have to lead an honorable life.

Senator JONES. One of those advantages, so called, of the cities is added to the wage and considered a part of his wage; it is a part of the inducement for him to go into the cities?

Mr. NESS. Yes; but primarily it is the wage.

Senator WATSON. You think primarily it is the wage?

Mr. NESS. Absolutely, I think so.

Senator SUTHERLAND. That the schooling facilities have something to do with it?

Mr. NESS. The schooling facilities are taken care of in my own neighborhood. The children of the rural schools are taken into the cities and larger towns in conveyances. The school advantages are very fair. I will not make any comment here on that score.

Once the young man gets away from the farm, with the high wages and those inducements you speak of, with society life, where it costs a little more money to live, and after he is once taken away it is harder to get him back.

STATEMENT OF JAMES A. LEACH, PAWLET, VT.

Senator WATSON. Give your name and residence.

Mr. LEACH. James A. Leach, Pawlet, Vt. I am the owner of a dairy having 43 cows and am president of the Bennington County

Farm Bureau Association. I am glad to know that the whole committee are going to be possessed of the facts that we bring. I am also glad that, as a citizen of Vermont and a farmer who is largely interested in the price and the markets of dairy products, I can come personally and add my bit of testimony and experience.

I thought it might be helpful to you gentlemen if you had my personal statement of my own experience on the farm from July, 1920, to July, 1921. I will not go into detail at all, but I just want to explain to you that I have 43 cows valued at $100 apiece. I placed the valuation where I thought the valuation of a good-grade cow should be placed. That does not represent the value of those cows, because a good many of them are pure breds and are worth considerable more money.

Senator WATSON. Are they Jerseys?

Mr. LEACH. Holsteins. Also, in the matter of depreciation on the dairy machinery and equipment and the cattle I have placed a figure of 10 per cent. That is a very small depreciation. I tried to be perfectly fair with my herd in this matter. I do not want to overdraw any of these statements. I am sure Senator Dillingham, who is familiar with this matter, will tell you that these are conservative figures.

Senator WATSON. How many cows have you?

Mr. LEACH. Forty-three.

Senator WATSON. How long have you been in business?

Mr. LEACH. Fifteen years. The earlier part of my life I spent in merchandising in Nebraska and losing my health and coming back on the farm, which accounts for my gray hairs when I have only been 15 years engaged in farming.

There is one other item which I would like to speak of which puzzles some people. It probably does not puzzle you. That is, how we dairymen manage to keep on living and doing business and losing money all the time. If you will look this through you will see that I raised 110 tons of hay worth $20 a ton in the barn. I placed the valuation on it in the barn, which is just what my produce would have sold for at the barn. That is what I charged my dairy. I also had 220 tons of ensilage at $5.50 per ton. Then I also raised quite a good lot of dairy feed, which I valued at the same figure that I had to pay for what I purchased. I will submit that statement. If there are any questions that you would like to ask I shall be very glad to answer them.

Senator WATSON. Let the statement go into the record.

Receipts and expenditures in connection with dairy herd, July, 1920, to July, 1921.

RECEIPTS.

Sale of milk	$6,398.76
Milk fed to 10 calves	250.00
Milk used in the home	109.50
30 calves, at $3 each	90.00
10 pure-bred calves, at $15 each	150.00
300 loads of fertilizer, at $3 each	900.00
Total receipts	7,898.26

EXPENDITURES.

200 acres of pasture land	$6,000.00	
43 cows	4,300.00	
1 bull	250.00	
Dairy machinery and equipment	750.00	
	11,300.00	
Interest on $11,300 at 6 per cent		$678.00
Loss and depreciation:		
Pasture land, 5 per cent		300.00
Stock and machinery ($5,300), 10 per cent		530.00
Insurance and taxes		172.43
Labor		1,220.00
Supervision, 10 per cent ($7,898.26, receipts)		789.83
Feed:		
110 tons hay, at $20 per ton		2,200.00
220 tons ensilage, at $5.50 per ton		1,210.00
Dairy feed		2,804.59
Total expenditures		9,904.85

Mr. LEACH. In a general way I would like to tell you what has come to me through my experience in the milk business.

Senator WATSON. Suppose you had no Canadian competition?

Mr. LEACH. We would have much more room for our surplus milk. That is what is troubling us.

Senator WATSON. You think that your trouble arises from Canadian competition in your industry?

Mr. LEACH. Very largely. The Danish butter that came into Boston quite seriously affected the price several times last spring, and, of course, replaced some of our product. Canada and Denmark seem to be the source of our troubles.

During the period of time that I have been a milk producer and been familiar with the Boston market I have seen the supply of the Boston market furnished from more and more distant points. That is, the supply has receded. Very soon after I began to produce milk the Boston dealers were coming into my territory, 200 miles from Boston, and buying milk. They went farther and farther away, until finally they got back into the 12th zone, as we call it up there, at St. Albans and up at Newport, Vt.; and in more recent years they have crossed the border and gotten into Canada.

What is the reason that the farmers object to their buying milk in Canada?

Senator WATSON. Let me ask you, before you start on that: Do you know how far north of the border they go in buying milk for the Boston market?

Mr. LEACH. The Hood Co., with whose business I am more or less familiar, being a member of their surplus committee, the Vermont member, buys milk only from such a distance across the border as they can transport by teams over to their stations, but they go back quite far for cream. I am not positive, but I have been informed that milk comes in for some of the other Boston dealers from across the line—the Plymouth Creamery Co., for instance. They get it from quite a distance over the line. I know that cream comes in for the Hood Co. from quite a distance.

Senator WATSON. Do they go over there to buy it because they can buy it more cheaply than they can buy it from the New England producers?

Mr. LEACH. Yes, sir.

Senator WATSON. How much more cheaply can they buy it, on the average, than they can buy it from you?

Mr. LEACH. If you will pardon me, we have those facts all in black and white and they will be given to you exactly as they are.

We hear a good deal about abandoned farms in New England, and especially in Vermont, and we are likely to think that those farms ought not to have been settled in the first place, unless we know something about it first hand. I can tell you from positive knowledge that many of those farms ought to be producing at the present time and would be if the markets were right. What has happened? They are growing up to brush and growing less and less in value. Take, for instance, the town of Andover, which is a mountain town with Chester as its station. The taxes in that town are 4½ per cent. A gentleman who was telling me about it said that there are very few occupied farms. I was riding with him, and the roads are miserable. I said, "It seems to me that with 4½ per cent taxation you ought to have better roads." He said, "There are so few of us to raise the money. The revenue is so small."

That is what is happening to those towns because of taking the market away from them and giving it to Canada and Denmark. Then, of course, along with that, comes the decrease in population. Our boys leave the farms and go to the cities, as Mr. Putnam has told you. They do not all go to the New England cities or the Vermont cities. Vermont is peculiar in this particular. I only want to call your attention to that. Vermont has not any large cities that offer the attractions that New Hampshire and Maine cities offer, so that our boys are likely to go to Boston or New York and out of our State. That is a serious problem with us in Vermont.

I have raised four boys and I gave them good farmer's advice. raised them on the farm, and one of them is staying with me on the farm, and, of the other three, two of them are already in cities and one of them plans to go. That is just an illustration of my own. My neighbors are having the same experience.

There is another reason why we should keep our market within our own borders. That is that it is impossible for us to have proper supervision. We can not have any supervision, in fact, can not enforce any supervision in Canada in regard to the surroundings in which the milk is produced; and we find, by a survey that we have made this past season, that in Canada, as compared with New England, their facilities are very crude indeed. They have not ice houses or cooling plants. We call them milk houses, with plenty of cool water to cool the milk immediately after it is drawn from the cows. They have not those facilities there. There is no way of insisting on them or putting over any proper supervision up in Canada such as there is in our own country. Therefore the cream and the milk that come from Canada can not be as well prepared for the market.

They have not the facilities to do that. Our cream and milk go in properly cooled and in a satisfactory and merchantable condition.

What are the conditions in Canada for market production? That is, what do we have to compete with in New England because of the lesser price in Canada? Canada can produce milk more cheaply, for one reason, because of its less careful production, less expense in providing ice houses and in cooling the product and taking care of it. That is quite a material item in the expense of producing milk. The mothers and the daughters and the children of the farm home in Canada are experts in the care of cattle and in milking. They assist very materially in the care of the dairy and in the milking of the cows, which is not true, of course, in New England; and I do not believe any of us want it ever to be true that our wives and daughters should do labor of that sort. We are facing it, of course, either that or going out of the business.

Senator WATSON. How is dairying in the State of New York as compared with what it used to be?

Mr. LEACH. I can not speak for the whole of the State, but my town borders on New York. Their conditions over the line are similar to those on our side of the line. It is a good milk-producing country. My county, Bennington, is one of the finest places on earth in which to produce milk. We have splendid mountain streams and cold springs and the grass is fine. We do not suffer much with drought there. We did not this season, although in some sections it was quite severe.

Senator WATSON. What is your land worth, on the average?

Mr. LEACH. I was offered for the farm, 341 acres, $16,000. I put a valuation on the pasture land, you will notice in my statement, of $30 an acre. I have a very good pasture. It might seem to Mr. Dillingham a little high, but I have an exceptionally good pasture, and, of course, good pasturage means less grain.

Washington County is a good milk county. Borden's people buy great quantities of milk in Washington County for the New York market.

It seems strange to say that our investigators in Canada found that the home comforts and conveniences on the farms there were greater than they were in New England. That proves this, of course, that those Canadians have made more money out of farming than we New Englanders have. It seems strange that they could do it, but that is the proof of it.

Senator WATSON. Do they not have more fertile land than you have?

Mr. LEACH. It is right in the dairy districts.

Senator WATSON. Is the character of the soil quite similar?

Mr. LEACH. I can not say. I was not one of the committee that investigated the matter, but I have always understood that the soil just north of our New England border, especially north of Vermont, is very rich. I suppose it is very similar to the soil in my State. Franklin County and those northern counties of Vermont are splendid counties—at least Franklin County is.

Speaking about the conveniences of the home in Canada, we made some notations and we have an exhibit, marked "Exhibit E," that will illustrate what was found there in connection with the farm homes as to conveniences and how it was that they could produce milk more cheaply than we can.

Senator McLEAN. Are the people in Canada to whom you refer French?

Mr. LEACH. Yes. I know they are mostly or very largely French. Some of them came over the border, and I know the conditions along the northern border of Vermont where I have visited the production plants, and a great many of those families are French, and the same conditions prevail there along the border as prevail over the border.

Senator McLEAN. They have larger farms and do their own work, I suppose?

Mr. LEACH. That is the idea. They raise large families and hire no help scarcely. They all work, from the little tot, just as soon as it can begin to trot around the farm. They all have something to do, which is all right if they do not work too hard and if they do the right kind of work. We do not want our mothers and wives and daughters doing outdoor work in New England.

I was going to speak about the supply of milk. That is, of course, something that we must watch in order to see that our cities are going to have an abundant supply. I want to call your attention to the fact that $94,000,000 worth of dairy products were sold in New England in 1919 from New England farms. A little more about that later.

Our supply of milk and cream should come from New England. Milk and cream are very perishable. To have the milk shipped from great distances and to have the cities rely on far-distant points for their milk and cream, you can readily understand, would be almost sure to result in disappointment to the consumer very frequently. Milk can not be gotten in from long distances and compared with the New England product.

In regard to the supply, suppose the milk that entered into the manufacture of butter in 1919 had been kept as sweet cream for the market? We could have replaced the Canadian cream eleven times. That butter was made from eleven times as much cream as was brought in from Canada, and that amount was 416,000 gallons. That is, we could have supplied eleven times 416,000 gallons if we had not made it into butter. I refer you to Exhibit G, which substantiates that statement.

If we depend upon Canada for our sweet cream in increasing quantities and let Vermont continue to make butter and sell it as butter, and something should develop that made it impossible for us to get what cream we needed in Canada, the natural inference would be that we could turn to New England for some of this cream. That is not quite true, because the creameries and private manufacturers of butter usually contract their butter, and they would be tied up in some sort of business arrangement possibly that would make it very awkward. People would be deprived of their cream perhaps at the time that they needed it most. You can not change from a butter-making arrangement to milk and cream production for the market without some little time, some little notice.

Senator McLEAN. Take the ice cream that is used in the large cities, such as Boston. It goes to other large cities. I think one of the witnesses who appeared here several months ago testified that that was a special use and one which could not be accommodated by the New England dairies; that there was not enough milk produced to satisfy this demand for ice-cream purposes. That is as I remember it.

Senator WATSON. Yes; that is what the testimony was.

Mr. LEACH. Yes; I think I have heard that same story.

Senator McLEAN. It was stated that the cream that was used for domestic purposes and for butter had a separate commercial field by itself, and that unless they got the necessary cream from Canada ice cream would be very expensive.

Mr. LEACH. I do not think such a statement is justified by the facts. These facts that I have just cited would be sufficient to settle that question, I should suppose. But you know that the cream that is manufactured into ice cream can be held such a long time by freezing and by cold storage that I should not suppose there would be any chance of any difficulty. In fact, I know there would not be any chance of any difficulty. They turn butter back into ice cream and also powdered milk.

Senator McLEAN. Can you produce in New England sufficient to satisfy the demands for both ice cream and butter?

Mr. LEACH. Oh, yes; abundantly. That is what we want to do. That is the contention of the farmers in New England.

Senator McLEAN. The idea is that if the dairymen in New England are forced to go into some other business, then the consumers in the cities will be at the mercy of the Canadian price, and, in the long run, people will have to pay a great deal more than they would if you had reasonable protection?

Mr. LEACH. Exactly. The dairy business is not like a business that we could get out of to-day and go into something else to-morrow. We have our cattle. It takes three years to bring a calf up to production. It takes about four years, if you plan to have a dairy, before you have got any milk.

Senator McLEAN. Of course you buy a great deal of grain from outside?

Mr. LEACH. Yes, sir; we use a good deal of grain.

Senator McLEAN. Do you buy hay?

Mr. LEACH. No, sir; I raised all my hay and all of my corn for ensilage.

Senator McLEAN. Is that generally true of the farmers there?

Mr. LEACH. Yes. That is generally so. It is generally so in New Hampshire, Vermont, Maine, and the States below us. Some of them buy their hay where milk is produced near the large cities; but as a rule the New England farmer raises all his rough feed.

Senator McLEAN. Do you have any serious difficulty with the handlers of the milk? Do you deal through middlemen?

Mr. LEACH. Yes, sir. The New England Milk Producers' Association have a price committee who sell the milk of the members of the New England Milk Producers' Association, which number about 70 per cent of the dairymen of New England. It really amounts to handling all of it, because the other fellows do just as they do. They are in the minority——

Senator McLEAN. Are you at the mercy of the middlemen?

Mr. LEACH. Oh, no, sir.

Senator McLEAN. You get fair treatment from them?

Mr. LEACH. Yes. Through the New England Milk Producers' Association, who are our agents, we have been able to sell milk fairly satisfactorily. It is not the manner that the milk is sold that troubles us; it is the losing or the taking away of the market for so much of our surplus milk that troubles us. The surplus market brings down the price of the whole thing.

Senator WATSON. Statistics show, Mr. Leach, that the average price in 1920 in the New England States was $4.29 per hundred pounds.

Mr. LEACH. That is delivered in Boston.

Senator WATSON. $3.30 in 1921.

Mr. LEACH. Yes.

Senator WATSON. How much do you get for cream?

Mr. LEACH. I sell milk. I can tell you what I got for last month's milk——

Senator WATSON. I am talking about cream.

Mr. LEACH. I am not familiar with cream.

Senator WATSON. You do not sell cream?

Mr. LEACH. No, sir.

Senator WATSON. When you sell milk you sell the whole thing?

Mr. LEACH. Yes.

Senator WATSON. The cream and the milk?

Mr. LEACH. Yes, sir; the milk as it comes from the cow.

Senator WATSON. How old is it before you sell it?

Mr. LEACH. It goes every morning. The night's milk is held over in cold water. It is cooled immediately to the proper temperature and held.

Senator WATSON. Do you sell the night milk and the morning milk both the next morning?

Mr. LEACH. Yes, sir.

Senator WATSON. What do you get for it?

Mr. LEACH. The figures are just out for the Hood Co., a Boston concern, for October—milk, 2.855 for 3.7 milk in the tenth zone. That applies to my dairy.

Senator WATSON. I do not know what you mean.

Mr. LEACH. Milk testing 3.7 per cent butter fat to each 100 pounds brought the patrons of the H. P. Hood Co. delivered in the 10th zone (200 miles from Boston) 2.855 per 100 pounds, or 0.0613+ per quart. This is the price I received for my October milk.

Senator McLEAN. You know what it is, do you not?

Mr. LEACH. I shall have to figure it.

Senator WATSON. It is 6 cents and a little over.

Mr. LEACH. Let me further say that there are deductions to be made from that. It costs me 25 cents a hundred pounds to transport my milk to the railroad station.

Senator WATSON. You mean by that that you get that right at your farm?

Mr. LEACH. No; I mean the price that I quoted is the Hood price at their railroad stations.

Senator WATSON. At their stations on the railroad?

Mr. LEACH. Yes, sir; where they receive the milk from the farm, and the station that I supply happens to be far enough away so that it costs me 25 cents a hundred to get my milk to the station. I presume that is about the average cost to the New England farmer the year round.

There is a further deduction. I just want to give you all the facts. I told you I was a Holstein man. My milk passes the butter-test standard for the Massachusetts market, which is 3.35 butter fat to 100 pounds of milk. Mine will pass that; but in order to get this price that I speak of it should pass 3.7, which is 3½ points higher.

Senator WATSON. What do you mean by that?

Mr. LEACH. I mean that the selling standard that applies in our territory is 3.7 pounds of butter fat to 100 pounds of milk.

Senator WATSON. That is the standard?

Mr. LEACH. That is the standard that we sell by. The Massachusetts law calls for 3.35, but, as a matter of fact, the milk averages quite a good deal more than 3.35, and our agent decided on a 3.7 basis. The price per hundred has to be shrunken to three and a half times, either 4 or 5 or 6 cents, as the value of butter happens to be. I shrink my price, on account of being under the 3.7 trading point, anywhere from 15 to 25 cents a hundred more.

So that the price of between 5 and 6 cents is not quite as fancy as it looks. I wanted you to get the facts.

We Vermont farmers would be nicely fixed if we could get 8 cents a quart at our doors. We could live as well as we should care to live.

STATEMENT OF W. H. BRONSON, BOSTON, MASS., REPRESENTING NEW ENGLAND MILK PRODUCERS' ASSOCIATION.

Senator McLEAN. What is your occupation?

Mr. BRONSON. New England Milk Producers' Association, Boston, in charge of their research department there.

Senator WALSH. How large is this association?

Mr. BRONSON. It has about 20,000 members.

Senator WALSH. From all over New England?

Mr. BRONSON. Yes, sir.

Senator WALSH. And they are engaged in the production of milk in small and large quantities?

Mr. BRONSON. Yes, sir.

Mr. Camburn has established a 10-cent rate on butter, we feel. I wish to present the case from the standpoint of what the equalized rates would be on milk and cream with a 10-cent rate on butter.

Equalizing milk on the butter-fat basis, 1 gallon of 4 per cent milk with a churn gain of 20 per cent would make four-tenths of a pound of butter. With a 10-cent rate on butter, that would call for 4 cents a gallon on the milk.

The Fordney bill has given us a cent a gallon on milk, which shows that the milk is certainly not equalized with the butter rate. Even at 8 cents a pound on butter the equivalent rate on milk would be something over 3 cents a gallon.

Transportation costs from the center of production to Boston, for example, are one offset factor, making a difference of about one-half cent a gallon. The rate, therefore, we feel, to equalize that with 10 cents on butter, should be 3½ cents a gallon on milk.

The United States Tariff Commission, in their suggested——

Senator WALSH. What is the House provision on butter?

Mr. BRONSON. Eight cents, sir.

Senator MCLEAN. How does the rate on cream compare with the rate on butter?

Mr. BRONSON. I will take that up when I have finished with butter, Senator.

Senator MCLEAN. All right, sir.

Mr. BRONSON. The United States Tariff Commission, in their suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions, page 13, paragraph 1, makes the statement—

If it is desired to levy a duty on butter equivalent to that on the milk it represents, the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk.

For example, suppose that the butter rate was 10 cents a pound, as we propose; then the equivalent rate on milk should be 10 cents divided by 2.76, which would give 3.6 cents. We are asking for 3½ cents.

We therefore feel that the 3½-cent rate on milk is correct from the equalization standpoint of a 10-cent rate on butter. It is just a matter of mathematics as to how much butter fat there is in milk. It is not debatable, as I see it. We have the United States Tariff Commission's statement to back up the rate that we ask for.

Equalization as applied to cream: One gallon of 40 per cent cream with a churn gain of 20 per cent would make practically 4 pounds of butter. At 10 cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, considering transportation costs, would be 35 cents per gallon. The Fordney bill, on 40 per cent cream, gives a rate of 10 cents per gallon.

The transportation cost from the center of production in Quebec and the center of production in New England gives an offset of only about one-half cent a gallon, and we have allowed an offset of 5 cents a gallon over its equivalent on the butter-fat basis.

The same authority from which I quoted before, the United States Tariff Commission, on page 11, paragraph 3, states— -

Senator MCLEAN. The rate in the emergency tariff is 5 cents a gallon on cream, is it not?

Mr. BRONSON. Yes, sir.

Senator MCLEAN. Is that satisfactory?

Mr. BRONSON. No, sir. We are asking for 35 cents on heavy cream.

Senator MCLEAN. You want 35 cents?

Mr. BRONSON. Yes, sir. We have here a comparison of the rate in the Fordney bill and the rates for which we are asking.

What the Fordney bill allows.	*What dairy organizations want.*
Par. 707. Milk, fresh, 1 cent per gallon; sour milk and buttermilk, one-half of 1 cent per gallon; cream, having less than 30 per cent of butter fat, 5 cents per gallon; having 30 per centum or more of butter fat, 10 cents per gallon.	Par. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; skim milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 3 cents per gallon additional.
Par. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound; whole-milk powder, 3 cents per pound; cream powder, 8 cents per pound; and skimmed-milk powder, 1½ cents per pound; malted milk, and compounds of or substitutes for milk or cream, 20 per centum ad valorem.	Par. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound; whole-milk powder, 3½ cents per pound; cream powder, 8 cents per pound; and skimmed-milk powder, 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per centum ad valorem.
Par. 709. Butter, 8 cents per pound; oleomargarine, 8 cents per pound.	Par. 709. Butter, 10 cents per pound; butter substitutes, 10 cents per pound.
Par. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound.	Par. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per centum ad valorem.

Senator McLEAN. Thirty-five cents a gallon on cream would be the equivalent of 10 cents a pound on butter?

Mr. BRONSON. Yes, sir; heavy cream, 40 per cent. We are putting that on a basis which makes possible the bringing in of cream testing the lower percentages, if they wish to. We have allowed for that.

As I started to state, the Tariff Commission, on page 11, paragraph 3, of the reference already cited, states that on the basis of physical equivalents the duty on light cream would naturally be five to seven times that on milk, and on heavy whipping cream about eight to ten times. At a rate of 3½ cents per gallon on milk the equivalent rate on heavy cream would be from 29 cents to 36 cents per gallon.

Senator JONES. You have all these equivalents figured out here on the basis of 10 cents per pound on butter?

Mr. BRONSON. Yes, sir.

Senator JONES. And this is what you think would equalize the other commodity on that basis?

Mr. BRONSON. Yes, sir. We made a study to see what the difference might represent between a manufacturer or a creamery, for example, in Canada manufacturing cream into butter in Canada and selling it in the United States compared with sending the cream over to the United States and manufacturing it here. That study showed that a Canadian creamery within 60 miles of the United

States border could, in September, 1921—we took the latest month we had—have made 21 cents per gallon more on shipping cream to the United States to be manufactured into butter here than it could be manufactured into butter in Canada and shipped to the United States for sale.

Senator WALSH. That is under existing rates?

Mr. BRONSON. Under the rates as proposed in the Fordney bill. Under existing rates I think it would be even higher.

This is of importance, for the reason that 70 per cent of the butter produced in Canada is produced in the two Provinces of Quebec and Ontario, and some 50 to 60 per cent of the butter is produced within 60 miles of the United States border. This proposition came up at the time of the old Payne-Aldrich Act, and the Turner Center System in Maine wrote to Senator Frye, of Maine, about the inequalities, and the Senator said it was too late, that the hearings were all closed and nothing could be done. Mr. Bradford, of that creamery, told me the other day, "We were situated as well as anybody was, and decided to go into the business ourselves."

I have their record, which shows that from 1910 to 1916 they shipped in over 4,000,000 pounds of butter fat from Canada to be manufactured into butter at their plants in Auburn and other points in Maine, thus evading the butter rate, and by paying only the 5 cents a gallon on cream when the butter rate was 6 cents at that time.

We feel that unless the cream and butter rates are equalized you will have that coming into operation—the operation of what they call line creameries, where cream is bought in Canada, carried across to the American side and manufactured into butter, paying the cream duty and evading the butter duty.

To show that the producers are not the only people who recognize this inequality, I want to call attention to one of the public trade papers which shows that they also recognize the inequality of the cream and butter rates.

The New York Produce Review and American Creamery, published in New York, in its issue of July 6, 1921, page 562, has an editorial on "The new tariff bill," which, among other things, says:

> One of the most apparent inconsistencies in this list is the relation of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country as butter would pay duty at the rate of about 10 cents per pound. By skimming a very heavy cream (say 55 per cent) the duty per pound butter fat would be only slightly higher than with the thinner cream in spite of the 10 cents per gallon rate on creams testing 30 per cent or higher. This discrepancy should encourage the growth of gathered-cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high-test frozen or refrigerated sweet cream to this country from abroad.

That is the opinion of a recognized trade paper which ought to know something about equality between butter and cream rates and the possibility of gathered-cream creameries and the shipment of cream to the United States from Denmark and other points.

Senator WALSH. That paper is not a farmers' journal, is it?

Mr. BRONSON. No; it is a trade paper.

I have a statement here from one of the important cream dealers in Boston, metropolitan Boston, the David Buttrick Co., Arlington, Mass. They bring in anywhere from 100 to 500 or 600 cans of cream a day. Mr. Buttrick writes:

ARLINGTON, MASS., *October 29, 1921.*

Mr. W. H. BRONSON,
New England Dairy Tariff Committee, Boston, Mass.

DEAR SIR: With reference to your request for information regarding the tariff on cream and the equalization of the tariff rate on cream with the tariff rate on butter, we wish to make the following statement, augmented by a few figures, showing great range between cost of Canadian cream and American f. o. b. Boston.

1. Cream dealers in Boston buying in Canada have been able to obtain their cream for about $3 per 10-gallon jug of 40 per cent cream cheaper from Canada than from the United States, not considering the exchange rate. They pay a duty at present of 5 cents per gallon, which makes an offset of 50 cents per 10-gallon jug. This difference is three times made up by the difference in exchange rate.

The practice, of course, is to pay in Canada in Canadian money, and the exchange operates to the advantage of the cream dealer buying in Canada in that way [reading further]:

2. We feel that if the business is properly handled there is no reason why there should be a shortage of cream, provided the Canadian cream was shut off from the Boston market, in that there is plenty of American supply to take care of the demand for table cream, and through the proper use of cold-storage facilities it is possible to take care of the ice-cream trade with cold-storage goods. During the past two years there has been no acute shortage. A shortage really affects table goods only, and is generally due to increased consumption of cream in ice cream. This condition is only a matter of a few hours and does not require Canadian receipts to relieve it.

3. We believe that since we sell our cream in the United States we should do our part to help move American goods by buying our cream in the United States rather than in Canada. If some dealers require Canadian goods, such goods should arrive in the market at an equal price and not at a price that jeopardizes the movement of the American product.

4. We heartily approve of the tariff rate proposed by the New England Dairy Tariff Committee, which would give about 35 cents per gallon on 40 per cent cream. We believe that the tariff rate on milk and cream should be equalized with the tariff rate on butter.

Yours, very truly,

D. BUTTRICK.

Attached to this letter is a statement of the cost of 40 per cent cream per 10-gallon jug, f. o. b. Boston, buying in New England and buying in Canada for the last four months.

Senator McLEAN. What do you mean by 40 per cent ream?

Mr. BRONSON. Cream containing 40 per cent butter fat.

(The statement is as follows:)

American cream (Boston market).

BASIS OF PURCHASE: BOSTON CHAMBER OF COMMERCE, PLUS 20 PER CENT PLUS 4 CENTS.

Month.	Quotation.	Plus 20 per cent.	Plus 4 cents.	Cost B. F. in country.	Cost, jug, 40 per cent in country.	Plus transportation.	Cost, jug, 40 per cent f. o. b. Boston.
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	
July	40.5	8.1	4.0	52.6	$17.36	54	$17.90
August	42.4	8.5	4.0	54.9	18.18	54	18.72
September	43.8	8.8	4.0	56.6	18.68	54	19.22
October	46.2	9.2	4.0	59.4	19.60	54	20.14

Canadian cream (Boston market).

BASIS OF PURCHASE: FARNHAM BOARD PLUS 15 PER CENT PLUS 2 CENTS.

Month.	Quotation.	Plus 15 per cent.	Plus 2 cents bonus.	Cost, pound, B. F. Canada.	Cost, jug, 40 per cent in Canada.	Minus exchange.	Plus duty.	Plus transportation.	Cost, jug, 40 per cent f. o. b. Boston.
	Cents.	*Cents.*	*Cents.*	*Cents.*		*Cents.*	*Cents.*	*Cents.*	
July	35.6	5.3	2.0	42.9	$14.16	1.42	50	60	$13.84
August	39.1	5.9	2.0	47.0	15.51	1.55	50	60	15.06
September	35.4	5.3	2.0	42.7	14.09	1.41	50	60	13.78
October	36.8	5.5	2.0	44.3	14.62	1.46	50	60	14.26
BASIS OF PURCHASE: MONTREAL QUOTATION PLUS 15 PER CENT PLUS 2 CENTS.									
July	37.6	5.6	2.0	45.2	$14.92	1.49	50	60	$13.53
August	41.1	6.2	2.0	49.3	16.27	1.63	50	60	15.74
September	37.4	5.6	2.0	45.0	14.85	1.49	50	60	15.46
October	38.8	5.8	2.0	46.6	15.38	1.54	50	60	14.94

Mr. BRONSON. This point, it seems to me, is of some importance to the business men in Massachusetts, and especially in Boston. Under the present system of buying in Canada the money is paid, of course, in Canadian funds and the money goes to Montreal or Quebec. It does not come back to Boston, as far as freight is concerned. The money that you pay the New England producers goes out from Boston. It goes to the producers. They take it to grain men or storekeepers or some one else in the village, and it comes back to Boston and increases the amount of trade done in Boston. That amounts to anywhere from twenty to thirty million dollars a year. We feel that from a business standpoint it is a good thing to keep that money in New England and keep it with the farmers. We have put a provision into our rates covering ice-cream mixtures. We feel that possibly cream and butter fat might come into the country in the shape of ice-cream mixtures and pay the rate on butter and the rate on cream. We therefore put in a provision to cover that.

Senator WALSH. Don't you think this editorial might well go in the record?

Mr. BRONSON. Yes.

Senator WALSH. It points out admirably the inconsistencies of the different dairy products and how the present rates are going to work out.

Senator SUTHERLAND. We will put it all in the record.

(The editorial referred to is as follows:)

[From New York Produce Review and American Creamery.]

THE NEW TARIFF BILL.

The new Fordney tariff bill introduced in Congress last week, representing the labors of the Republican Members of the House Ways and Means Committee, probably contains no more inconsistencies and inequalities in the imposition of duties on imports than may be normally expected under the methods of creating measures of this character inherent in our legislative system. As a general proposition our legislators are swayed in their judgment of a fair margin of tariff protection by the pressure exerted by and the urgency of the appeal of their constituents. Just at this time the voices of the American producer and American manufacturer prevail. Protection from cheaper foreign products is the more frequently heard demand, and higher duties are the order of the day. Our tariffs move up and down with the swings of popular sentiment. And, as a rule, a swing to higher rates is followed sooner or later by a downward readjustment at the command of the "ultimate consumer."

The vagaries of the proposed schedule of duties on the leading dairy products may be indicated by the following rough comparison: If a Canadian farmer with 100 pounds of 3.6 per cent milk sought a market in the United States, he would pay a duty of about 11¼ cents to 12 cents if he sent us the milk sweet; a duty of about 5¾ cents or 6 cents if he sent us the milk sour; a duty of about 7½ cents if he separated the milk and sent us the cream testing 29½ per cent, and a duty of about 14¼ cents if the cream, containing the same amount of butter fat, tested 30 per cent. If he churned the cream and sent us the butter, the duty would be about 33 cents. If he condensed the milk, the duty would range from 40 cents to 65 cents, and more according to the degree of concentration and the form in which shipped. If he dried the milk and sent us the powder, the duty would be about 38 cents or 40 cents. If he made it up into cheese worth less than 30 cents a pound, the rate would be in the neighborhood of 50 cents, while if the cheese were worth 30 cents to 60 cents a pound, the duties would range from 75 cents upward to over $1.

One of the most apparent inconsistencies in this list is the relation of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country as butter would pay duty at the rate of about 10 cents per pound. By skimming a very heavy cream (say 55 per cent) the duty per pound butter fat would be only slightly higher than with the thinner cream, in spite of the 10 cents per gallon rate on creams testing 30 per cent or higher. This discrepancy should encourage the growth of gathered-cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high-test frozen or refrigerated sweet cream to this country from abroad.

The higher duties imposed on foreign eggs, in the shell, dried, and frozen, will no doubt be appreciated by the Pacific coast poultry interests. They did not secure all they asked, but the barrier to cheap imports is perhaps sufficient to curtail the trade that was developing with the Orient.

The feature of the bill that we find most confusing is that section providing for an American valuation of imports on which duties are determined on an ad valorem basis. Cheese is the only dairy product that would be subjected to this bewildering proposition. It is proposed to value imports without regard to cost or replacement value at point of origin, but on basis of value in the United States on date of shipment. It is argued by Chairman Fordney that the new plan is more practicable and less objectionable than that prevailing at present, under which he claims invoices as evidence of purchase price are frequently fraudulently altered. But a reading of the new proposal gives no assurance that appraisers endeavoring to determine values here, often without evidence of value because of absence of comparable offerings, will be able to make as close approximations of values as those at point of origin of the imports. Under the plan an importer could not know in advance of shipment and hardly at time of shipment what duty he would be forced to pay.

In the case of cheese great confusion would arise because of the different method of figuring duties according to the value of the product. Since the appraiser alone can determine the value, the importer of cheese that is worth in the neighborhood of 30 cents could not be certain whether the duty imposed would be at the rate of 5 cents a pound or 25 per cent ad valorem. Of course, all this confusion will help the manufacturer of foreign types of domestic cheese, which since the middle war years have enjoyed the patronage of the American markets with little foreign competition, except from Argentina on certain of the Italian styles.

The bill, if enacted in its present form, would probably effectively shut out important quantities of foreign butter, some types of cheese, condensed milk, and perhaps shell eggs also. Its passage would doubtless have a stimulating influence on food prices in this country.

Mr. Bronson. I will file with the committee our brief. I do not know whether the committee will want that.

Senator Sutherland. I think it should be printed. This is an important matter to you people. It may be that it will throw some valuable light on the subject.

BRIEF OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE.

Paragraph 709 of the Fordney tariff bill provides duties on butter and oleomargarine as follows: "Butter, 8 cents per pound; oleomargarine, 8 cents per pound."

Paragraph 707 of the Fordney tariff bill provides duties on milk and cream as follows: "Milk, fresh, 1 cent per gallon; sour milk and butter milk, one half of 1 cent per gallon; cream having less than 30 per cent of butter fat, 5 cents per gallon; having 30 per cent or more of butter fat, 10 cents per gallon."

DEFINITIONS.

1. *Butter.*—United States Department of Agriculture defines butter as "the clean, nonrancid product made by gathering in any manner the fat of fresh or ripened milk or cream into a mass, which also contains a small portion of the other milk constituents, with or without salt, and containing not less than 82.5 per cent of milk fat."

2. *Cream.*—The same authority defines cream as "that portion of milk, rich in milk fat, which rises to the surface of milk on standing or if separated by centrifugal force. It is fresh and clean. It contains not less than 18 per cent of milk fat and not more than two-tenths per cent of acid, reacting substances, calculated in terms of lactic acid."

3. *Milk.*—Milk is defined by the United States Department of Agriculture as "the whole, fresh, clean, lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and 5 days after calving, or such longer period as may be necessary to render milk practically colostrum-free."

OPPOSITION AND REASONS FOR SUCH OPPOSITION TO RATES ON BUTTER.

We are opposed to the present rate on butter because (1) relative costs of production between the United States and competitive foreign countries show that a higher duty is necessary to protect the United States producers; (2) the increased price level on butter requires a higher rate to give the same ad valorem protection as obtained under former tariffs.

Relative costs, New England and Quebec, Canada.—Based on the difference in the cost of milk production, considering transportation costs, it costs 10 cents per pound more to produce butter in New England than it does in Quebec. In April of 1921 the cost of producing 1 pound of butter in New England was 55 cents and in Quebec 45 cents, leaving a difference in favor of Quebec of 10 cents per pound. Transportation costs to Boston on a pound of butter are three one-hundredths of a cent cheaper from New England than from Quebec. Milk production costs are cheaper in Quebec than in New England primarily because the cost of farm labor is lower in the former Province. (See Exhibit A for detailed costs.)

Relative costs, United States and Denmark.—Relative costs of production of butter between the United States and Denmark indicate that the cost of producing butter in the United States was 35 per cent higher than in Denmark in 1920, due primarily to cheaper labor costs in Denmark. (See attached detailed comparison of costs, Exhibit B.)

Increased price level on butter requires higher rate.—In 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was imposed. At the present price level of from 40 cents to 50 cents per pound a duty of at least 10 cents per pound would be required to give the same ad valorem protection. (See price chart, Exhibit C.)

In 1897 the cash wage of farm labor by the month with board in the New England States was from \$17 to \$18,[1] while in 1921 the cash wage paid was from \$34 to \$53, more than double the wage in 1897. Other costs of farm operation have changed in like manner, and at the new level of prices and costs an increased specific duty on butter is required to give the same protection as was given in 1897.

OPPOSITION AND REASONS FOR OPPOSITION TO RATES ON MILK AND CREAM.

We are opposed to the present rates on cream and milk because such rates as now carried in the bill are not equalized with the rate on butter. Our contention is that the raw materials—milk and cream—from which butter is manufactured should not enter the country at rates which are not equalized with the rate on butter.

Equalization as applied to milk.—One gallon of 4 per cent milk (8.6 pounds) with a churn gain of 20 per cent would make 0.41 pound of butter. At 10 cents per pound

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[1] United States Department of Agriculture, Bureau of Statistics, Bulletin 99, p. 33.

on butter, the equivalent rate of 4 per cent milk, considering transportation charges, should be 3½ cents per gallon.

Transportation costs on 1 gallon of milk to Boston from the center of production in New England is $0.042, while from the center of Canadian supply in Quebec it is $0.0485 per gallon, a difference in favor of New England of $0.0065 per gallon.

The United States Tariff Commission[2] states that "if it is desired to levy a duty on butter equivalent to that on the milk it represents, the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk." With the duty on butter of 10 cents per pound as we propose, the duty on 1 gallon of milk to equalize with butter should be $0.10 divided by 2.76, or 3.6 cents per gallon.

Equalization as applied to cream.—One gallon of 40 per cent cream (8.3 pounds) with a churn gain of 20 per cent would make practically 4 pounds of butter. At 10 cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, considering transportation costs, would be 35 cents per gallon. Cream testing higher and lower percentages of butter fat should carry corresponding rates.

Transportation to Boston from New England and Quebec centers of production is, respectively, per gallon $0.0545 and $0.0605, a difference in favor of New England of $0.006 per gallon.

The United States Tariff Commission states regarding equalization of cream and milk: "On the basis of physical equivalents, the duty on light cream would naturally be five to seven times that on milk, and on heavy whipping cream about eight to ten times." At a rate of 3½ cents per gallon on milk, the equivalent rate on heavy cream would be from 29 cents to 36 cents per gallon.

After paying the duties now carried in the bill (pars. 707 and 709) a Canadian creamery within 60 miles of the United States border could in September, 1921, have made 21 cents per gallon more on shipping cream to the United States to be manufactured into butter here than it could to manufacture the cream into butter in Canada and ship the same to the United States for sale. The two Provinces of Quebec and Ontario produce 70 per cent of the butter manufactured in creameries in Canada and from 50 to 60 per cent of the butter manufactured in these two Provinces is produced within 60 miles of the United States border. (See Exhibit D for details.)

The butter trade recognizes inequalities of cream and butter rates.—The New York Produce Review and American Creamery, published by Urner-Barry Co., New York, in its issue of July 6, 1921, page 562, has an editorial on "The new tariff bill," which, among other things, says: "One of the most apparent inconsistencies in this list is the relationship of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds of butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country as butter would pay duty at the rate of 10 cents per pound. * * * This discrepancy should encourage the growth of gathered-cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high-test frozen or refrigerated sweet cream to this country from abroad."

Butter duty will be evaded unless cream carries a duty equalized with butter.—With the cream duty of 5 cents per gallon as in the Payne-Aldrich Act or free as in the Underwood bill, it was profitable to ship cream from Canada to the United States and then manufacture the cream into butter. One New England creamery (the Turner Centre System) of Auburn, Me., brought in over 4,000,000 pounds of butter fat for this purpose from 1910 to 1916.

Ice-cream mixtures.—Cream might enter the country by the addition of sugar as an ice-cream mixture and thus evade the rates on cream. We contend, therefore, that this combination now becoming of commercial importance should carry rates equalized with the rates on cream on a butter-fat basis.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

For the past 20 years the source of Boston's supply of milk and cream has been moving farther and farther away with the decreased receipts from near-by Massachusetts, Connecticut, and southern New Hampshire. (See Exhibit E.) The reason for this change was the cheaper production costs in the area farther from the market. The next change which is now taking place is tapping of Quebec, Canada, for milk and cream. This is undesirable for the reason that (1) it results in large areas of farm land in New England, which should support dairy herds, growing up to brush

[2] Suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions, p. 13, par. 1, prepared by United States Tariff Commission.

and timber, with their owners moving to cities for employment; (2) it results in the obtaining of absolutely essential food products from a foreign country, where it is difficult to properly supervise the sanitary conditions of production.

A recent survey of conditions of dairying in New England and Quebec show that sanitary facilities for producing milk, such as ice houses and milk houses, are much less numerous in Quebec than in New England. This survey also showed that the standard of living in Quebec is lower than in New England when measured by the question as to whether or not the wife and daughters help milk and higher than in New England when measured by the question as to whether or not the house has conveniences such as running water, furnaces, and bathrooms. The presence of these latter conveniences indicates more profitable dairy production in Quebec than in New England. (See Exhibit F for details.)

From 1900 to 1920 the population of New England increased from 5,600,000 to 7,400,000, an increase of one-third, while during the same period the number of dairy cows decreased from 893,000 to 843,000, a decrease of 50,000 in 20 years. In 1910 there were 189,000 farms in New England, while in 1920 only 156,000 are reported, a decrease of 17 per cent in 10 years. There is a like decrease in the acres of improved land.

During the period from 1900 to 1919, the production of butter in Canada increased from 36,000,000 pounds to 104,000,000 pounds, and from 1917 to 1919 the number of cows supplying creameries increased from 1,102,000 to 1,648,000—Quebec increasing from 546,000 to 565,000, and Ontario from 445,000 to 747,000.

NEW ENGLAND MILK, CREAM, AND BUTTER SUPPLY.

Dairy products sold from New England farms in 1919 amounted to over $94,000,000. Milk and cream need to be produced near the point of consumption because of their perishable nature, and New England now produces sufficient of these dairy products to supply her needs without receipts from Canada. In 1919, when 416,000 gallons of cream were shipped from Canadian points to Boston, the butter produced in New England creameries would have provided 4,500,000 gallons of 36 per cent cream or eleven times the amount necessary to replace the Canadian shipments. (See Exhibit G.)

The turning of the cream now used for butter to supplying the sweet-cream trade can not be accomplished in a few days when a cream dealer buying in Canada finds himself short. With a sufficient knowledge of increased market demands for sweet cream, a New England producer now making sour cream or farm butter would care for his product better so as to supply sweet cream. The butter produced in New England would have supplied nine times the amount of cream needed to replace Canadian cream shipments to Boston for the month of shipment (June). This butter would have provided a large amount of additional milk if more milk had been needed.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

The importations of butter from Canada (United States Foreign and Domestic Commerce Report) increased from 351,000 pounds in 1913 to over 9,000,000 pounds in 1920, at the same time the Reports of the Trade of Canada (years ending March 31) report increases in the exports of milk from Canada to United States of from 8,000 gallons in 1913 to 1,500,000 gallons in 1921. During the same period the imports of cream from Canada increased from 800,000 gallons in 1913 to 1,300,000 gallons in 1921. Of this importation of milk and cream 94 per cent of it came from the Provinces of Quebec and Ontario through the Vermont and St. Lawrence customs districts. Due to the cheaper production costs in Canada, the excellent markets in New England are being lost to the New England producer. This has resulted in a decrease in number of farms and cows and general lack of prosperity in the dairy sections of New England. (See Exhibit H.)

TARIFF SCHEDULE DESIRED.

For the reasons already outlined in this brief we desire the following paragraphs to read:

"PAR. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat 5 cents per gallon additional; skimmed milk, 1 cent per gallon; ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat 5 cents per gallon additional; ice-cream mixtures, frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent of butter fat 3 cents per gallon additional."

"PAR. 709. Butter, 10 cents per pound; oleomargarine, 10 cents per pound."

TARIFF SCHEDULES ON OTHER DAIRY PRODUCTS.

In conjunction with other dairy organizations in the United States who have or will present facts to support rates desired, we ask that paragraphs 708 and 710 be changed to read:

"PAR. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound; whole-milk powder, 3½ cents per pound; cream powder, 8 cents per pound; and skimmed-milk powder, 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per cent ad valorem."

"PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per cent ad valorem; cheese substitutes, 5 cents per pound; lactarine or casein, 4½ cents per pound [this article now appears on the free list]; all other dairy products not otherwise provided for, 20 per cent ad valorem."

COMPOSITION OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE.

The New England Dairy Tariff Committee represents the following farm organizations in New England: The Grange, the State farm bureaus, the State dairymen's associations, the State departments of agriculture, the State agricultural colleges, and the New England Milk Producers' Association. The personnel of the committee is as follows: W. N. Cady, Vermont State Grange, chairman; O. M. Camburn, director of dairying, Massachusetts Department of Agriculture, secretary; J. W. Alsop, Connecticut Dairymen's Association; H. N. Sawyer, New Hampshire State Farm Bureau; M. D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Producers; J. J. Dunn, Rhode Island State Department of Agriculture; and W. H. Bronson, New England Milk Producers' Association.

EXHIBIT A.

RELATIVE COSTS, NEW ENGLAND AND CANADA.

Milk.—The duties on dairy products are based upon costs of producing milk in the New England States and the Province of Quebec, as determined for the month of April, 1921. Accordingly, the cost of producing milk in the New England States and the Province of Quebec was as follows:

	Per 100 pounds.	Per gallon.
New England States	$2.93	$0.252
Province of Quebec	2.45	.211
Difference in favor of Quebec	.48	.041

Cream.—Based on these costs of 100 pounds of milk, the cost of producing 1 gallon of 36 per cent cream is as follows:

New England States	$2.04
Province of Quebec	1.64
Difference in favor of Quebec	.40

Butter.—Based on these costs of 100 pounds of milk, the cost of producing 1 pound of butter in these two areas is as follows:

New England States	$0.55
Province of Quebec	.45
Difference in favor of Quebec	.10

Transportation costs.—The transportation costs on dairy products from New England centers of production and Province of Quebec to Boston are as follows:

Freight charges on dairy products from centers of production to Boston, Mass.

	Milk.		Cream.		Butter, per pound.
	Zone.	Per gallon.	Zone.	Per gallon.	
	Miles.		*Miles.*		
Province of Quebec	281-300	$0.0485	281-300	$0.0605	$0.0067
New England States	201-220	.0420	221-240	.0545	.0064
Difference in favor of New England		.0065		.0060	.0003

These differences in transportation costs which favor New England should be subtracted from the differences in costs as given above to obtain the tariff protection needed to offset differences in cost of production.

Method of obtaining costs.—The milk costs are based on the "Warren formula" for the quantities of feed and labor required to make 100 pounds of milk, to which have been applied feed and labor costs in the two areas. The Warren formula is used as a measure of cost of milk production, with the same quantity figures applied in each case, with the exception of "overhead" costs.

New England States cost per 100 pounds of milk (Apr. 15, 1921).

Grain, 33.79 pounds, at $41.20 per ton	$0.696
Hay, 43.3 pounds, at $21.40 per ton	.463
Other dry forage, 10.8 pounds, at $10.60 per ton	.057
Silage, 92.2 pounds, at $8 per ton	.369
Other succulents, 8.3 pounds, at $8 per ton	.017
Labor, 3.02 hours, at $0.235 per hour	.710
Total (representing 79 per cent of cost)	2.312
Final cost, including overhead	2.930

Province of Quebec costs per 100 pounds of milk (Apr. 15, 1921).

[Expressed in Canadian money.]

Grain, 33.79 pounds, at $43 per ton	$0.726
Hay, 43.3 pounds, at $20 per ton	.433
Other dry forage, 10.8 pounds, at $10 per ton	.054
Silage, 92.2 pounds, at $6.40 per ton	.295
Other succulents, 8.3 pounds, at $6.40 per ton	.013
Labor, 3.02 hours, at $0.187 per hour	.565
Total (representing 85 per cent of costs)	2.086
Final cost, including overhead	2.45

Sources of costs.—The prices for grain, hay, and labor in the two areas were obtained by surveys made during April in Canadian territory from which cream is shipped to the Boston market and from representative territory in the various New England States, supplemented by a more detailed cost of labor and prices charged for grain from a study made by the New England Milk Producers' Association.

Grain and hay.—Grain and hay prices in the Province of Quebec were somewhat higher than prices in the New England States, as the following comparison of prices will show:

Grain and hay prices.

Feed.	Quebec.	New England States.
Corn meal .... per 100 pounds	$2.00	$1.80
Ground oats .... do	2.20	2.12
Linseed meal .... do	2.75	2.64
Wheat bran .... do	1.90	1.87
Clover hay .... per ton	20.00	21.38

weighted on the basis of the importance of the dairy industry, as shown by the production of milk reported by the United States census for 1920, for each State. These weights applied are as follows:

Milk production in New England.

[Fourteenth United States Census.]

	Quantity of milk.	Per cent.
	Gallons.	
Maine	77,876,881	21
New Hampshire	42,356,285	11
Vermont	122,095,734	34
Massachusetts	76,316,309	20
Connecticut	54,894,287	14
Total	373,539,496	100

Silage.—From cost accounts kept in the New England States by the various New England colleges it has been determined that the cost of producing silage is $8 per ton. As labor is the principal item in the cost of producing silage, and the labor costs in the Province of Quebec were found to be 20 per cent lower than the New England States, the cost of silage in Quebec was figured at $6.40 per ton.

Labor.—The results of the survey in the Province of Quebec showed that the average cash wage paid farm labor in April, 1921, was $36 per month and the average cost of board was estimated by farmers as $22. This makes the total cost of hired labor in the Province of Quebec $58 per month. The farmers of Quebec estimated that their labor worked from 11 to 13 hours per day, which would give a total number of hours worked per month of about 310. This gives a cost per hour of hired labor as 18.7 cents. Labor costs in the New England States are based on returns from some 300 farmers scattered throughout the New England States, and the returns from the individual States weighted upon the importance of the dairy industry. The weighted cash wage paid per month for "month labor boarded" in the New England States was $44. The estimated cost of board was $29, making a total of $73. The number of hours worked was found to be 310 per month, which gives a cost per hour of labor of 23.5 cents in New England.

Wages paid farm labor have been consistently lower in Quebec than in the New England States, as shown by the following table:

Cash wages paid per month for farm labor.[1]

	Quebec, Canada.[2]	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.
1910	$14	$34	$36	$35	$37	$36
1914	12	26	25	26	25	23
1915	12	26	25	27	25	25
1916	15	29	29	30	30	30
1917	27	36	33	35	38	35
1918	28	46	42	43	43	44
1919	35	49	45	45	45	45
1920	40	57	55	52	55	56

[1] Quebec, from the Monthly Bulletin of Agricultural Statistics for February, 1920 and 1921, published by the Dominion Bureau of Statistics. New England States, from the Monthly Crop Reporter, United States Department of Agriculture.

[2] Monthly cash farm wages in Quebec were arrived at by dividing the annual wages and board, reported for males, by 12 and subtracting therefrom the value of board. The price of board is reported as: 1910, $12; 1914, $13; 1915, $13; 1916, $16; 1917, $17; 1918, $20; 1919, $23; 1920, $24.

Results of investigation made by the New England Dairy Tariff Committee, 1921.

	Quebec.	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.
Cash	$36	$47	$53	$41	$42	$34
Board	22	26	28	27	33	36
Total	58	73	81	68	75	70

Other costs.—The percentage of total costs represented in feed and labor is estimated at a larger amount in Quebec than in New England, for the reason that a study of housing, dairy equipment, and cow interest and depreciation charges show lower costs for these items in Canada than in New England. This study, made from the Boston (Mass.) dairy division, shows the following barn scores for representative areas in Quebec and the New England States, both of which have been shipping milk to Boston for the same period of time:

Barn scores—Vermont and Quebec.

Locality.	Number of farms scored.	Per cent of farms scoring under 50 per cent.	Range of score.	Average score of 70 farms.
Milton, Vt.[1]	70	21.42 (15 farms)	30-65	53.67
Hereford, Quebec [1]	70	52.85 (37 farms)	39.206	49 10
Shelburne, Vt.[2]	70	42.85 (30 farms)	31.7-64	49.69
Sutton, Quebec [2]	70	62.85 (44 farms)	26.9-60	47.54

[1] Old territory, shipping to Boston for some time.
[2] New territory, shipping to Boston only recently.

These barn scores indicate that the cost of housing cows and equipment for handling of dairy products is lower in Quebec than in the New England States. The survey of Canadian farms indicated a like condition.

Interest and depreciation on cows.—Another item of importance in the "other costs" is interest and depreciation on cows. According to the Dominion Monthly Bulletin of Agricultural Statistics for February, 1921 (p. 52), the average value per head of milch cows for 1920 in Quebec was $75. The weighted average value of milch cows for the New England States according to the United States Bureau of Crop Estimates, as published in the Crop Reporter, throughout the year 1920, was $101; in other words, the interest and depreciation charges on cows in the Province of Quebec was approximately 75 per cent of what they were in the New England States.

Cream costs.—Cream costs were determined by subtracting the value of skim milk from the costs given for milk. The value of the skim milk is based on the value of one-half bushel of corn, which in corn meal for April 15, 1921, was 56 cents per hundredweight. This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk gives the cost of 1.2 gallons of 36 per cent cream as $2.45 in New England and $1.97 in Quebec. The cost per gallon is $2.04 in New England and $1.64 in Quebec, a difference of 40 cents per gallon in favor of Quebec.

Butter costs.—In determining the butter costs, the value of skim milk is estimated per 100 pounds as being equal to the value of one-half bushel of corn, which in corn meal for April 15, 1921, was 56 cents per hundredweight. This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk gives the cost of butter fat sufficient to make 4.4 pounds of butter, allowing for a 3.7 per cent milk and a 20 per cent churn gain, $2.45 in New England and $1.97 in Quebec. The cost per pound in New England is 55 cents and in Quebec 45 cents, a difference of 10 cents per pound in favor of Quebec.

EXHIBIT B.

RELATIVE COSTS, UNITED STATES AND DENMARK.

Items of cost.—The principal items entering into the cost of keeping a cow are feed, labor, and overhead costs, including interest and depreciation on cow's housing, etc.

Of these items, feed makes about 50 per cent, labor 30 per cent, and other costs about 20 per cent of the total costs.

Feed.—The only costs of feed used in Denmark which are obtainable are quotations for cottonseed-oil cake, which quotations show prices to be about 7 per cent lower in the United States than Denmark last summer and this spring.

Wholesale prices of 43 per cent cottonseed meal, per ton f. o. b.

Date.	Copenhagen.[1]	Boston.[2]	Chicago.
August, 1920	$72	$67	$67
February, 1921	43	42	38

[1] From report of American consul in charge, Copenhagen, Denmark.
[2] From the Market Reporter, published by U. S. Department of Agriculture.

Labor.—A comparison of labor costs between United States and Denmark shows farm labor in the United States to be from 150 per cent to 200 per cent above that of Denmark.

Annual wages paid farm laborers, including cost of board, in Denmark and the United States.

	Denmark.		New England, men.	Northern United States dairy sections, men.
	Men.	Women.		
1910	$168	$120	$513	$520
1915	213	154	568	567
1918	347	240	877	845

The average wages per hour for farm labor in 1920 was two and a half times as high in the United States as in Denmark.

Average wages by the hour for farm laborers in Denmark and the United States for 1920.

[Rate of exchange: 1 ore=$0.00186.]

Class.	Denmark.[1]	New England.[2]	Northern United States dairy section.[2]
Farm laborers	$0.18		
Cowman	.17	$0.42	$0.47
Cattle trader	.17		

[1] From report of American consul in charge, Copenhagen, Denmark.
[2] From the Crop Reporter, published by the U. S. Department of Agriculture.

Overhead costs.—The only items obtainable of overhead costs are the average prices of milch cows, but these prices given are not directly comparable for the reason that the prices for cows quoted by the American consul in Denmark are largely for pure-bred cows for export, a much better class of stock than those quoted in the Crop Reporter for the United States. A comparison of these prices indicates that cows in Denmark are valued about 30 per cent above their value in the United States.

Average price of milch cows per head.

Year.	Denmark.[1]	New England.[2]	Northern United States dairy section.[2]
1914	$83	$64	$63
1918	165	83	77
1920	167	110	97

[1] From report of American consul in charge, Copenhagen, Denmark.
[2] From the Crop Reporter, published by the U. S. Department of Agriculture.

Weighted cost of keeping a cow.—If these three items of cost were weighted on a basis of their normal relationships and importance, it would appear that the cost of keeping a cow was about 35 per cent higher in the United States than in Denmark.

Weighted cost of keeping a cow in United States as compared with Denmark.

Item of cost.	Weighted importance.	United States percentage of Denmark's costs.
		Per cent.
Feed	50	93
Labor	30	250
Overhead	20	70
Weighted costs	100	135

EXHIBIT C.

INCREASED PRICE LEVEL ON BUTTER REQUIRES HIGHER RATES.

Change in price level makes higher duty necessary to provide same protection.—Previous to 1890 the duty on butter had been in the main from 4 to 5 cents per pound. In that year a duty of 6 cents per pound was placed on butter. This was reduced to 4 cents in 1894 and again raised to 6 cents in 1897, at which point it remained until the Underwood tariff act in 1913 reduced the rate to 2½ cents per pound. In 1897 the market price of butter was about 20 cents per pound. The chart[1] shows the trend of prices of butter from 1897 to 1921. Judging from this trend, the price of butter should settle for the year between 30 and 40 cents. Assuming that 6 cents a pound duty on butter was correct in 1897 (which can be assumed since it was not changed in 1909), when butter sold for 20 cents per pound, 10 cents per pound duty would be required at present to give the same protection to butter producers as was given in 1897.

EXHIBIT D.

COMPARISON OF TARIFF RATES ON CREAM AND BUTTER AND THE PROFITS WHICH CAN BE MADE IN SHIPPING CREAM TO UNITED STATES TO BE MANUFACTURED OVER MANUFACTURING BUTTER IN CANADA FOR SALE IN UNITED STATES.

[Expressed in Canadian currency.]

After paying the duties now carried by the permanent tariff bill (pars. 707, 708, 709, and 710) a Canadian creamery within 60 miles of the United States border could, in September, 1921, have made $0.21 (United States money) per gallon more on shipping cream to the United States to be manufactured into butter than it could to manufacture the cream into butter in Canada and ship the same to the United States for sale.

The Province of Quebec produces 51 per cent of her butter within 60 miles of the United States border, while 80 per cent of Ontario butter is within this limit. These two Provinces produce 70 per cent of the butter manufactured in creameries in

[1] Omitted in printing.

Canada. This comparison of costs demonstrates that the duty on heavy cream should be increased to at least 31 cents per gallon to equalize with an 8-cent duty on butter.

The following shows the cost of operation and delivery at the United States border of 10 gallons of 50 per cent cream made into butter under the two following methods:

Shipping the cream to a creamery in the United States and there having the butter manufactured and selling the same in the United States, paying duties of 10 cents per gallon on the cream.

Manufacturing the cream into butter at a creamery in Canada and then shipping the butter to the United States for sale, paying a duty of 8 cents per pound on the butter.

Summary.

Method No. 1:	
Gain on shipping heavy cream to United States, paying 10 cents per gallon duty and manufacturing such cream into butter here (per 10 gallons of cream)	$4.61
Method No. 2:	
Gain on manufacturing cream into butter in Canada and shipping butter to the United States for sale, paying duty of 8 cents per pound on the butter (per 10 gallons of cream)	2.29
Difference in favor of shipping cream to United States for manufacturing into butter here, paying cream duty, over manufacturing cream into butter in Canada shipping butter here, paying butter duty (per 10 gallons of cream)	2.32
Per gallon difference in favor of shipping cream, 0.232	.23
Difference expressed in United States dollars (divide by 109.5 per cent per gallon of cream)	.21

Method No. 1—Shipping cream and manufacturing it into butter in United States.

Creamery buys on flat Montreal quotation, 10 gallons of 50 per cent cream containing 41 pounds butter fat, at 36 cents	$14.76
Station expenses for handling cream per can	.50
Cost of cans in which to ship cream	.03
Freight on cream to United States	.25
Duty on 10 gallons cream, at 10 cents per gallon	1.00
Total cost of cream delivered at a butter plant in United States	16.54
Cost of manufacturing butter 49.2 pounds, allowing 20 per cent overrun, at 5 cents per pound	2.46
Cost in United States	19.00
Selling price of butter in United States, 49.2 pounds, at Boston Chamber, 0.4383 plus 9½ per cent premium on Canadian currency, $0.4799 per pound.	23.61
Gain per 10 gallons on cream	4.61

Method No. 2—Manufacturing butter in Canada and shipping to United States.

10 gallons 50 per cent cream, 41 pounds butter fat, at 36 cents per pound	$14.76
Cost of making butter, 49.2 pounds (allowing 20 per cent overrun), at 5 cents per pound	2.46
Freight to border, 49.2 pounds, at $0.0033 per pound	.16
Duty, 49.2 pounds, at 8 cents per pound	3.94
Total cost of butter at United States border	21.32
Selling price of butter in United States, at Boston Chamber, for September, $0.4383 per pound, plus 9.5 per cent premium on Canadian currency, $0.4799 per pound	23.61
Gain on shipping butter to United States	2.29

Items of cost.

Cream.—Cream for butter purposes is purchased from the Canadian producers on the flat quotation for finest creamery butter at Montreal. The average quotation for this butter for September, 1921, was $0.36 per pound. (Trade Bulletin, Montreal.)

Station expense.—A charge of 50 per cent per can for station expense is made. This expense to cover the cost of receiving the cream from patrons, separating the same, and loading onto cars. There would be a residual item of skim milk which has not been considered here.

Can charge.—A charge of $0.03 per can is made to cover interest and depreciation on cans. This is the cost as reported by Boston milk dealers to the New England Federal Milk Commission. A 10-gallon jug costs new about $5.25 and will last about five years.

Freight.—Freight charges are taken from railroad traffic rates on cream for a 60-mile haul.

Duties.—Duties are figured at rates now carried for cream and butter in the permanent tariff bill; cream, over 30 per cent, 10 cents per gallon; butter, 8 cents per pound.

Cost of manufacturing butter.—A cost of 5 cents per pound in manufacturing butter is recognized by the trade generally, as also is the 20 per cent overrun on butter fat.

Selling price of butter in United States.—The average September quotation of the Boston Chamber of Commerce for creamery extras was $0.4383 per pound. Canadian currency averages 9¼ per cent premium for the month of September.

Freight on butter.—Obtained from Boston & Maine Railroad schedules of freight rates.

Exhibit E.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

Changes in source of Boston's milk supply.—During the past 20 years there has been a rapid moving back of the source of Boston's milk supply with decreased supply coming from near-by Massachusetts and southern New Hampshire, resulting in increased supply from Vermont and recently the starting of shipments from Canada and northern New York.

Importance of dairying to the New England farmer.—Dairying provides the main source of income for the New England farmer. In 1919 the total income from the sale of dairy products was over $94,000,000.

Receipts from sale of dairy products, New England States, 1919.

[Fourteenth United States Census.]

Maine	$15,543,524
New Hampshire	9,627,286
Vermont	26,634,760
Massachusetts	24,279,643
Connecticut	14,385,132
Rhode Island	3,770,528
Total, New England	94,240,873

New England farms.—Proper protection to the New England farmer would do considerable to offset the decline in the number of farms which has taken place during the past 10 years, which ranges from 11 per cent in Vermont to 24 per cent in New Hampshire.

Number of farms in New England.

[Fourteenth United States Census.]

	1900	1910	1920	Per cent decline under 1910.
Maine	59,299	60,016	48,227	19.6
New Hampshire	29,324	27,053	20,523	24.1
Vermont	33,104	32,709	29,075	11.1
Massachusetts	37,715	36,917	32,001	13.3
Connecticut	26,948	26,815	22,655	15.5
Rhode Island	5,498	5,292	4,083	22.8
Total, New England	191,888	188,802	156,564	17.05

Cows in New England.—The number of cows in New England have shown a steady decline up to the period of high war prices of 1915–16, at which time the patriotic appeal for greater production of agricultural products resulted in an increased number of dairy cows. Below are given the number of cows and heifers over 2 years old by census periods:

Number of dairy cows and heifers over 2 years old.

[United States Census.]

	1900	1910 [1]	1920
Maine	173,592	139,392	175,425
New Hampshire	115,036	90,271	95,997
Vermont	270,194	235,889	290,122
Massachusetts	184,562	155,269	147,331
Connecticut	126,434	109,913	112,622
Rhode Island	23,660	21,421	21,431
Total, New England	893,478	752,355	842,928

[1] 1910 census reported number of dairy cows and heifers over 15½ months old. These have been corrected so as to be comparable with 1900 and 1920 census, which reported cows and heifers over 24 months old.

The statement of the number of cows as given by the various State assessors shows the decline in number of cows up to the war period.

Number of cows as reported by State assessors in New England.

Year.	Maine.	New Hampshire.	Vermont.[1]	Massachusetts.	Connecticut.
1910	132,339	92,082	....	166,048	154,271
1911	135,869	94,467	....	166,500	149,279
1912	138,065	92,879	....	161,608	154,463
1913	135,088	89,510	227,039	151,276	151,276
1914	130,661	86,438	223,911	147,209	144,481
1915	133,890	87,944	234,783	145,016	143,997
1916	137,656	87,464	242,495	145,049	148,352
1917	141,135	89,316	236,119	149,077	150,737
1918	149,905	93,013	242,152	150,789	153,264
1919	152,617	89,830	232,953	148,511	153,811
1920	....	....	244,126	153,489	....

[1] Figures previous to 1913 not available.

EXHIBIT F.

DIFFERENCE IN STANDARD OF LIVING IN TERRITORY IN QUEBEC SUPPLYING BOSTON WITH DAIRY PRODUCTS AND COMPETING TERRITORY IN NEW ENGLAND STATES.

Women and children milking.—At the same time that the relative cost of feed and labor was obtained for Quebec and for the New England States information was also obtained as to the relative standard of living in the two sections. In general, one would say that judged by the percentage of farms reporting modern conveniences in the houses, such as running water, furnaces, musical instruments, bathrooms, etc., that the Quebec farmers were considerably ahead of the New England farmers. This, however, was offset by the fact that 50 per cent of the farms in Quebec territory reported that their wives did milking, while in New England only two States reported the wife milking—Massachusetts, where 9 per cent of the farms reported this condition, with 11 per cent in New Hampshire. Again, in Quebec 20 per cent of the farms reported the daughter milked, while the only New England State reporting this condition was New Hampshire, where only one daughter helped with the milking; 42 per cent of the sons under 18 were reported as doing milking in Quebec, and from 20 per cent to 30 per cent of the same class of labor in the New England States. In general, the size of the family ranged somewhat larger in Quebec than in New England States, being 5.3 persons per farm in Quebec and from 3.4 in Maine to 4.8 in Vermont.

Sanitary conditions.—This survey brought out the fact that sanitary conditions of milk production were better in the New England States than in Quebec. The fact that 30 per cent of the Quebec farms surveyed reported ice houses and 50 per cent milk houses, while in New England States, on the farms surveyed, from 74 per cent in Massachusetts to 100 per cent in Maine and Vermont reported ice houses, while from 65 per cent in Massachusetts and 92 per cent in Vermont reported milk houses, indicates better care of the dairy products in New England than in Quebec. In order to produce a good grade product and have it in wholesome condition when it reaches the market ice houses and milk houses are essential.

Standard of living—Quebec and New England States.

Item.	Quebec.	Maine.	Vermont.	Massachusetts.	Connecticut.	New Hampshire.
Total number of farms	77	30	25	23	29	34
Average number of cows	20	6.8	20	11	13	9.2
Average size of farm	179	128	257	149	127	216
Average miles from shipping point	3	4.4	2	4.3	6	3.2
LABOR.						
Per cent of farms reporting—						
Hired men	53	10	56	43	75	41
Wife milking	45	0	0	9	0	11
Daughters milking	20	0	0	0	0	2
Sons under 18 milking	42	0	4	35	21	3
Sons over 18 milking	29	20	6	22	3	2
Operators milking	93	90	88	83	93	94
FARM FAMILY.						
Average number of persons in family	5.3	3.4	4.8	4.2	4.0	4.1
Average number of boys under 18	1.2	0.4	0.6	0.9	0.6	0.6
Per cent in school	54	81	53	60	66	75
Average number of boys over 18	0.4	0.3	0.2	0.2	0.2	0.4
Per cent in school	0	36	0	50	26	7
Average number of girls under 18	1.1	0.2	0.4	0.7	0.9	0.6
Per cent in school	60	77	36	70	52	6
Average number of girls over 18	2.4	*0	(1)	0.2	0.2	....
Per cent in school	5	....	....	66	0	33
STANDARD OF LIVING.						
Average number of rooms in house	8.3	7.6	10.2	10	11	10
Per cent of farms reporting—						
Running water in house	50	21	24	96	52	41
Furnace	41	8	12	30	48	20
Piano	41	27	52	57	55	65
Organ	20	23	24	35	8	6
Phonograph	17	17	44	39	66	45
Papers and books	83	100	96	91	97	100
Bathroom	20	3	8	52	31	21
BARN EQUIPMENT.						
Per cent of farms reporting—						
Milking machines	9	21	56	8	14	18
Litter carriers	34	....	40	8	31	3
SANITARY CONDITIONS.						
Per cent of farms reporting—						
Ice houses	32	100	100	74	86	97
Milk houses	52	85	92	65	86	91

[1] One in school.

Exhibit G.

NEW ENGLAND'S MILK, CREAM, AND BUTTER SUPPLY.

The main source of Boston's milk supply at present is Vermont, which furnishes 44 per cent; Maine is second, with 16 per cent; New Hampshire, 15 per cent; New York, 12 per cent; Massachusetts, 9 per cent; Connecticut, 3 per cent; and Canada, about 1 per cent.

Railroad milk shipments to Boston, 1919.

State.	Gallons.	Per cent.	State.	Gallons.	Per cent.
Maine	5,660,000	16	Connecticut	1,070,000	3
New Hampshire	5,260,000	15	Canada	210,000	1
Vermont	15,600,000	44	Total	35,480,000	100
New York	4,300,000	12			
Massachusetts	3,370,000	9			

The largest shipments of milk from Canada to Boston occur during the summer months.

Milk shipments from Canada to Boston, by months, 1919.

Month.	Gallons.	Month.	Gallons.
January	9,400	August	32,700
February	7,800	September	44,600
March	4,800	October	30,200
April	2,600	November	17,400
May	8,500	December	5,900
June	18,200		
July	28,600	Total	210,200

The total shipments of cream from New England and Canada to Boston in 1919 were approximately 3,600,000 gallons.

Cream shipments to Boston, 1919.

State.	Gallons.	Per cent.
Maine	872,000	25
New Hampshire	382,000	11
Vermont	1,620,000	44
New York	240,000	6
Massachusetts	75,000	2
Connecticut	400	....
Total, New England	2,189,400	88
Quebec	416,300	12
Grand total	3,605,700	100

The time of the heaviest shipments of cream to Boston from Canada occur during the summer months, with 71,000 gallons in June, compared with 12,000 gallons in December.

Cream shipments to Boston from Quebec points in 1919, by months.

Month.	Gallons.	Month.	Gallons.
January	8,940	August	49,040
February	7,540	September	54,800
March	12,700	October	36,250
April	27,100	November	20,620
May	49,040	December	12,420
June	71,530		
July	66,300	Total	416,280

Boston does not need Canadian milk and cream.—That Boston does not need the Canadian production to give an adequate supply of cream is shown by the fact that in 1919, according to the United States Department of Agriculture, 15,799,023 pounds of butter was manufactured in the New England States, which, if needed to give additional cream to replace the Canadian supply, would have furnished 4,500,000 gallons of cream of 36 per cent butter fat, 11 times the amount required. Boston obtained its largest amount of cream from Quebec in June, when 72,000 gallons were shipped. The butter production in New England would have furnished 666,000 gallons of cream, or over nine times the amount required to replace the Canadian production.

Butter production (in pounds) in New England, 1919–20.

[U. S. Department of Agriculture, Bureau of Markets.]

Month.	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.	Rhode Island.	Total, New England States.	Equivalent gallons of 36 per cent cream.
1919.								
January	45,303	28,662	655,634	116,323	57,465	5,122	908,569	260,467
February	64,253	24,497	532,938	124,024	66,367	4,756	816,835	234,184
March	124,347	32,113	754,168	227,759	76,005	5,420	1,219,812	349,712
April	150,501	33,419	921,723	283,479	97,398	4,759	1,491,279	427,542
May	188,866	47,157	1,301,960	405,933	117,218	10,758	2,071,892	594,005
June	189,948	53,759	1,487,109	470,314	119,046	3,596	2,323,782	666,222
July	109,915	36,751	1,180,761	348,083	83,062	5,288	1,763,800	505,674
August	56,243	26,290	834,422	223,804	70,481	5,586	1,216,826	348,861
September	58,560	26,859	733,804	202,269	66,842	5,649	1,093,983	313,640
October	43,435	24,179	819,706	171,214	70,022	5,237	1,133,793	325,058
November	30,777	19,269	576,559	121,448	49,751	4,674	802,478	230,065
December	64,459	21,194	660,570	149,624	55,640	4,547	956,034	274,092
Total	1,126,607	374,150	10,459,354	2,844,224	929,287	65,392	15,799,623	4,529,522
1920.								
January	91,630	24,381	604,090	150,793	57,229	4,980	933,103	267,518
February	57,448	20,425	589,195	108,336	46,031	3,196	824,631	236,420
March	56,672	19,298	823,870	214,234	68,001	4,284	1,186,359	340,122
April	74,757	21,699	1,113,238	322,633	89,383	3,945	1,625,655	466,071
May	70,120	24,700	1,461,916	377,854	94,504	5,455	2,034,549	583,298
June	82,895	32,430	1,842,168	404,617	88,342	4,985	2,455,437	703,987
July	61,591	26,803	1,449,091	326,546	76,218	3,454	1,943,703	557,254
August	47,487	21,899	1,093,812	252,088	64,732	5,379	1,485,397	425,859
September	48,901	22,928	932,947	285,980	70,940	5,367	1,367,063	391,933
October	16,429	27,166	1,040,349	319,027	74,805	6,753	1,528,529	438,222
November	34,363	23,955	790,031	214,669	69,118	5,878	1,138,014	326,262
December	37,542	22,030	768,140	220,086	66,278	6,365	1,120,471	321,232
Total	723,835	287,744	12,508,347	3,196,863	865,581	60,041	17,642,911	5,058,153

In addition to the butter manufactured in creameries, over 14,000,000 pounds of butter was manufactured and sold from New England farms in 1919, which supply could also largely be used to replace the Canadian cream supply. This would have given over 4,000,000 gallons of 36 per cent cream.

Butter made and sold from farms in New England States.

[Fourteenth Census, year 1919.]

State	Pounds.	State	Pounds.
Maine	6,945,411	Connecticut	1,133,996
New Hampshire	2,272,752	Rhode Island	81,150
Vermont	2,954,634		
Massachusetts	1,282,887	Total New England	14,670,830

EXHIBIT H.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

The imports of fresh milk from Canada were low previous to 1913, when only 8,000 gallons were imported, but have increased rapidly since that time, with fresh milk on the free list, until in 1920 about 2,000,000 gallons were imported. During this period cream has declined, due to the decrease in the duty on butter, which made it less profitable to buy cream for manufacture into butter in United States, and the trend of the industry changing from cream shipping to milk shipping.

Imports of milk and cream (in gallons) from Canada into the United States.

[Report of trade of Canada, Dominion Bureau of Statistics, years ending Mar. 31.]

Year.	Milk.	Cream.	Year.	Milk.	Cream.
1911	58,102	1,823,821	1917	760,805	803,498
1912	7,771	886,174	1918	1,116,362	585,601
1913	7,939	820,360	1919	827,973	485,015
1914	307,188	1,323,909	1920	1,985,113	795,780
1915	477,692	1,895,575	1921	1,508,618	1,279,195
1916	394,831	1,262,280			

Imports of fresh milk and cream (in gallons) into United States from Canada by months, 1919-1921.

[Monthly reports of trade of Canada.]

Month.	Fresh milk.			Fresh cream.		
	1919	1920	1921	1919	1920	1921
January	68,261	120,850	68,502	13,415	19,833	27,498
February	59,615	125,398	45,120	21,290	16,746	21,046
March	74,732	144,339	90,206	14,409	41,168	31,606
April	71,727	80,821	58,842	22,029	43,039	48,149
May	140,906	86,604	130,433	67,707	81,526	128,249
June	164,354	155,235	....	119,382	184,031	....
July	134,137	284,993	....	127,212	221,031	....
August	210,447	133,717	....	101,753	169,004	....
September	231,540	241,293	....	99,448	194,166	....
October	270,979	106,045	....	91,227	144,425	....
November	195,130	142,105	....	55,271	110,050	....
December	175,304	67,977	....	34,004	51,773	....

The United States reports of the domestic and foreign commerce for the calendar year of 1920 show that 94 per cent of the imports of milk and cream from Canada pass through the St. Lawrence and Vermont customs districts, 42 per cent passing through the St. Lawrence district and 52 per cent through the Vermont district.

Imports of fresh milk and cream, calendar year 1920, by customs districts.

	Gallons.		Gallons.
Maine-New Hampshire	3,099	Duluth	50
Massachusetts	2,300	Michigan	68,162
New York	145	Montana	9,248
El Paso	1,350	St. Lawrence	1,756,260
Washington	48,057	Vermont	2,148,833
Buffalo	70,256		
Dakota	10,057	Total	4,117,817

The following table shows the tremendous increase in imports of butter which occurred after the imposition of the 2½-cent rate on butter in 1913.

Imports of butter by years into the United States from Canada.

[United States Foreign and Domestic Commerce.]

Year.	Butter.	Duty.	Year.	Butter.	Duty.
	Pounds.	*Cents.*		*Pounds.*	*Cents.*
1884	261,911	4	1903	68,005	6
1885	181,359	4	1904	27,568	6
1886	176,093	4	1905	462,819	6
1887	224,756	4	1906	15,030	6
1888	126,268	4	1907	147,938	6
1889	87,919	4	1908	222,509	6
1890	62,426	4	1909	348,052	6
1891	374,554	6	1910	940,036	6
1892	106,690	6	1911	415,480	6
1893	63,112	6	1912	629,109	6
1894	38,575	6	1913	251,242	6
1895	63,546	4	1914	722,329	2½
1896	40,082	4	1915	1,277,877	2½
1897	26,819	4	1916	372,066	2½
1898	17,608	6	1917	311,257	2½
1899	14,720	6	1918	620,279	2½
1900	23,466	6	1919	9,437,960	2½
1901	10,497	6	1920	9,235,630	2½
1902	365,538	6			

SUPPLEMENTAL BRIEF.

The New England Dairy Tariff Committee begs leave to present some facts which should be taken into consideration in the framing of a tariff on milk, cream, and butter. We believe that the United States producers of dairy products should be given protection equal to the difference in the cost of production between the United States and competing foreign countries. The importance of the dairy industry in New England is shown by the fact that dairy products valued at over $94,000,000 were sold from New England farms in 1919.

The cost of production secured for the New England States and the Province of Quebec for the month of April show a difference at this time in favor of Quebec of 3½ cents per gallon for milk, 40 cents per gallon for cream, and 10 cents per pound for butter. It is confidently believed by the committee that the costs secured for this period are nearer together than in normal times, since the decline in the cost of labor and feed is taking place near the industrial centers more rapidly than in the outlying districts. It was also evident, from the household conveniences found in the Canadian Province, that dairy farming has been more profitable there, due possibly to the more general engagement of the wives and daughters in the milking and other dairy operations in Quebec.

There has been a continuous decrease in the number of farms in operation and the number of cows in New England for 30 years. This is due to only one thing—unattractive returns, often actual losses. That live-stock husbandry is necessary to the maintenance of fertility and to providing a market for roughages produced in New England is undisputed. On a general scale dairying offers the only solution to this problem.

The use of dairy products by the urban population is greatly below what it should be. This is due to two things, viz, lack of appreciation of their importance, and the difficulty of securing a fresh, uniform, wholesome product from remote regions. Business men everywhere agree that without a prosperous and thriving agriculture a contented industrial class is impossible.

ORGANIZATION OF THE COMMITTEE.

As a result of unfavorable conditions existing in the dairy industry, which have been developing for the past 20 years, there was brought together a representative body at Boston on February 24, 1921, to consider a tariff on dairy products with a view to bringing these matters to the attention of the United States Congress. Representatives from practically all of the State Dairymen's Association, State departments of agriculture, State granges, and State agricultural colleges of the New England

States were present. In addition, the Eastern New York Milk Producers and the New England Milk Producers' Association were represented.

As a result of the action taken at this meeting each State group selected a representative to carry out the necessary work of formulating a tariff schedule. This group consists of W. N. Cady, Vermont State Grange, chairman; O. M. Camburn, Massachusetts State Department of Agriculture, secretary; J. W. Alsop, Connecticut Dairyman's Association; H. N. Sawyer, New Hampshire Farm Bureau; M. D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Producers; J. J. Dunn, Rhode Island State Department of Agriculture; and W. H. Bronson, New England Milk Producers' Association.

THE SCHEDULE OF TARIFFS NEEDED.

For the protection of the dairy industry in New England the committee has formulated the following minimum duties: For milk, 3½ cents per gallon; for cream, 35 cents per gallon; for butter, 10 cents per pound.

DAIRY CONDITIONS.

In New England the number of farms as reported by the United States census have shown a marked decline in each State for 20 years, ranging from 11 per cent in Vermont to 24 per cent in New Hampshire since 1910. Up to the beginning of high prices for dairy products in 1915–16 the number of cows in New England had steadily declined. Dairying is the main source of income to the New England farmer. Adequate protection on dairy products would do considerable to bring agriculture in New England back to a more prosperous condition.

COST OF PRODUCTION.

The cost of production of dairy products in the Province of Quebec is lower than it is in the New England States.

Milk.—The cost of producing 1 gallon of 3.7 per cent milk is $0.041 cheaper in the Province of Quebec, Canada, than in the New England States. Transportation charges to Boston favor the New England producer to the amount of $0.0065 per gallon, which when subtracted from the $0.041 leaves the difference in favor of Quebec of $0.0345 per gallon.

Cream.—Based on these costs, the cost of producing 1 gallon of 36 per cent cream is $0.40 per gallon less in Quebec than in New England. Transportation charges to Boston is $0.006 per gallon less from the New England center of production than from the Quebec center of production, which when subtracted from the $0.40 leaves the difference in favor of Quebec of $0.394 per gallon.

Butter.—Based on the costs of milk, the cost of producing 1 pound of butter is 10 cents less in Quebec than in New England. Transportation to Boston of butter from the center of production in New England is $0.0003 per pound less than from the Quebec shipping point, which when subtracted from the 10 cents leaves the difference in favor of Quebec of $0.0997 per pound.

SPECIFIC DUTY DESIRABLE ON MILK, CREAM, AND BUTTER.

From an administrative standpoint, and due to trade practices, a specific duty on milk, cream, and butter is desirable.

In 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was adopted. At the present price level of butter, a duty of at least 10 cents per pound would be necessary to give the same protection.

CANADIAN MILK AND CREAM NOT NECESSARY TO SUPPLY NEW ENGLAND NEEDS.

The New England farmer can supply New England's needs for milk and cream. In 1919, when 416,000 gallons of cream were shipped from Canadian points to Boston, the butter produced by New England creameries would have provided 4,500,000 gallons of 36 per cent cream, or eleven times the amount necessary to replace the Canadian shipments.

The butter production in New England would have supplied nine times the amount needed to replace Canadian cream shipments to Boston for the month of heaviest shipment (June). The butter would also have provided a large amount of additional milk if more milk had been needed.

Butter imports from Canada have increased from 350,000 pounds in 1913 to over 9,000,000 pounds in 1920.

STANDARD OF LIVING.

The standard of living in Quebec is lower than in New England when measured by the question as to whether or not the wife and daughters help milk and higher than in New England when measured by the question as to whether or not the house has conveniences such as running water, furnaces, and bathrooms. The presence of these latter conveniences indicates more profitable dairy production in Quebec than in New England.

Sanitary facilities for producing milk such as ice houses and milk houses are much less numerous in Quebec than in New England.

TARIFF SCHEDULES ON OTHER PRODUCTS.

The dairy farmer deserves a protection which is as effective as that applied to other industries, in order to encourage and maintain an intelligent class in the production of this most essential product, and in the preservation of farms in a high state of fertility.

IMPORTED OILS A MENACE TO THE DAIRY INDUSTRY.

In recent years the consumption of oleomargarine has increased tremendously, until at present 1 pound is consumed to each 2 to 3 pounds of butter eaten. The importation of vegetable oils, used largely for this purpose, has increased from eighty-two and one-half millions of pounds in 1912 to seven hundred and eighty-one millions in 1918 and four hundred and thirty-five millions in 1920. This has been an important factor in promoting losses to dairymen throughout the country, and it may have damaged materially the health of the Nation. The New England farmer desires to see adequate protection against these products.

THE IMPORTANCE OF MILK IN THE DIET.

Eminent scientists and health authorities now recognize milk and its products as the most nourishing of all foods in daily use. The vitamines, present in abundance, are essential to growth, health, reproduction, and longevity. These are supplied most abundantly in fresh milk produced near the consuming centers and from cows whose ration consists of green foods for a considerable portion of the year. In these respects New England products are superior to those of Canada as a source of vitamines.

STATEMENT OF CHARLES W. HOLMAN, REPRESENTING THE NATIONAL PRODUCERS' FEDERATION AND VEGETABLE OILS TARIFF COMMITTEE OF THE NATIONAL BOARD OF FARM ORGANIZATIONS.

Mr. HOLMAN. Mr. Chairman, on behalf of the Associated Dairymen of California, who can not have their office representative present, through our federation they wish to file a supplementary brief to the one which is of the hearings of November 14.

I am referring now to the former brief filed by the Associated Dairymen of California in respect primarily to casein and sugar of milk, in which they are asking for a duty of 4½ cents a pound on both those products, and their arguments to sustain them.

SUPPLEMENTAL BRIEF OF ASSOCIATED DAIRYMEN (INC.) OF CALIFORNIA.

The original brief and the argument and figures herewith submitted were prepared jointly by the Associated Dairymen of California (Inc.), a State-wide organization of dairymen and representing 10,000 dairymen of the State of California, and by the California Central Creameries, one of the very large manufacturing companies in the United States which produces one-sixth of the butter made in California, and has produced and is prepared to produce any of the known by-products of milk.

The Associated Dairymen of California undertakes to speak for 10,000 dairymen who own and control 17 manufacturing plants in the State.

The Associated Dairymen of California requested the assistance of the California Central Creameries in the preparation of the first brief and of this argument for the reason that the California Central Creameries owns and operates plants located from the extreme northwestern county of California, Del Norte, to the southeastern county of California, Imperial. Its manufacturing experiences and those of the units of the

Associated Dairymen of California jointly give an accurate representation of the dairy products manufacturing situation of the State.

Consideration of proper tariff rates is an economic problem and the facts and figures presented herewith are the combined results obtained from plants of various sizes, large and small.

Tariff rates on milk products of whatever kind should have a definite relationship one to the other.

In the brief previously filed it is set forth that the duties proposed in H. R. 7456 on the better known of the milk products resolve themselves into rates equivalent to from 40 to 50 cents per hundred pounds of raw milk.

Thus the duty of 8 cents per pound proposed on butter is equivalent to 40 cents per hundred pounds of milk from which it is produced, assuming 4 per cent milk and a production of 5 pounds of butter per hundredweight of milk. The dairy organizations of the United States are asking for a duty of 10 cents a pound on butter, which is the equivalent of 50 cents per hundredweight of milk.

The proposed duty of 5 cents per pound on cheese valued at less than 30 cents per pound is equivalent to a duty of 50 cents per hundred pounds on the milk used in its manufacture, assuming a production of 10 pounds of cheese to each hundredweight of milk used in its production.

Similarly the proposed duty on sweetened condensed milk, by H. R. 7456, is the equivalent of 28 cents per hundredweight of milk; and the proposed duty on unsweetened evaporated milk is the equivalent of 43.6 per hundredweight on the milk used in its manufacture.

But the rates of duty provided by H. R. 7456 for raw (whole) milk or for any other of the dairy products, have no relationship to the duties provided for butter, cheese, and evaporated milk.

For instance a duty of 1 cent a gallon is provided for whole raw milk, which is the equivalent of 12 cents a hundredweight.

A duty of 5 cents a gallon is provided in H. R. 7456 for cream up to 30 per cent of butter fat, an equivalent of only 6 cents per hundredweight on raw milk.

A duty of 1½ cents per pound is provided in H. R. 7456 for skim-milk powder, the equivalent of 13½ cents per 100 pounds of milk.

Casein (lactarene) is placed on the free list by H. R. 7456. So, too, is sugar of milk.

It is to direct attention to these inequalities, and to ask for their adjustment that this statement is offered.

DISPOSITION OF SKIM MILK.

After cream has been separated from milk by the usual mechanical process, there remains sweet skim milk.

The disposal of this sweet skim milk is to-day one of the problems of the dairy industry. It is too bulky and too low in value to be transported to the cities for geneal sales. In fact, it is disposed of by one of the four following methods:

First. It can be fed to hogs and other stock. A wasteful process of converting one good food into another and far less quantity of food.

Second. It can be converted into skim-milk powder. This industry is of recent origin in the United States, but it is a growing one. The skim-milk powder, carrying practically no fat, can be kept almost indefinitely. Baking companies everywhere are using it. To introduce it into general household use is the present problem of those manufacturing it. It is being produced on a large scale in New Zealand and Australia, and can be shipped to the United States more easily than butter, as it requires no refrigeration.

Theoretically, from 8½ to 9 pounds of powdered skim milk should be produced from 100 pounds of milk, but in actual practice the recovery is from 7 to 8 pounds.

Many States in the Union have produced skim-milk powder.

The United States production of skim milk powder in the calendar year 1920 was 41,893,000 pounds, of which California produced 7,348,000 pounds, or between 17 and 18 per cent.

In the first six months of 1921 the production in the United States was as follows:

	Pounds.		Pounds.
January	1,513,000	May	4,430,000
February	1,426,000	June	4,370,000
March	1,826,000		
April	3,326,000	Total	16,891,000

In the first six months of 1920 the production was 24,953,000 pounds.

Production has been decreased by the low price and, in California, inability to secure lower overland freight rates than are now charged.

Powdered skim milk is selling in the San Francisco market at from 8 to 9 cents a pound.

COST OF PRODUCTION.

We herewith submit the report of the Northern California Milk Producers' Association for the six months ending December 31, 1920:

5,092,400 pounds of skim milk, at 30 cents per 100	$15,277.20
Manufacturing cost	25,169.91
Total	40,447.11

The production was 363,091 pounds of powdered milk and the cost was 11.14 cents per pound.

For the period beginning January 1 and ending September 30, 1921, the cost was as follows:

3,042,900 pounds of skim milk, at 30 cents per 100	$9,128.70
Manufacturing cost	18,647.51
Total	27,776.21

The total yield was 216,959 pounds and the cost of production was 12.81 cents a pound.

The California Central Creameries report the following costs: For 1920, dry skim milk made, 5,119,907 pounds; average cost per pound, 11.57 cents. For 1921, dry skim milk made, 5,239,474 pounds; average cost per pound, 8.59 cents.

The reason for the apparent cheapness of production in 1921 is that the California Central Creameries estimated its skim milk value this year at 30 cents per hundred pounds.

Third. Skim milk can be used in the production of casein and sugar of milk, one process being the complement of the other. The process consists of coagulating the casein in skim milk by means of an acid. The casein is separated from the remaining whey, washed, dried, and ground, generally finding its market in New York and eastern centers.

There remains in the whey sugar of milk to the extent of perhaps 3½ per cent of sugar and some albumen. The albumen is utilized as chicken feed and need not be further considered in this relation. The whey is boiled down in vacuum pans in the manner used in sugar refineries and for some uses must be subsequently refined.

CALIFORNIA'S INTEREST PARAMOUNT.

California's interest in the sugar of milk and the casein industry is paramount to that of any State in the Union.

In the last three years California has produced 40 per cent of the casein made in the United States. In 1920 California produced nearly 50 per cent of all of the sugar of milk. The Milk Producers' Association and certain private creamery concerns, the largest of which is the California Central Creameries, have installed the necessary plant and equipment. At present the plants are practically idle.

The chief competitor in the casein markets is the Argentine Republic, as will be seen by the following table of imports of casein into the United States in the years 1919 and 1920:

From—	1920		1919	
	Pounds.	Value.	Pounds.	Value.
France	368,810	$44,989	1,036,303	$162,423
Norway			551	201
United Kingdom	2,257,387	264,542	222,404	28,949
Canada	25	5	385	45
Argentina	17,300,983	1,970,639	15,528,190	1,788,424
Brazil	201,066	20,840	33,046	5,672
British India	250,872	29,651	200,057	17,232
Japan	3,137	500		
Australia	179,502	21,255	56,000	6,845
New Zealand	677,040	79,245		
Total	21,238,822	2,431,666	17,076,936	2,009,791

The imports of casein for the first nine months of 1921 were 7,978,393 pounds, valued at $742,225. The chief country of origin, as in previous years, was the Argentine Republic. Attention, however, is directed to the fact that imports from Australia and New Zealand are developing.

Compare these heavy receipts from abroad with the American production, which, according to the Bureau of Markets, was as follows:

Casein production, in pounds.

Year.	Total, United States.	California.
1918	10,935,548	4,551,644
1919	13,685,243	5,596,192
1920	(1)	4,765,000

[1] Not complete.

We can not compete with the Argentine casein, which usually is of the poorest quality and which has been sold in New York as low as 6½ cents per pound. We can not compete for two reasons, the cost of production and much higher transportation charges.

TRANSPORTATION CHARGES.

On November 10, 1921, in response to an inquiry as to transportation costs of casein from Buenos Aires to New York, the Associated Dairymen of California received the following telegram from W. R. Grace & Co., of New York:

ASSOCIATED DAIRYMEN OF CALIFORNIA,
San Francisco, Calif.:

Casein, Buenos Aires to New York, we have no steamers. Lamport & Holt quote $6 and Munson Line $10 per long ton weight.

W. R. GRACE & Co.

Six dollars per long ton is equal to about 26.8 cents per hundred pounds; $10 per long ton is equal to about 44.6 cents per hundred pounds.

On November 22, 1921, the Southern Pacific Co. quoted the following rates on casein, sugar of milk, and powdered skim milk from San Francisco to New York:

Freight rates, San Francisco to New York.

	Per carload.	Less than carload.
Casein	$1.42 per 100 pounds, 30,000 pounds minimum.	$1.42 ground or powdered; $3.75½ other than ground or powdered.
Milk sugar	$3.08 per 100 pounds, 24,000 pounds minimum.	
Powdered milk	$1.05 per 100 pounds, 60,000 pounds minimum.	$1.42.
Do	$1.42 per 100 pounds, 40,000 pounds minimum.	

We have here a differential favoring Argentine producers between 26.8 cents per 100 pounds and $1.42 per 100 pounds or slightly over $1.15 per 100 pounds.

If the provisions of H. R. 7456 are permitted to stand and casein is permitted to come in free of duty, the casein industry of California, whch amounts to 40 per cent of the American industry, is thus $1.15 per hundredweight worse off than under free trade. Our market is in New York and New York draws from the world.

Casein production is comparatively a new American industry. Its development in California has been due to the desire of the milk producers' associations and to certain manufacturing concerns to provide a fairly profitable remedy for the waste of skim milk. Casein finds its outlet in the manufacture of glues and varnishes. It has been supplanting celluloid in the arts and manufactures. All of the so-called "French Ivory" is made from it. It is used in the manufacture of buttons and, generally speaking, whenever bone and celluloid have been used.

Sugar of milk, as stated, is a companion product. It is used in various medical preparations, and during the World War it was extensively bought by foreign Governments, we are informed, for producing certain smoke screens.

Unless we have adequate protection there appears to be little hope for these two industries in the immediate future.

SUGAR OF MILK COSTS.

The California Central Creameries has made no sugar of milk in 1921.

In 1920 the California Central Creameries made 810,891 pounds at a cost of 25.03 cents per pound.

The Milk Producers of Central California, of Modesto, Calif., under date of November 19, 1921, writes:

"When we were satisfied that there was no chance of making money out of sugar of milk at this time, we shut the department down at the end of September. We are now washing out some crude left on hand and this will be finished in a day or two, at which time all work in that department will cease.

"The cost of the by-products plants which are idle on account of low commodity prices is at least $75,000."

From March 1, 1920, to February 28, 1921, the Milk Producers' Association of Central California plant at Modesto produced 940,680 pounds of sugar of milk.

The financial statement for that period is as follows:

Total cost, average of 20.25 cents per pound		$190, 488. 23
Total sales for the period		196, 254. 31
Less—		
Commission and brokerage	$3, 940. 31	
Delivery	1, 881. 12	
		5, 821. 43
Total net sales		190, 432. 88

This plant was, therefore, run for the period of one year at a net loss of $55.35.

CASEIN COSTS.

During the year 1920 the California Central Creameries, operating eight casein plants, produced as follows:

Production	pounds..	1, 677, 582
Yield	per cent..	3
Paid for milk, per 100 pounds	cents..	36. 78
Cost of manufacturing, per pound	do....	4. 46
Total cost per pound	do....	15. 47

For the first eight months of 1921 the California Central Creameries operated seven plants at various times, but to-day has only two plants in operation. It reports as follows for 1921:

Casein produced	pounds..	477, 688
Yield	per cent..	3
Valuing milk at 30 cents per hundred pounds; no sugar made	cents..	30. 00
Cost of manufacturing, per pound	do....	6. 20
Total cost per pound	do....	16. 20

The Milk Producers of Central California makes the following report on manufacture of 1,221,204 pounds of casein from March 1, 1920, to February 28, 1921, a year's run:

Casein production	pounds..	1, 221, 204
Yield casein	per cent..	2. 6

Apportion half of 47,016,354 pounds of skim milk, at 30 cents per hundred, to casein equals 15 cents per hundred; other half apportioned to sugar of milk manufacture		$70, 524. 53
Cost of manufacture		68, 201. 09
Total		138, 725. 62
Cost per pound	cents..	11. 36

This run is the largest made by any single factory in California. It was only possible because the Milk Producers' Association of Modesto had large sugar contracts on which was hoped to realize but which hopes were not fulfilled.

To make a résumé of the above operations of the California Central Creameries and the Milk Producers' Association, we have the following:

	Year.	Casein.	Cost.
		Pounds.	
California Central Creameries	1920	1,677,581	$259,521.78
Do	1921	477,688	77,385.45
Milk Producers of Central California	1920-21	1,221,204	138,725.62
Total		3,376,473	475,632.85

Average cost, 14.08 cents per pound.

Because California casein is of better quality than that of the Argentine, California producers are receiving offers of 9 cents a pound for their casein in San Francisco. A duty of 4½ cents per pound would raise the return to 13½ cents per pound, which would enable at least the larger plants to operate.

Fourth, Skim milk may be emulsified with coconut oil, a pernicious practice which has developed to extensive proportions in the United States in recent years. So emulsified it is "filled" milk—in other words imitation milk—which despite all denials is being sold in the cities as "milk" and is being used in ice cream manufacture. It is also evaporated and canned and is sold by retail grocers as "milk" despite the evasions of manufacturers to the contrary. It is an imitation that bids fair to spread everywhere if the wholly inadequate duty of 2 cents per pound on coconut oil which appears in H. R. 7456 is allowed to stand.

SOME OTHER CONSIDERATIONS.

H. R. 7456 provides for a duty on butter fat as "cream" of 5 cents per gallon, the equivalent of 8.6 cents per hundred pounds of milk. It provides for a duty of 1½ cents a pound on powdered skim milk, or the equivalent of 13.5 cents per hundred weight of milk. This is a combined duty of 22.1 cents per hundred pounds on the whole milk.

It is immaterial to the producers of Australia and New Zealand whether they market their product as cream or powdered skim milk or as butter. It is feasible to ship sweet cream under refrigeration from New Zealand to California. Skim milk powder can be shipped as any other imperishable goods. Freight rates and the rates of duty are the controlling factors.

The duty on cream plus the duty on powdered skim milk should be equivalent to the duty on butter or cheese calculated back to their equivalents in raw milk.

The dairy organizations of the United States are asking for a duty of 10 cents a pound on butter. This is the equivalent of 50 cents a hundred on milk.

The dairy organizations are asking for a duty of 15 cents a gallon on cream containing 20 per cent of fat and 5 cents per gallon additional for each 5 per cent of fat above 20 per cent of fat. Except for considerations of freight rates, this provision would lead to the importation of cream with a low percentage of fat. As H. R. 7456 draws a line of demarcation in tariff rates between cream lower and higher than 30 per cent fat, let the following calculation apply to cream containing 30 per cent of fat:

The dairy organizations thus propose a duty of 25 cents a gallon on 30 per cent cream. This is the equivalent of about 40 cents per 100 pounds for the milk from which this cream was separated.

The dairy organizations ask for a duty of 1 cent a gallon on skim milk, which is the equivalent of 12 cents per 100 pounds.

Thus the dairy organizations are asking for a duty on cream and skim milk equivalent to 52 cents a 100 pounds of whole milk.

It is proposed by the dairy organizations and in H. R. 7456 that the duty on powdered milk shall be 1½ cents per pound. Assuming that the production of skim milk powder averages 8 pounds to the hundred weight this proposal is that ordinary skim milk and skim milk powder shall pay exactly the same rate of duty.

This allows nothing in the way of protection for the manufacturer. The proposition, in short, is that duty shall be the same on raw material as on a manufactured product.

In all calculations in the foregoing, we have based the price of skim milk at 30 cents per 100 pounds, which we believe to be fair under average conditions in the United States.

For the reasons set forth we ask the following schedule of duties per pound:

	Cents.
On skim milk powder	3
On casein	4½
On sugar of milk	4½

Also that the schedules on whole milk powder and cream powder provided in H. R. 7456 be changed to conform to the general proposition that they shall be equivalent to 50 cents per 100 pounds on the raw milk from which they are made.

Mr. HOLMAN. I will state further that the officers of the National Milk Producers' Federation have decided to ask that paragraph 710 of the bill be extended, in line with our former request of November 14, to include sugar of milk at 4½ cents a pound.

On behalf of Mr. W. W. Hovey, general manager, Dairymen's League (Inc.), and Dairymen's League Cooperative Association (Inc.), Utica, N. Y., who is unable to be here to-day, I am filing brief which has been sent me, dealing primarily with the manufacturing costs of the 10 milk commodities which occur in the paragraphs.

BRIEF OF W. W. HOVEY, REPRESENTING DAIRYMEN'S LEAGUE (INC.) AND DAIRYMEN'S LEAGUE COOPERATIVE ASSOCIATION (INC.), UTICA, N. Y.

These two associations represent 80,000 actual milk producers, with a total of approximately 1,000,000 dairy cows, throughout the State of New York and part of the States of Pennsylvania, New Jersey, Massachusetts, Connecticut, and Vermont.

It is respectfully urged that the following duties be provided:

Whole milk, sweet or sour, 3½ cents per gallon.

Cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional.

Skim milk, 1 cent per gallon.

Ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 3 cent per gallon additional.

Milk, condensed or evaporated, in hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound.

Whole milk powder, 3½ cents per pound.

Cream powder, 8 cents per pound.

Skimmed milk powder, 1½ cents per pound.

Malted milk and compounds of, or substitutes for milk or cream, 20 per cent ad valorem.

Butter, 10 cents per pound.

Butter substitutes 10 cents per pound.

Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per cent ad valorem.

Cheese substitutes, 5 cents per pound.

Lactarene or casein, 4½ cents per pound.

Sugar of milk, 4½ cents per pound.

All dairy products not otherwise provided for, 20 per cent ad valorem.

In comparison with the Fordney bill (H. R. 7456), there are requested increases in rates on whole milk, cream, whole-milk powder, butter and oleomargarine; and additions of rates on ice-cream mixtures, lactarene or casein, sugar of milk, and all dairy products not otherwise provided for.

This country is more than able to sustain itself, so far as dairy products are concerned, making unnecessary the importation of such products from foreign countries. Furthermore, in order to assist the producer to secure fair prices for milk and its products, it is necessary to provide sufficient tariff protection to at least offset the differences in the cost of production between this and foreign countries. An ample supply of domestic milk and milk products should always be available and the returns to the producers should not be so lowered by foreign competition as seriously to affect the industry and to make the production of milk unprofitable.

Shipments of butter arriving into this country from Denmark, Holland, Argentina, Canada, and New Zealand have had the effect of depressing the prices on the New York market all out of proportion to the amount of butter received, and such depressions have been reflected back to the producer to a much greater extent and for much longer periods than similar receipts of domestic products would bring about. This condition should be prevented and no such opportunity should be allowed where the price of butter could be manipulated to the disadvantage of the entire dairy industry.

There are a number of manufacturing plants just on this side of the American border to which cream or milk produced in Canada can be economically transported and made into products. This condition makes very necessary the increases in duties sought on milk, cream, and other products on a basis equal to that provided for butter.

Testimony already has been presented by witnesses showing that much lower costs of production in foreign countries and the increase in the price level make necessary an advance in the import duties on butter to 10 cents per pound and that milk, cream, and other products be placed on a basis equivalent to 10 cents per pound on butter, in order that the interests of the dairy farmer of this country may be protected adequately. This basis has been extended to milk and cream, and you have been shown that 3½ cents per gallon on whole milk, sweet or sour, and 15 cents per gallon on cream, sweet or sour, having not more than 20 per cent of butter fat, with an additional 5 cents per gallon for each additional 5 per cent of butter fat, are necessary. Testimony also has been, or will be presented, showing the necessity of 4½ cents per pound on casein or lactarene, and 4½ cents per pound on sugar of milk.

Continuing this method of computing physical equivalents, to the other products, the following data are presented:

One hundred pounds of milk, containing 3.5 per cent butter fat, will produce approximately the following:

	Pounds.
Unsweetened evaporated or condensed milk	[1] 40
Sweetened condensed	[1] 39
Whole-milk powder	[1] 12½
Cream powder, 4.8 pounds, and skimmed-milk powder	7.6
Cheese	9.4

To equal the rate of 3½ cents per gallon on milk with a butter-fat content of 3.5 per cent, which would equal 41 cents per 100 pounds, the above commodities would require the following rates based on a butter-fat basis only. These rates should be increased, however, for reasons provided in the next paragraph: Unsweetened evaporated and condensed milk, 1 cent per pound; sweetened condensed, 1 cent per pound; whole milk powder, 3.3 cents per pound; cream powder, 8 cents per pound; cheese, 4.4 cents per pound

To manufacture the 39 pounds of sweetened condensed milk it would also require 16 pounds of sugar and as the import rate in the Fordney bill on sugar is $1\frac{1}{16}$ cents per pound, the rate on 16 pounds would be 17 or 0.44 cent per pound of sweetened condensed milk, which added to the above 1 cent would raise the rate on sweetened condensed to 1.44 cents. Additional processes of manufacturing and packing this article involve such additional costs as should put duties on a basis of 1½ cents per pound.

One hundred pounds of skimmed milk will yield about 3½ pounds of dried casein or about [2] 8.2 pounds of skimmed-milk powder. As much skim milk is run away because of no market or profitable utilization, duties of 4½ cents per pound on casein and 1½ cents per pound on skimmed-milk powder are requested so as to prevent these articles from foreign countries coming into this country and competing with our skimmed milk in such a way as to cause this domestic product to be thrown away.

One hundred gallons of an average unfrozen ice-cream mixture with 12 per cent butter fat contains approximately 516 pounds of milk, 207 pounds of 40 per cent cream, 135 pounds of condensed milk, and 120 pounds of sugar, which at the proposed duties would be, respectively, $2.12, $8.75, $1.87, and $1.28, or a total of $14 per 100 gallons, or 14 cents per gallon. Additional allowances for higher costs of manufacturing in this country as against foreign countries will be sufficient to justify a duty of 15 cents

[1] Authority: United States Tariff Commission.
[2] Authority: United States Tariff Commission. Suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions:

per gallon on ice-cream mixtures containing up to 15 per cent butter fat. For each additional 5 per cent of butter fat or fraction thereof an additional 5 cents per gallon should be provided, the same as for cream when containing in excess of the basic amount of butter fat. Because of the swell of frozen ice-cream mixtures, they should take only 60 per cent of the duties provided on unfrozen mixtures, which would be 9 cents per gallon on such mixtures containing up to 15 per cent of butter fat with an additional 3 cents per gallon for each 5 per cent of butter fat or fraction thereof.

DEFINITIONS.

The United States Department of Agriculture has promulgated the following definitions:

Condensed milk, evaporated milk, concentrated milk, is the product resulting from the evaporation of a considerable portion of the water from the whole, fresh, clean lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and 10 days after calving, and contains, all tolerances being allowed for, not less than 25.5 per cent of total solids and not less than 7.8 per cent of milk fat.

Sweetened condensed milk, sweetened evaporated milk, sweetened concentrated milk, is the product resulting from the evaporation of a considerable portion of the water from the whole, fresh, clean lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and 10 days after calving, to which sugar (sucrose) has been added. It contains, all tolerances being allowed for, not less than 28 per cent of total milk solids and not less than 8 per cent of milk fat.

Condensed skimmed milk, evaporated skimmed milk, concentrated skimmed milk, is the product resulting from the evaporation of a considerable portion of the water from skimmed milk, and contains, all tolerances being allowed for, not less than 20 per cent of milk solids.

Sweetened condensed skimmed milk, sweetened evaporated skimmed milk, sweetened concentrated skimmed milk, is the product resulting from the evaporation of a considerable portion of the water from skimmed milk to which sugar (sucrose) has been added. It contains, all tolerances being allowed for, not less than 28 per cent of milk solids.

Dried milk is the product resulting from the removal of water from milk, and contains, all tolerances being allowed for, not less than 26 per cent of milk fat and not more than 5 per cent of moisture.

Dried skimmed milk is the product resulting from the removal of water from skimmed milk, and contains, all tolerances being allowed for, not more than 5 per cent of moisture.

Malted milk is the product made by combining whole milk with the liquid separated from a mash of ground barley malt and wheat flour, with or without the addition of sodium chlorid, sodium bicarbonate, and potassium bicarbonate, in such a manner as to secure the full enzymic action of the malt extract, and by removing water. The resulting product contains not less than 7.5 per cent of butter fat and not more than 3.5 per cent of moisture.

STATEMENT OF R. W. BALDERSTON, SECRETARY OF INTERSTATE MILK PRODUCERS' ASSOCIATION, PHILADELPHIA, PA.

Mr. BALDERSTON. I am also appearing to-day in behalf of the Philadelphia Interstate Dairy Council and the Pennsylvania State Dairy Council, which represent the allied dairy interests of Pennsylvania, New Jersey, Delaware, and Maryland.

Senator SMOOT. Briefly, what are you asking for?

Mr. BALDERSTON. I am also appearing here as chairman of the Middle Atlantic Dairy Tariff Committee, cooperating with the National Milk Producers' Federation, comprising the States of New York, Pennsylvania, Delaware, Maryland; and I am speaking directly for the first group, representing 110,000 individual milk producers who are members of these organizations, too.

I want, Mr. Chairman, to file a brief, but I also have some information which has come to me to-day and which is apropos of the request which we are making, namely, that the tariff on butter be 10 cents a pound and other dairy products in direct relationship with this tariff at the 10 cents a pound on butter.

I have here a letter just received from Mr. H. C. Taylor, who is Chief of the Bureau on Markets and Crop Estimates of the United States Department of Agriculture. I will file it, but I want to read one paragraph which introduces the subject which I want to treat of verbally [reading]:

On September 19 a cablegram was sent by one of the representatives of this bureau in London, stating that the British Government then held stocks of butter amounting to 90,000,000 pounds, and that Denmark was at that time booking orders for butter in the United States some weeks in advance. Since that time "Government butter" has moved very slowly on the market.

It is on account of this that we are filing at the present time, as well as on account of the fact that the present tariff is not sufficient to cover the case, so that we are having these large importations of foreign butter.

WASHINGTON, *December 24, 1921.*

Mr. CHARLES W. HOLMAN,
Executive Secretary, National Milk Producers Federation.

DEAR MR. HOLMAN: Your request for information regarding the European dairy situation as it may effect our market has been received. In addition to the information suggested in our recent conversation, some statistics of comparative prices have been compiled and charted in a form that may be of value to you.

On September 19 a cablegram was sent by one of the representatives of this bureau in London, stating that the British Government then held stocks of butter amounting to 90,000,000 pounds, and that Denmark was at that time booking orders for butter in the United States some weeks in advance. Since that time "Government butter" has moved very slowly on the market.

It should be explained that the Government stocks referred to are not a recent acquisition, but represent part of the quantity purchased from the Dominions under contract prior to decontrol of the trade in imported butter on March 31, 1921, and remaining undisposed of at that date. It was known generally that the British Government held a large surplus of butter at the time of decontrol, but the quantity was not definitely made known and was variously estimated by the trade at anywhere from 100,000,000 pounds to 200,000,000 pounds. This uncertainty as to the quantity held and the disposition to be made of it, hung over the British butter market as a depressing influence, contributing to the decline in price in April until the abrupt rise in July, when European production fell off, due to season and drought. Until that time the 1921 imports of butter into the United Kingdom had been on a prewar basis. During the first six months there were imported 240,000,000 pounds, as compared with 118,000,000 pounds during the corresponding period in 1920, and 233,000,000 pounds in the first six months of 1913. Consumption did not keep pace with this increased supply and the British market was glutted.

The inclosed graph indicates the average of weekly quotations of butter in Copenhagen, London, and New York, calculated on the basis of prevailing rates of exchange at Copenhagen on London and New York during the months since exports from Denmark to the United States began. It is of value simply as showing the trend of price levels in the three markets in relation to the trend of the imports of Danish butter by the United States. The imports as officially reported follow naturally at some interval of time the price situation and without regularity from month to month. In trend, however, the imports are seen to have come during 1919 and 1921, when the New York price level was relatively higher than the London price level, based in both cases on what the Dane could realize on his butter in terms of his own currency. When in 1921 the 6 cents tariff became operative and at the same time more could be realized in the London market, the United States received for a time practically no Danish butter. During the last half of the year an abrupt rise in prices, due to widespread drought, emphasized the weakness of the English market and the greater buying power of the United States, with the result that Danish exports to the United States were renewed.

During November, 581,029 pounds were received from Denmark, making a total for the 11 months of 1921 of 11,565,442 pounds as compared with 16,769,077 pounds during the corresponding period last year and the 19,934,547 pounds for the entire year 1920. Butter imports from Canada during November were 823,612 pounds, from Australia 421,246 pounds, and from New Zealand 11,200 pounds.

The situation suggests that Danish exporters are simply keeping open channels of trade that will make it possible to take advantage of the most profitable market at any time. The same is true in a general way of exporters in the other countries. A similar study of prices indicates that New York prices for comparable grades of butter have in recent months been higher than the quotations in the London market for New Zealand and Australian butter.

In Australia and New Zealand at present, as in the United States, dairying is relatively profitable, owing in those countries to low prices of meat relative to dairy products.

It is true also that New Zealand and Canadian dairy interests are conscious of a virtual monopoly of the English cheese market, the two countries together furnishing 90 per cent of the total cheese imports of the United Kingdom. The New Zealand Dairyman has seriously suggested the possibility recently of limiting cheese production in New Zealand in order to force cheese prices higher in the English market. The policy suggested is that the factories having facilities for producing either butter or cheese turn early in the season (our early fall) to the production of butter solely until the report of lessened production of cheese had affected the prices offered. In order to stimulate the British cheese market, New Zealand dairy interests, if sufficiently organized, might conceivably export butter to the United States or increase their butter exports to England in order to limit the supply of cheese on the British market.

The degree to which the comparatively small shipments of foreign dairy products coming onto our markets may unduly affect prices is a matter that has not as yet been given adequate study. It is planned, as you know, that through our organization the effects of biased and inaccurate foreign market news may be as far as possible eliminated. I am sure that you will avail yourself of any such service as we may be able to offer.

Very truly, yours,

H. C. TAYLOR, *Chief of Bureau.*

Mr. BALDERSTON. A trainload of Australian butter, comprising 300,000 pounds, is en route from San Francisco to New York, having left San Francisco on the 29th. This steamer load, comprising $1,100,000 worth of butter, reached a western port December 25. The Danish ship *Fredericka VIII* is en route to this country with a large shipment of butter. The amount of butter which has come into this country in the last two months has been about 2,000,000 pounds per month, of which over one-fourth has come from Denmark. This is in direct support of what Mr. Loomis has just told you about the inefficient way in which the tariff is dealing with this situation.

Senator SMOOT. What is the export per month for butter?

Mr. BALDERSTON. I do not have it just here, for these last two months.

I was going on to say there is a sufficient amount of butter produced in this country to supply the domestic needs and leave a small exportable surplus.

Senator JONES. You mean by that that there is sufficient supply to meet the demand at the prices which the consumer must pay now, do you not?

Mr. BALDERSTON. There will be during the next few months a sufficient amount, as I understand, of butter produced in this country to meet all domestic demands.

Senator JONES. What was butter selling for before the war?

Mr. BALDERSTON. In May of the present year the price got down to 28 cents, which was the prewar basis.

I see what you are driving at, Senator; you are intimating that if the price is lowered, that we can then, of course, lower the price to the American consumer. You all know that the American dairy farmers——

Senator SMOOT (interposing). I was wondering why you were asking more than 8 cents here now when your exports are over 50 per cent of what your imports are?

Mr. BALDERSTON. For the simple reason that we object——

Senator SMOOT (interposing). To any other coming in?

Mr. BALDERSTON. To being a dumping ground for butter from other countries which want to flood this country at times when it suits them with surpluses which they can not sell in their regular markets.

Senator SMOOT. They do not sell to countries that you export to.

Mr. BALDERSTON. I was in Denmark in June, 1920, and through the courtesy of the American consul I interviewed the leading Danish dairy specialists and marketing specialists.

They regard England as their legitimate market for their bacon and their butter, which is the combination on which their agriculture is based. But when the English market is in such shape they do not want to demoralize it as it is now, then they send to this country their surplus.

I have here a chart which was obtained from the Department of Commerce, and which I will file, which shows that at the present time the price of butter in Copenhagen is the same as in New York, but they are willing to send it over here so as to support their own markets, which they had before the war and which they want to keep to themselves.

Senator McCUMBER. Where do we export our butter to?

Mr. BALDERSTON. I do not know just at the present time.

Senator McCUMBER. What character of butter is it that is compared with the butter that is consumed in the United States; is it of the same high standard, the export butter?

Mr. BALDERSTON. I am not qualified as an exporter of butter, Mr. Chairman.

Senator McCUMBER. Do you know whether it is sold for a considerably less price than what it is sold for locally?

Mr. BALDERSTON. I do not. I want to refer next to the comparison of the Danish cost of production as compared with the American cost of production.

We have here, and I will file with you a comparison of the cost of production in Denmark as compared with the cost of producing milk and butter in Minnesota, which is in the center of the big butter-producing area, which shows there is a difference of 14 cents, or was last summer, operating at the same time in favor of the Danish farm.

Senator DILLINGHAM. On a pound of butter.

Mr. BALDERSTON. On a pound of butter. The Danish farmer, as I saw him in his dairy practice, imports quantities of cheap labor from Poland and neighboring countries, in which whole families come over to work in groups and to help harvest roots, hay, and grain.

They also have the most wonderful dairy climate in the world.

Senator McCUMBER. There is something about this dairy business that I do not understand. You export the most to Great Britain. Denmark is only across the channel from the United Kingdom, and I can not understand how we can be exporting to Great Britain and at the same time Denmark is also importing to Great Britain and exporting to the United States as well.

Senator JONES. I will say that is not the fact for the year 1921. For 10 months of 1921 we exported 700,000 pounds and only 65,000 pounds of that went to the United Kingdom. There went to Canada 1,904,000 pounds and to Panama 602,000 pounds, to Mexico 989,000 pounds, to Cuba 594,000 pounds, to Haiti 370,000 pounds, other West Indies 1,327,000 pounds, to South America 403,000 pounds, to the Philippine Islands 212,000 pounds, and to other countries 629,000 pounds.

The exports decreased considerably during 10 months this year compared with two previous years.

In 1920, for the first 10 months we exported 16,676,000 pounds; for 1919 we exported 29,687,000 pounds.

Senator McCUMBER. I had assumed we had got back something near to normal conditions; for instance, going back into 1919, we exported to the United Kingdom, 19,483,348 pounds. That was during the first 10 months of 1919. It fell off to 65,000, as the Senator says, for the first 10 months of 1921.

Mr. BALDERSTON. The Danes have come back into their market again, and also the Australians, and to some extent I think the shipments from Argentina. The Danes in 1919 had reduced their production of dairy products very materially because they had not been able during the war to get American concentrates.

Senator JONES. Is there a tariff on butter in Canada?

Mr. BALDERSTON. I do not know.

Senator JONES. I see that we exported to Canada in the first 10 months of this year 1,904,000 pounds.

Senator DILLINGHAM. Senator, I have a recollection that statistics in the past have shown that about 5 per cent of all the dairy products in Canada were produced in the Province of Quebec. We get that product in New England under the present tariff. The rest of Canada is not given to dairying as is the old Province of Quebec.

Mr. BALDERSTON. There is an interchange back and forth across the border which takes up a good deal of the import and export figures.

I want next to simply refer briefly to the fact that in the State of Pennsylvania, in the year 1920, the census shows a total of 1,247,000 dairy cows, but the census of 1910 showed 1,421,000, or a total loss in dairy cattle during those 10 years of 174,000 dairy cows; and that is in spite of the fact that at the same time the population of the State has increased from 7,665,000 to 8,720,000.

Senator JONES. What is the wholesale price of butter here in the city of Washington?

Mr. BALDERSTON. I come from Philadelphia. The average price this week in Philadelphia for print butter of the kind which I suppose Senator Smoot would buy, was 56 cents wholesale, or the price of the retailer. That was the highest price I have heard of local creamery butter.

Senator SMOOT. The wholesale price of 56 cents?

Mr. BALDERSTON. The wholesale price of 56 cents to the retailer of a local creamery. That was our extreme high price received by a local creamery.

Senator JONES. What was that price before the war?

Mr. BALDERSTON. That price before the war was about 45 or 50 cents. That is the reason why I hesitate to give you exact figures, without having the figures to go by. I do not have them here by me. The price of butter is perhaps, if my memory serves me right, 132 per cent of the average of the five prewar years. If I am not correct, somebody please correct me. That is my recollection as taken from the United States Department of Agriculture statistics.

I simply want to refer to a brief which I have here showing the great increase in the dairy production in Argentina, and this schedule will be filled. It shows that there was something like seven times the amount of butter produced for export and exported in 1920 than there was in 1910. In 1910 the total was 6,342,000; in 1920, 11 months only, 37,700,000.

Senator JONES. Do you think that the wholesale price of butter in Philadelphia ought to be maintained at 56 cents a pound or above?

Mr. BALDERSTON. I hold this, that the present production cost, which I have here and which will be filed with you, as given by the State College of Pennsylvania, New Jersey, and Maryland, would make the price of butter at the present time 65 to 70 cents a pound.

The cost of production in Minnesota, which I have from the State college there, would show about 56 cents as the cost of producing it.

You are all aware that the freight rates on butter from Denmark are 1 cent a pound, unrefrigerated, or 1¼ cents in refrigerator vessels. One and three-fourths cents is the total freight rate in Minnesota in carload lots. Small creameries ship to New York and Philadelphia in less than carload at 2¾ cents per pound. So that the argument is in favor of the Danish farmer.

In Denmark they have innumerable little harbors, so that the collection of butter for export is very cheap. Little vessels go in almost to every farm, or within a very few miles, so that the collecting cost is not as great as it is in this country. They have small farms closely located, with large dairies on them. So that a small creamery will not have to collect its cream or milk more than 2 or 3 miles in any one direction in Denmark. This is not so in this country, where many miles must be covered by wagon route in collecting milk or cream.

Senator JONES. Is there exported from the United States to those countries a considerable quantity of feed for the dairy herds?

Mr. BALDERSTON. Before the war Denmark received large quantities of American concentrates, by-product feeds. They received bran to some extent, but they were very fond of American cottonseed oil meal and linseed oil cakes.

During the war they could not receive this, and they learned to grow large quantities of peas; and they told me last year when I was there that they did not expect for the future to be as dependent on American feeds as they had been. However, they can receive, through low ocean freights, from ports like New Orleans and Philadelphia—New Orleans for cottonseed meal and Philadelphia for linseed oil cakes—their feeds very cheaply, due to the low freight rates. A big firm in Philadelphia before the war exported linseed cake to Denmark and Holland. At the present time it is hunting an American market among Pennsylvania farmers for its product, because there is not the same demand abroad.

The Danish leaders also tell me that they expected, when trade was reestablished, to be able to obtain from Russia, which is very near at hand, quantities of these feeds, so as not to have to buy from American producers.

Senator WATSON. Can you not file anything else you have?

Mr. BALDERSTON. So far as I am concerned, Senator, I am through; and I will file my brief and thank you for the attention this day.

BRIEF OF R. W. BALDERSTON, REPRESENTING INTERSTATE MILK PRODUCERS' ASSOCIATION.

The members of the Interstate Milk Producers' Association, who number 15,000, and who live in Pennsylvania, New Jersey, Delaware, and Maryland, have a deep interest tha there shall be adequate protection for dairy products guaranteed to them through pending tariff legislation. Labor and other miscellaneous costs which make up about one-half of the total costs of producing milk are as high within our section of the country as perhaps anywhere in the United States, because of close proximity to the great industrial areas centering around Philadelphia and Pittsburgh, while feed costs are much higher than formerly because of high transportation costs from the grain-growing sections in the West.

The number of dairy cattle on Pennsylvania farms has been gradually decreasing as is shown by a comparison of the United States census of 1920, as compared with that of 1910, as follows:

	1920	1910
Calves up to 1 year	209,325	244,368
Heifers 1 year to 2 years	163,908	172,068
Cows 2 years old and upward	874,204	1,005,519
Total	1,247,437	1,421,955

Total loss in ten years 174,518.

During the same period, the population of Pennsylvania has been increased from 7,665,111 to 8,720,017 according to the same authority. The decrease in the proportion of cows to population is, in general, approximately the same for the adjacent States of New Jersey, Delaware, and Maryland. This would indicate that while our Middle Atlantic States have a soil and climate unsurpassed for dairying there has been a movement toward restriction in the amount of dairy business done on our farms, because our labor could be more profitably employed in those industries near at hand which have had a fuller measure of protection for their markets. (See Exhibits A, B, C, D, and E, attached.)

Our eastern markets can receive dairy products with cheaper transportation from Canada than from the western part of the United States. All through the past summer and autumn a carload of Canadian cream came into Philadelphia each week. The cost of producing this cream in Canada has been given you already in statistics compiled for the New England Dairy Tariff Committee. Canadian costs are approximately 40 cents per gallon less than the cost of producing cream in Pennsylvania. This cream can be sold in Philadelphia so cheaply that it practically makes the market price for cream in Philadelphia.

TARIFF ON VEGETABLE OILS.

We would further ask that whatever figure is decided upon by Congress, as the proper tariff tax on butter, be applied to vegetable oils to be used for human food. The use of coconut oil as a substitute for butter fat has increased to an alarming degree, as has been shown your committee by others who have appeared before you and need not be entered into here. A compound of skim milk and coconut oil is being manufactured in large quantities and sold in direct competition with dairy products, in the form of imitation or bogus evaporated milk and as imitation cream and ice cream. We hold that it will undo the whole scheme of protective tariff if this principle is not strictly adhered to.

CASEIN.

A by-product of the dairy industry obtained from the skim milk remaining when butter is made is casein. When this by-product can be sold profitably, it helps to increase the total receipts for the milk products, so that the returns to the farmers are more nearly commensurate with their costs. Large quantities of this casein are now being imported chiefly from Argentina, and we protest that it should not be placed on a free list but should have, instead, the same protection as other dairy products. (See Exhibit F.)

THE MENACE OF DANISH BUTTER WITH A COMPARISON OF MINNESOTA AND DANISH BUTTER COSTS.

At the present time foreign butter is coming into the United S5ates at the rate of nearly 2,000,000 pounds per month. (See Exhibit G.) Over one-fourth of this originates in Denmark. It is laid down at our eastern seaboard in the very heart of the consuming center of our country with a very-low ocean freight rate—1 cent per pound without refrigeration, or 1¾ cents with refrigeration. Butter makers in Minnesota, the heart of the United States butter-producing section, must pay 1¾ cents f. o. b. to Philadelphia in carload lots, or 2¾ cents in less than carload lots. The comparison is distinctly in favor of the Danish farmer. (See Exhibits J and K.)

A year ago I visited Denmark for the purpose of studying Danish dairy methods. I discussed their production and marketing methods with a large number of marketing specialists and officials. They have a climate unsurpassed for dairying. They have access to the labor reservoirs of Poland and Russia for cheap contract labor to cheaply grow the roots, hay, and grain crops upon which they depend for the most of the feed for their cows. Ocean freights on cottonseed meal and linseed cake, etc., from points of exportation to Denmark do not make those concentrated protein feeds much higher in price than the average in United States. Innumerable safe harbors give the Danes unsurpassed shipping facilities for their butter.

England is a natural market for Danish butter and bacon, upon the combination of which Danish agriculture is established. England does not now consume unlimited quantities of good butter, and United States exchange situation somewhat favoring the move, the Danes are now, therefore, exporting to the United States a part of their butter. This enables them to keep the English market free and in favor of the seller. Many Danes told me frankly that they considered England their natural market, but they would have to take care of that market now and "nurse" it, as it were, and not to force too much butter upon it.

The United States, therefore, furnishes an ideal dumping ground for the Danish surplus any time that the English market needs relief. But more important than that, we must not overlook the fact that with a freight advantage, with cheap labor at their door, cheap eastern concentrates for the future, the Danish farmer can continue to undersell our Minnesota and Wisconsin butter makers in our eastern markets unless the import tax is sufficient to cover the difference in production costs.

Attached is a complete study of production costs in Minnesota and Denmark, showing that it cost 14 cents last summer more to produce and manufacture a pound of butter in Minnesota than in Denmark. (See Exhibit H.)

Denmark has not been alone as a growing exporter of butter and other dairy products to the United States. The Argentine Republic during the past 10 years has been increasing its exports by leaps and bounds, as is shown by the attached exhibit. (See Exhibit I.)

TARIFF SCHEDULE DESIRED.

For the reasons already outlined in this brief, we desire the following paragraphs to read:

"PAR. 707. Whole milk, sweet or sour, 3½ cents per gallon; cream, sweet or sour, having not more than 20 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; skim-milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per centum of butter fat, 9 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 3 cents per gallon additional.

"PAR. 708. Milk, condensed or evaporated. In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1¾ cents per pound; whole milk powder, 3½ cents per pound; cream powder 8 cents per pound; and skimmed milk powder 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream, 20 per centum ad valorem.

"PAR. 709. Butter, 10 cents per pound; butter substitutes, 10 cents per pound.

"PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); sugar of milk 4½ cents per pound; all other dairy products not otherwise provided for, 20 per centum ad valorem."

EXHIBIT A.

Record of cow-testing association, Blair County, Pa.

Number farms	19
Current expenses	$8, 351. 61
Grain	$13, 712. 39
Roughage and pasture	$11, 190. 74
Labor	$12, 643. 28
Hauling milk	$5, 512. 17
Interest depreciation, etc	$4, 162. 35
Decrease in inventory	$5, 656. 50
Total cost	$61, 229. 04
Returns, other than milk products	$6, 625. 06
Net cost	$54, 603. 98
Net cost plus 10 per cent for managing, lost time, etc	$60, 064. 36
Cost per 100 pounds	$3. 89
Cost per quart	$0. 084
Pounds milk per cow	7, 324
Feed consumed per cow:	
Grains (pounds)	2, 038
Silage (pounds)	5, 717
Hay (pounds)	1, 173
Stover (pounds)	1, 834
Labor per cow except hauling:	
Man hours	[1] 245
Horse hours	66
Cows per farm	11. 1

Current expenses include insurance, taxes, repairs, medicine, bedding, breeding fees, salt, etc.; man labor charged at current prices for year and community; horse labor charged at current prices for year and community; breeding fees charged at actual cost; pasture at $2, $4 per acre per cow; feed at market price at the farm; manure credited at $15 per cow for what was produced at the barn; calves credited at current value at 3 days of age; interest charged at 5 per cent; increase or decrease in inventory gotten by taking inventories at beginning and end of year.

EXHIBIT B.

COST OF PRODUCING MILK IN THE HUNTINGDON COOPERATIVE COW TESTING ASSOCIATION, YEAR OF MARCH, 1920–APRIL, 1921.

[Pennsylvania State College School of Agriculture and Experiment Station.]

The information in this report has been calculated from figures that were kept by the tester in the Huntingdon Cooperative Cow Testing Association in addition to the regular association records. Special blanks were prepared for keeping a record of the labor, current expenses, and inventories. These records together with the regular association records on feed and milk production give the complete cost figures.

The following are the averages of 23 herds having a total of 271.2 cows, or an average of 11.8 cows per herd:

Average cost per 100 pounds	$2. 68
Average cost per quart	$0. 058
Average cost per pound butter fat [2]	$0. 58
Average pounds of milk per cow	6, 202
Average pounds of butter fat per cow	251. 7

[1] Includes hauling.

[2] Credit for skim milk at 40 cents per hundredweight.

Pounds of feed required to produce 100 pounds of milk:

	Pounds.
Grain	25.2
Silage	61.7
Hay	18.1
Stover	13.6
Green feed	2.1

Number of hours of labor required to produce 100 pounds of milk: Man, 2.2 hours; horse, 0.04 hour.

Pounds of feed required to keep a cow for a year:

	Pounds.
Grain	1,562
Silage	3,830
Hay	1,125
Stover	844
Green feed	133

Number of hours of labor required to care for a cow for a year (not including marketing of milk): Man, 140.4 hours; horse, 2.7 hours.

The average herd required daily 44 pounds of straw as bedding. Most herds were pastured six or seven months while one herd was not pastured.

In calculating the records the following factors and values were used:

Heifers entering the herds during the year were charged at $95 each. Most of the herds are kept up by the addition of home-raised heifers. Practically no cows were purchased, while 45 heifers entered the herds during the year.

Pasture was charged at $2 per month per cow.

Man labor was charged at 30 cents per hour and horse labor at 20 cents per hour. This allows $7 per day for a man and team.

Straw was charged at $12 per ton, which was the farm value for this community last year.

No percentage rate of depreciation was figured on cows, since the inventory was taken at both beginning and end of the year. This allows for any increase or decrease in value. Depreciation on buildings and equipment was determined the same way. This amounted to about 10 per cent on equipment and 2 per cent on buildings.

A credit of $15 per cow was allowed for manure that was produced while the cows were in the barn. This is at the rate of about $2 per ton.

A credit of $5 per cow was allowed for all calves living at 3 days of age. There were no cows or bulls that died during the year, while there were 16 calves that died before they were 3 days old. There were 254 calves, both living and dead, produced during the year. This leaves 17.2 cows that produced no calf during the year, either because their breeding was neglected or they failed to breed. Every cow ought to have a calf during the year, and if she does not she should be disposed of.

Breeding fees were determined by figuring the cost of keeping the bull, except where no bull was owned, when they were charged at actual cost to the farmer.

Five per cent interest was figured on the average value of the bull, and charges were made for insurance at 25 cents per year; 125 hours of man labor, at 30 cents per hour; 1 ton of straw for bedding, at $12; feed, at $86.71, and allowing a credit of $20 for manure.

The feed was charged in the following manner: Hay, 7 pounds per day for 12 months, at $24 per ton; silage, 15 pounds per day for 7 months, at $8 per ton; and grain, 5 pounds per day for 12 months, at an average price of $2.38 per hundredweight.

The grain was made up of the following mixture:

	Pounds.	Amount.
Bran, at $2.70 per hundredweight	300	$8.10
Oats, at $2.25 per hundredweight	300	6.75
Corn, at $2 per hundredweight	300	6.00
Oil meal, at $3 per hundredweight	100	3.00
Total, at $2.38 per hundredweight	1,000	23.85

Before figuring the cost per hundred pounds, 10 per cent of the net cost was added to allow for the dairy's share of lost time and managerial ability, according to the uniform schedule adopted by the United States Department of Agriculture.

The cost of producing milk in this section was found to be divided in the following manner: Feed 45.4 per cent, labor 26.6 per cent, other expense 28 per cent.

The following is a detailed statement of the cost of keeping a cow for one year:

Feed:		
Concentrates	$36.37	
Roughage	37.08	
Pasture	10.95	
		$84.40
Labor (does not include marketing)		41.88
Interest and depreciation		22.19
Current expense, taxes, insurance, repairs of buildings and equipment, veterinary, breeding fees, cow-testing fees, fly protection, ice, salt, bedding, gasoline, etc		30.75
Total		179.22
Credits:		
Increase in inventory	$14.66	
Value of calf	5.00	
Value of manure	15.00	
		34.66
Net cost		144.56
Ten per cent of net cost for lost time and managerial ability		14.46
Total		159.02

Exhibit C.

Cost of producing milk in Maryland, April, 1921.

[Compiled by J. H. Gamble, professor of dairy husbandry, University of Maryland, College Park.]

Item.	Amount.	Cost at present prices.	Item.	Amount.	Cost at present prices.
Hay ... pounds	251.5	$3.14	Cost per gallon		$0.268
Corn stover ... do	425.8	1.70	Cost per 100 pounds		3.12
Silage ... do	1,150.0	4.60	Differential for 4 per cent milk		.025
Home-grown grains ... do	72.1	1.03	Freight per gallon		.04
Purchased grains ... do	253.0	2.72	Total cost at Baltimore per gallon		.333
Investment and other costs, less returns other than milk	$5.53	5.53			
Human labor ... hours	29.7	7.42			
Horse labor ... do	4.4	.66			
Total cost, 100 gallons 3.5 per cent milk		26.80			

FEED AND LABOR COSTS.

	Prewar.	War.	Present.		Prewar.	War.	Present.
Hay, per ton	$20.00	$32.00	$25.00	Cottonseed meal, per ton	$27.00	$80.00	$46.00
Silage, per ton	5.00	10.00	8.00	Linseed meal, per ton	30.00	90.00	50.00
Corn, per bushel	.56	1.75	.80	Labor, per hour	.15	.40	.25
Bran, per ton	30.00	65.00	36.00	Horse labor, per hour	.15	.25	.15

Exhibit D.

Cost of milk production per cow for south Jersey, 1921.

Concentrates: 2,597 pounds purchased, 392 pounds home-grown, corn	$53.71
Roughage: 2,362 pounds hay, 1,032 pounds stover, 6,392 pounds silage	43.83
Pasture, 6 months	16.78
Bedding, 1,338 tons (stalks, straw, meadow hay)	11.33
Man labor, 202 hours at 27 cents	54.54
Horse labor, 16.34 hours at 20 cents	3.27

Truck, 6.6 hours	$9.90
Dairy equipment, $22 investment per cow	3.30
Building cost, $162 investment per cow	16.50
Taxes	2.22
Interest, 6 per cent	8.52
Depreciation, 8 per cent	11.36
Bull service	7.13
Miscellaneous	8.21
Management	25.06
Total cost per cow	275.66
Value of manure, 12½ tons	26.40
Value of calves sold	11.39
Net cost per cow	237.87
Cost of milk per quart	+.07

Cost of materials used in producing milk.

Hay, per ton	$18.32
Stover, per ton	6.64
Ensilage, per ton	5.87
Concentrates, per ton	37.00
Pasture, per month	2.79
Labor, per cow	.27
Value per cow	142.00

Interest, 6 per cent; production per cow, 3,510 quarts per year.

EXHIBIT E.

Cost of milk production for Sussex County, N. J.

Items.	Cost per cow. 1918	Cost per cow. 1921	Items.	Cost per cow. 1918	Cost per cow. 1921
Concentrates, 2,577 pounds	$69.50	$51.51	Miscellaneous	$6.53	$5.98
Roughage: Hay, 3,167 pounds; other dry forage, 665 pounds; silage, 2,075 pounds	50.23	45.51	Management	22.57	20.94
Pasture, 4 months	8.00	8.00	Total cost per cow	248.27	220.38
Man labor, 182.6 hours	51.68	57.34	Value of manure	15.00	12.00
Horse labor, 20.1 hours	6.00	4.00	Value of calves sold	12.69	14.59
Dairy equipment	.75	.75		27.69	26.59
Building cost	10.16	10.16	Net cost per cow	220.58	203.79
Taxes per cow	.90	2.41	Cost of milk per quart	.07½	.06¾
Interest per cow	7.62	8.28	Cost of milk per 100 pounds	3.36	3.11
Depreciation	10.16	11.04			
Bull service	4.08	4.43			

COST OF MATERIALS USED IN PRODUCING MILK.

Hay, per ton	$23.33	$21.46	Pasture, per month	$2.00	$2.00
Stover	12.00	12.00	Labor, man	.28	.31
Ensilage	9.00	7.27	Value per cow	127.00	138.00
Concentrates	55.00	40.00	Interest ... per cent	6	6

Cows gave 3,019 quarts per year.

EXHIBIT F.

Lactarene or casein—Imports, 1921, January to November, inclusive.

	Pounds.
January, February, March	2,995,592
April, May, June	3,225,216
July, August, September	1,757,585
October	825,694
November	176,302
Total	8,980,389

EXHIBIT G.

Imports of butter, 1921, January to November, inclusive.

	Pounds.
January, February, March	9,974,424
April, May, June	1,458,743
July, August, September	739,563
October	1,858,650
November	1,925,560
Total	15,958,940

EXHIBIT H.

COMPARISON OF COSTS OF BUTTER FAT PRODUCTION IN DENMARK AND UNITED STATES.

This comparison of costs shows that for the year April 1, 1920, to March 31, 1921, the cost of producing 1 pound of butter fat in Minnesota and Denmark was as follows:

Minnesota	$0.56
Denmark	.42
Difference in favor of Denmark	.14

The costs of production of butter fat in Denmark are compared with the costs in Minnesota, for the reason that the costs of transportation of butter is the same from both sections to the eastern markets and Minnesota is one of the important butter-producing States.

Minnesota costs are based on costs as published in the University of Minnesota Agricultural Experiment Station Bulletin 173 for a group of farms about Cokato, Minn., a butter-fat producing section. These costs as given in the bulletin have been brought up to date by applying new prices to the quantity figures given therein. The new prices for feed and labor were obtained from the Crop Reporter as published by the United States Department of Agriculture. Other items of cost were obtained from the bulletin as published and through correspondence with the university.

Cost of butter fat production per cow year, Apr. 1, 1920–Mar. 31, 1921, Cokato, Minn.

Feed per year.	Quantity.	Price.	Cost.
Oats ....pounds..	328	[1] $1.87	6.15
Corn ....do....	511	1.81	9.25
Barley ....do....	82	1.85	1.52
Bran ....do....	144	2.15	3.10
Shorts ....do....	36	2.15	.77
Oilmeal ....do....	18	3.25	.58
Alfalfa ....do....	162	[2] 15.00	1.22
Mixed hay ....do....	3,083	13.25	20.41
Corn fodder ....do....	91	8.00	.36
Corn stover ....do....	424	4.00	.84
Silage ....do....	631	7.00	2.21
Pasture ....days..	177	[3] 2.00	11.80
Labor:			
Man ....hours..	132	[4] .35	46.20
Horse ....do....	34	[4] .13	4.42
Overhead:			
Barn			4.11
Equipment			.78
Bedding			
Sire service			1.00
General			.78
Depreciation, at 12 per cent			9.60
Interest on $80, at 8 per cent			6.40
Total costs			131.48
Credits: Calf, $5; manure, $10; skim milk, $21			36.00
Net cost of butter fat produced per cow			95.48

[1] Per hundredweight. [2] Ton. [3] Per month. [4] Per hour.

The average butter-fat production for the State of Minnesota is 150 pounds per cow; average cost per pound of butter fat in Minnesota based on above figures, 54 cents per pound.

COSTS FOR DENMARK.

The detail costs given below were obtained from the bureau of agricultural costings, Denmark, by the United States consul general at Copenhagen. The rates of exchange for conversion of Danish values to United States values is the average of the monthly foreign exchange rated in New York on Copenhagen as reported in the Federal Reserve Bulletins for the year April 1, 1920, to March 31, 1921.

Costs of production of 1 kilogram of butter fat in Denmark in the year Apr. 1, 1920, to Mar. 31, 1921.

[From bureau agricultural costings, Denmark.]

	Kronen.	
Fodder:		
4/6 kilogram oil cakes, at 48 ore	2.21	
1 kilogram other concentrates, at 36 ore	.36	
1.6 food units of straw, at 25 ore	.40	
0.6 food units of hay, at 17 ore	.10	
7.0 food units of roots, at 23 ore	1.61	
5.2 food units of grass and green crops, at 17 ore	.88	
		5.56
Other expenses on the farm:		
Labor	.92	
Remuneration to owner or manager	.35	
Interest	.37	
Rent of dwelling	.28	
Articles of inventory	.08	
Horse labor	.08	
Sundry expenses	.11	
		2.19
Carriage of milk to the dairy		.77
Gross expenses		8.52
Credits:		
Value of manure	.59	
Value of 24 kilograms of skim milk, at 8.86 ore	2.13	
		2.72
Net cost 1 kilogram butter fat		5.80

Reduced to United States quantities and values: 1 kilogram butter fat equals 2.2 pounds; 2 2 pounds of butter fat costs 5.80 kronen; average exchange rate on Copenhagen for the year April, 1920, to March, 1921, 1 kronen equals 15.99 cents; 2.2 pounds butter fat costs \$0.927; 1 pound butter fat costs \$0.418.

EXHIBIT I

Exports of butter and cheese from Argentina, 1910–1919.

[Compiled from the official publication "Anuario del Comercio Exterior de la Republica Argentina."]

Years.	Butter.	Cheese.	Years.	Butter.	Cheese.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
1910	6,342,634	809	1916	12,502,172	502,012
1911	3,076,813	1,142	1917	21,671,558	6,015,015
1912	8,106,314	4,281	1918	41,821,262	14,177,253
1913	8,342,206	16,186	1919	44,881,247	19,561,969
1914	7,675,661	8,216	1920 [1]	33,576,504	....
1915	10,191,152	13,344	1921 (11 months) [1]	37,726,600	....

[1] From Argentine River Platte (a commercial publication), November 25.

BRIEF OF GRAY SILVER, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION.

It is shown that a tariff is needed to protect the American dairy farmer from the importation of quantities of dairy products, which, though small in volume, greatly depress the market price received by American dairymen.

It is shown that this tariff will not seriously increase the cost of dairy products to consumers, nor deprive them of the benefits of importation in case of a shortage of production within the United States.

IMPORTS AND EXPORTS.

Tables I to VI present the figures as to exports. Table VI balances imports and exports on a milk basis. They show that from 1910 to 1914 imports and exports about balanced, but that exports have greatly exceeded imports since 1915 at a diminishing rate since 1918, however, the excess being only 828,000,000 in the first half of this calendar year. The European cheeses have been included in Table VI as imports. It would have been better to have omitted them. They are largely made from skim milk or other than cow's milk. Also they do not compete with our dairy products really.

As to butter, we have usually had an excess of exports, but since 1919 the excess has decreased until for the fiscal year 1921 the deficit was 25,000,000 pounds. For June and July of this year, however, exports have been in the lead.

As to cheese, an excess of imports seems to be normal, but during the war the reverse was true. For the fiscal year 1921 we were back on an excess import basis. Our exports of cheese are of the cheddar type, and our imports are over half of the various European types not made in the United States at all, or in some cases not made in sufficient quantities.

It was in condensed and evaporated milk that our big exports were made. "The Europeans have usually taken condensed rather than evaporated milk." The war created a tremendous demand for condensed milk. Our production more than doubled from 1914 to 1919. Exports grew to over 700,000,000 pounds in 1919. Since then, however, our exports have slumped badly, being only 262,000,000 in fiscal year 1921.

Our imports of milk and cream from Canada have always exceeded our exports to Canada. This is largely a matter of geography, the dairy sections of Canada being nearer to our large cities in the East than any dairy sections of our own adequate to supply the needed milk and cream without being subsidized.

The Tariff Information Survey on dairy products shows that our imports of butter have mostly come from Canada and Denmark, Canada being in the lead increasingly ever since 1916. Formerly considerable imports came from Australia and New Zealand. Recently our imports seem to have returned to former channels, Denmark leading by a margin of 10,000,000 pounds in 1920 (calendar year). Netherlands sent us over 3,000,000 pounds in 1920. Australia did not ship much here in 1920, but New Zealand sent us 645,000 pounds. Argentina has become a new entrant into the field, shipping us over 4,000,000 pounds in 1920.

Obviously the countries south of the Equator have a seasonal advantage over us in our winter dairy production.

Our exports are mostly to the West Indies, Mexico, Central America, the northern States in South America, Philippines, and Canada.

The reason for our recent reversal in butter commerce is partly explained by Table VII. Ever since August, 1920, butter prices have been high in the United States relative to prices of other farm products. Along with this must be taken the fact that in Europe prices have been relatively low, butter being a luxury over there. Great Britain, by trade agreements with Canada, has also shut off the Danish imports.

Our cheese imports have come from Italy, Switzerland, France, and the Netherlands, but recently considerable has come from Argentina. The imports from Argentina are partly of the Italian varieties, taking the place of what formerly came from Italy. Great Britain has always received the major portion of our exports, Cuba ranking second. Mexico, Central America, the West Indies, and Canada have received most of the remainder.

What little condensed milk has been imported came from the Netherlands and Switzerland up to 1916 and 1917, but since then has come mostly from Canada. The Netherlands was back again in the game in 1920, but has shipped very little to the United States since last August. New Zealand shipped 111,000 pounds one month in 1920, but has shipped none since. (I do not understand why the Netherlands should ship to the United States when the United States is at the same time exporting immense quantities to the United Kingdom and France; there must be some special reason for it.[1]) Our exports to the United Kingdom, Belgium, and France have been large since 1916 and were still large in 1920. Cuba and the Philippines are the largest other consumers of our goods. Panama and China also import our condensed milk.

PRODUCTION.

The billion pounds of milk imported into the United States in the form of butter, cheese, cream, etc., in the fiscal year of 1921, is only 1 per cent of our total production. Our excess of exports over imports was 7 per cent in 1917, but has been less than 1 per cent in 1921. Our excess imports of butter in the fiscal year 1921 were only 2 per cent of our total factory and farm butter production. Our total combined imports of milk and cream were about 1 per cent of the household use of milk and cream in the United States. Foreign trade is therefore a minor factor in this field.

Table VIII shows the growth of dairying in the United States in terms of dairy cows. To get comparable figures, heifers a year old and over on January 1 were included. We had over 3,000,000 more dairy cows in the United States in 1919 than in 1909. The increase was from 3.2 per farm to 3.7 dairy cows per farm. The increase was only slight, however, in the New England and North Atlantic States.

Not the absolute production of milk is important in this connection, but the increase in relation to the demand. The question of the effect of a tariff on dairy products in the long run depends upon whether our milk production will keep up with our population and our per capita consumption. (The tariff for particular emergencies or temporary deficits like the present is a separate matter and will be discussed later.) The answer to this question involves a consideration of the various systems of farming competing with dairying.

Corn-and-hog farming always has had first choice of our farming land over dairy products, and it will continue to do so until our agriculture is very greatly intensified. I mean by this that land that is well suited to growing corn for grain and feeding hogs will be used for that purpose in place of for producing milk, and will, as at present, be worth more per acre for that purpose than for dairying. Land not so well suited for corn will be used for dairying and will be worth less per acre. Milk, however, being in part a product which requires production near where it is consumed, will always be produced in considerable quantity everywhere. Furthermore, a considerable production come as a sort of by-product to beef-cattle farming, or as a supplement to other farm enterprises.

Now, there is in this country a very large acreage of land available for dairy production that corn production will not need. It is located mostly on the northern edge of the Corn Belt. At present dairying is competing seriously with grain for this territory. Within the last 10 years, it has gained ground over grain farming in much of this territory. The tendency will be for this to continue, for the simple reason that dairying is a more intensive system of farming than grain farming, and growing population will gradually compel us to produce a larger product per acre. (At a still later stage, cereal crops for direct human consumption tend to replace dairying.) At any one time, the limit between grain farming and dairying will depend upon the relative prices of grain and dairy products. The question is as to whether world prices for dairy products, that is, prices that will prevail under a system of free trade with other countries, will give us an adequate home production.

Europe in general is at a deficit stage in milk production. The limit in milk consumption in a populous country, however, is likely to be reached before the limit of production; that is, the economy of farm production may make possible the production for export of dairy products which the producers themselves can not afford to eat. This is true of some of the territory exporting dairy products in Europe to-day. Thus far, however, other countries of Europe, more prosperous, have been able to absorb the surplus. (Just now, due to the war cost, this probably is not true, but the condition is probably temporary. We need not fear milk competition from Europe.)

The newer countries, like Argentina and Canada, are passing into dairy production. Canada, being largely north of profitable growing of corn for grain, is essentially a grain and dairy region. We can expect a surplus production in that area. The competition of dairying in most of Canada is with grain, as in the United States. It is likely that there is ample territory in the United States which can produce on even terms with Canada so that we need not worry over production from that source. That does not mean that there will not be imports from that source. If Canada were a

[1] Explanation seems to be that they are Nestle & Co. branded goods.

part of the United States there would be much moving of dairy products, especially milk and cream, over the present boundary. This is merely a matter of geography and location with respect to big centers of consumption in the United States. Under free trade the same thing will happen. The bulk of the movement will be toward the United States, because we have the population. So long as we are sending dairy products to Europe, putting a barrier against Canadian products will have no important effect, except for milk and cream, which must have a local market. If we develop a domestic deficit, then a tariff against Canadian butter, cheese, and condensed milk will be effective, prices will rise enough to attract more land into dairying away from small grain and corn.

Argentina has a large area, like the United States, that is better suited for dairying than for corn and where dairying competes with small grain. As in the United States, dairying will expand as fast as small grain will let it.

The solution virtually is about this: The United States, Argentina, and a few other new countries have territory within them situated favorably, in an economic sense, for producing dairy products. Small grain and dairying and corn-and-hog farming, to some extent, are competing for this territory. Grain is well suited to export, so is corn. Dairying is likely in any of these regions to maintain itself at a point where it supplies the home demand, and some in addition for export. Grain will be exported in preference to dairy products. If, however, deficits develop in Europe or elsewhere, then prices will be high enough to favor exporting a little more dairy products and a little less grain. As grain prices are largely on an export basis in all these countries, so also must dairy products be, even though little or no dairy products are exported. Competition with grain for land keeps them on this basis. In whatever export trade develops, the various countries named, United States, Argentina, will be on an even basis, except for differences in ocean hauls and interior hauls to exporting points. Our data on imports and exports show that the Tropics always are deficit areas, and this means that the United States, Argentina, and similar regions must have a surplus to export to them. All will compete for this trade. Prices at home will be set by this market, and the market in Europe in case there is a deficit there, less transportation costs in each case. The same is true for grain prices, and grain prices at home keep in line with butter prices.

The purpose of this analysis is to show that price levels are likely to be adequate in the United States to call forth a domestic production sufficient to meet home consumption, and something of a surplus besides.

When the countries producing a surplus are examined more closely, however, some differences may develop, relating principally to methods of production in these countries and supplies of the factors of production. Dairying requires a larger ratio of labor and capital to land than does grain farming. (Labor for milking, feeding, etc., and capital for buildings, investment in herd, etc.) The particular region which is best supplied with both of these will be favored in dairy production. The level of wages in Argentina relative to the United States does not tell us anything. What we need to know is whether wages are higher or lower relative to land values and interest rates in Argentina than they are in the United States. In general, interest rates are relatively high in Argentina and land and wages low. Let us suppose the following:

	Wages.	Interest rates.	Land rates.
		Per cent.	
United States	$50	6	$150
Argentina	25	8	90

Under these conditions, a farm enterprise would be favored in Argentina which, first, used a considerable amount of labor; second, a great deal of land per unit of product; and third, very little capital. (No accurate data covering these points have been discovered in the time at my disposal, but it would seem that Argettina in general does not lend itself strongly to dairying. In the special dairy regions conditions may be quite different, of course. Land values will be higher than the average, but probably not equal to the value of the good corn lands. Wages will be a little lower, and probably interest rates. If there is a large supply of family labor, that will mean more than lower wages.)

As for Canada, there are large areas where all conditions favor dairying, and this area is great in proportion to population.

EMERGENCY TARIFF PROTECTION.

Table VII giving prices of dairy products, cereals, etc., from 1909 to 1921, the average of years 1909–1914 being taken as 100, shows that from 1916 (starting in July) until August, 1920, prices of butter were below the prices of other farm products. For a period of a year from May, 1917 to May, 1918, butter prices were fully 20 per cent below the average. Since September, 1920, the opposite has been true, butter prices averaging nearly 30 per cent above other farm prices. During the war, the strong demand was for cereals and textiles. Hence these prices rose fastest. The effect of this was that less than the proper number of hiefers were raised. We are now feeling the results two years later in a threatened deficit of dairy products. During the years from 1917 to 1920, we were getting the milk from the expansion in dairying that came in 1913 to 1916.

TABLE IX.—*Milk cows in United States, 1910 to 1921* (*Bureau of Crop Estimates*).

1910	20,625,432	1916	22,108,000
1911	20,823,000	1917	22,894,000
1912	20,699,000	1918	23,310,000
1913	20,497,000	1919	23,475,000
1914	20,737,000	1920	23,619,000
1915	21,262,000	1921	23,321,000

(Table IX contains the evidence for this statement.) Our prices were low in this period, and we had a large exportable surplus. We are now facing the possibility of a deficit for a period. It may not actually develop, but the fact that prices have started upward vigorously again of late indicates that it is likely to happen.

Part of the impending deficit is due to maladjustments that came during the war. There was a tremendous shift to condensed milk and cheese, and we are not back to a normal basis yet.

If the deficit develops, then the tariff will maintain prices at a higher level until such time as production catches up again. The tariff in the meantime acts as a subsidy to the dairy industry, stimulating the industry to make up the deficit as quickly as possible. Consumers are interested in this process as much as the producers—in fact, more so. There is always one danger connected with it, namely, that the subsidy will overstimulate production, with a consequent period of a large exportable surplus. A very moderate stimulant is all that can safely be advised.

LOCAL TARIFF ISSUES.

There is always a deficit of milk and cream in the New England States. Even though much milk and cream comes from Canada, prices are always considerably higher there than in New York and Philadelphia. The effect of a tariff will be to raise prices on milk and cream to a still higher level in Boston. If the tariff is very high prices will rise part way and consumption will fall off. (Condensed milk and milk powder will be substituted increasingly for fresh milk if fresh milk prices rise much higher in New England relative to the dairy sections in the United States.) The additional supply of milk will come in part from farms in New England, more largely from farms to the west, and from creameries in New England. This will encroach on New York and Philadelphia territory and raise prices a little there.

If the tariff is moderate, some milk will still come from Canada, prices will rise the full amount of the tariff, consumption fall off less, and the rest of the supply will come from New England and West. The lower the tariff, the more will be imported.

It is a mistake to assume that producers will benefit by the full amount of the rise in price. Only those who are now producing at present prices will benefit the full amount of the rise. The new production will take the place of other products (now produced). Only the extra profit of the new enterprise over the old will be a benefit. Some of the new producers will just break even and make no more profit than from their former enterprises. On all the milk that is transported from longer distances, extra hauling costs will be taken out.

THE RATE—BUTTER.

It will be apparent from the foregoing analysis that no large permanent protection is needed, even if it is highly important that we produce all our own dairy products which seems to me open to some question. We do not produce all our own wool, flax, sugar, etc., why should it be a serious matter if we do not produce quite all our own butter? We probably can, however, even without a tariff; the question is purely an academic one. What is really needed is some way of stabilizing the industry. The tariff method of doing this on the whole is a poor method. Nevertheless it seems to be the easiest and most popular one. I would recommend that the remedy be applied cautiously, that a tariff be applied with the idea of giving the industry a stimulus to catch up, and not to over-catch-up.

It is difficult to predict what tariff will shut out all importations of butter until home production catches up; any tariff can be passed entirely on to the consumer up to the point where the added price cuts consumption down. In other words, a tariff can be used to extort a full monopoly price from the consumer until production catches up. The importer will sell for the same price (net) in this market regardless of the tariff, until home production catches up. The only difference will be that American consumers will not take as much if the tariff passed on to him is a stiff one.

The right way to figure is not the foregoing, but instead, what addition to price will give a good, healthy stimulus to the industry. I am of the opinion that 6 cents per pound is about all that is wise. I don't believe it well to shut out all foreign butter. But I think it will give our industry a chance to get back on its feet in plenty of time.

WHOLE MILK.

On the basis of physical equivalents, 6 cents per pound on butter equals about 1.8 cents per gallon on milk. Butter has to be manufactured, on the one hand, but the skim milk is left with the producer. These may be assumed to offset each other. Milk, however, is more expensive to transport than butter. But since the only purpose of using this method of equivalents is to keep milk from being shipped over the line to be made into butter, the transportation difference is not very important, unless one goes back a ways from the line. (It costs over 5 cents more to ship a gallon of cream from Sherbrooke to Boston than it would its butter content.) Transportation, however, may be considered as protection in this case.

The system of computing rates on physical equivalents is not valid. Only when the tariff is actually raising the price of our butter over Canadian butter is there an incentive to carting whole milk over the line to be made into butter. As we have seen, only temporarily or occasionally will there be this price difference. Since it is so transitory, no regular business will be built up on the basis of it. The so-called "line creameries" started in 1909 on the basis of the Payne-Aldrich differential soon learned this to their sorrow. Besides, it would be cream that would be gathered in Canada and not milk anyway.

The real purpose of the tariff is to keep Canadian milk out of Boston and other New England markets. Very little milk is so imported anyway, but since the New England milk producers are interested in academic as well as practical questions, we must address ourselves to it. Whole-milk prices in Boston are considerably above butter-content values. The system of arriving at prices to producers clearly recognizes this. Nor is the excess of milk prices over butter-content values a fixed thing. It varies from season to season, from contract to contract, from city to city. The tariff protection needed must therefore vary with these differentials. The higher the differential, the more likely milk is to be brought in from Canada, because more milk will be worth more as whole milk in Boston than as butter in Canada Transportation rates of course affect this problem. They have doubled since 1914. This lowers the value of Canadian butter on the Canadian side (farther from its market) but raises prices of whole milk in Boston. Since milk is 24 times as heavy as butter made from its butter fat, the rise in rates has given added protection to the New England whole-milk market. Another factor in the problem that must be considered is competition with cream. Most of the cream comes from a distance entailing 5 or 6 cents per gallon of transportation expense. As cream, this same butter fat can be shipped for a tenth of this amount. The cream rate should be about 11 times the butter rate, less about 5 cents per gallon. The new milk supply shipped will largely come from stations in the United States now shipping cream. The whole-milk rate can safely be a little high relative to cream, because it is more bother to produce market milk than market cream.

The Payne-Aldrich rate was 2 cents per gallon. Just a little milk dribbled in under this tariff. A 2-cent rate for milk and about 10 or 12 cents on cream would be reasonable equivalents (2 and 17 cents—or equivalent technically). The emergency bill levies 2 cents per gallon. Some milk seems to have been imported. This, however, may be temporary. The Fordney bill proposes 1 cent per gallon. It may be entirely adequate in the end. One cent on milk and 5 cents on cream would be near enough to equivalent.

CREAM.

Physical equivalence, assuming 40 per cent cream, would make 24.4 cents per gallon as equal to 6 cents per pound of butter. A gallon of 40 per cent cream weighs 8.28 pounds. It contains 3.39 pounds of butter fat, which at 20 per cent overrun makes 4.07 pounds of butter. (4.07×6=24.4 cents.)

There is more purpose to the method of physical equivalents in the case of cream than of whole milk, because a large part of the cream comes out of butter territory in Canada; also the buyers have to buy on a butter basis. However, only in case butter prices are higher in the United States than in Canada, as during the present temporary shortage, will there be a tendency for cream to be shipped over the line to be made into butter. During a period of this kind, cream wagons might haul from Canadian territory to advantage, but the volume of business represented would be small.

So far as Canada is concerned, shutting Canadian butter out of our eastern markets will undoubtedly lower the prices in some areas on the Canadian side by a small amount, relative to prices in the United States, even though both countries are on an export basis. New York is the most economical market for these producers. They are nearer to it than is Minnesota. Hence they enjoy the advantage of location with respect to it, which reflects itself in higher prices. When they are shut out of this market, then butter must go into export over a more expensive haul. English prices less cost of hauling will set the level of prices. New York prices in a period of export are set largely by export to the West Indies, Central America, and South America, although most of the time enough is exported to Europe to keep the two export prices in line. The New York price thus established is about the same as the Canadian export price. Now, to the extent that any Canadians can reach New York cheaper than they can Canadian export prices, they will be injured by a tariff shutting their butter out of the United States. Of course, it can not be very much.

Lower prices for butter in Canada will probably mean a little less production and more grain and other competing crops.

Part of this same analysis applies to the advantage of location of the dairy regions of the United States with respect to consuming sections in our own Southern States and to Central and South America. The Canadians have profited from this indirectly, in that the moving of our butter south has left the New York market a little more open to them.

The foregoing is merely an example of a local effect of a tariff which may result even though both countries are on an export basis.

To shut out Canadian butter permanently, therefore, a little tariff is needed to overcome this local advantage. I would say that 2 cents is more than adequate in ordinary times, and 4 cents in emergencies.

It will later be developed that about 6 cents is all that is wise for a general emergency tariff. If desired, the 2 cents for local protection can be added to the 6 cents for emergency protection, although it is my judgment that that is unnecessary, the 6 cents will be in force all of the time even though needed only in emergencies.

A further statement needs to be made as to tariff and grades of butter. Although the general level of butter prices may be no higher in New York than in Europe, it may happen at any time that either the lower or the higher grades are selling at a premium there over other markets. This may encourage imports of those grades for a while.

Also, as to local effect, local creameries make all kinds of butter. For a time, a Canadian creamery just over the line may find it profitable to pay 2 cents tariff and sell in the United States, because of a market for his very poor or very good butter.

But the total effect of the Canadian butter that comes to the United States is practically nothing so far as price is concerned. The effect is not as much as one-tenth of a cent, for the simple reason that the amount is relatively infinitesimal. It is a case of taking a cent or two of local advantage away from a few Canadian dairymen for the sake of an imagined advantage to us.

But of course tariffs are not made on the basis of the effects they produce, but rather solely for the sake of keeping out foreign goods.

Hence the tariff must be based mainly on keeping cream out at other times. The question is one of balancing the value of Canadian cream for butter purposes in Canada against what it will cost to get an adequate supply of cream from this side of the line, and this is not a question of physical equivalents, but of higher costs balanced against lower consumption. The nearest calculation that can be made is on the basis of the extra cost of hauling the additional United States cream from Western New York and similar areas over the average cost of hauling the present supply obtained in the United States. Some of the additional cream will be produced on New England farms at increased costs, but these costs will be balanced against added transportation costs, the two being about equivalent. Hence one will serve as a measure of the other. The distance will have to be counted from New England to the new source of supply. Surely 10 or 12 cents per gallon is amply adequate for this. The emergency rate of 5 cents has not for the time being stopped importations. But butter is at a premium over Canada in the United States at present. Also it takes time to seek out new sources of cream supply. A year or two may be needed for the main buyers to make the shift, but it will surely come. I am not sure that 5 cents might not prove adequate after a year or two.

There is little or no danger involved of milk being shipped into the United States to be made into cheese. It is merely a question of foreigners making their export product up as cheese instead of butter if there is a deficit of dairy products in the United States and if import rates favor cheese. It usually takes about 10 pounds of milk to make a pound of cheddar cheese. A butter rate of 6 cents per pound of butter (25.2 cents per 100 pounds of milk) equals 2½ cents per pound on cheese. Transportation costs are higher. The Fordney bill proposes 5 cents per pound. The 1909 rate was 6 cents per pound. The 1913 tariff of 20 per cent was a reduction until cheese imports rose in value to 30 cents per pound and over in 1917-1920.

I am in favor of a reasonably high tariff on cheese. It will not permanently raise the price of cheddar cheese, since cheese prices can not permanently rise above butter price, equivalents—the two are in close competition over wide areas, and normally butter will not be affected at all by a tariff. Five cents means no more protection than 2½ cents. Most of our imports will be of foreign varieties, which are either more or less luxuries, or are consumed by our foreign population. They make a good source for revenue. The incidental protection afforded our Swiss-cheese industry will be worth while. The 5-cent rate is therefore satisfactory.

CONDENSED AND EVAPORATED MILK.

Under normal conditions from now on, there will need to be little protection for condensed and evaporated milk. Our exports are sure to be greatly in excess of imports. Just at present, however, the world is oversupplied with the product, and there is a good deal of dumping going on, from which we are suffering a little. The condensed industry is highly organized in Europe, the Nestle Co. being very aggressive after foreign markets. Only when prices of dairy products are relatively high in the United States, however, is there likely to be any condensed milk imported. The tariff is therefore largely for temporary conditions.

On the basis of physical equivalents, the duty on evaporated milk should be twice that on whole milk (6 cents per pound—one-fourth cent per pound on whole milk), or one-half cent per pound on sweetened condensed milk, two and one-half times that of whole milk, or five-eighths cents per pound. To this rate should be added a little protection on the conversion costs of manufacturers. The Fordney rates are 1 and 1½ cents per pound. They are satisfactory.

The Fordney rates on milk powders are based on equivalents and in proportion to those on condensed and evaporated milk.

A further statement is necessary here. It has been pointed out with respect to butter that effects of location will cause a tariff to lower the price of butter in territory close to the United States boundary by 1 cent per pound, perhaps 2 cents, at times. This will require a duty of 4 cents per gallon, or perhaps 8 cents, minus a small extra transportation charge for cream over butter.

It is also true that when butter prices are relatively high in the United States, because of temporary shortages here, that cream can be profitably shipped from Canada to the United States in place of butter unless the duty on cream is equal to a butterfat equivalent. For this reason cream seems to be coming into the United States now in spite of an emergency tariff of 5 cents per gallon. If it were feasible to ask for a tariff at this time on cream at a rate of 24.4 cents per gallon, it would check this importation. But it does not seem feasible to ask for 25 cents when the most that has ever been levied is 6 cents per gallon. If the entrance of Canadian cream meant a serious loss to the dairymen of the United States there would be some purpose in it. If Canadian cream starts to lower the price of cream in Philadelphia, then more cream will be made into butter, and will receive the benefit of the high butter price prevailing. Cream prices are always closely in line with butter prices. The dairymen's organizations are mostly able to shift from cream to butter and back very quickly. Here the damage to the dairymen is not very great after all—it is for the most part an apparent, not a real, damage. On the other hand, 25 cents a gallon on cream will cause a lot of opposition from all sources and will seriously prejudice the whole dairy program. The dairy interests of the rest of the United States can not afford to take this chance for the sake of the dairymen of the North Atlantic States.

TABLE I.—*Butter, production, imports, and exports, 1910 to 1921, in pounds.*

Year.	Factory production.[1]	Imports, fiscal year.[1]	Reexports, fiscal year.[2]	Net imports.	Exports, fiscal year.[1]	Excess of exports.	Excess of imports.
1910	627,145,865	1,360,245	10,194	1,350,051	3,140,545	1,790,494	....
1911	....	1,007,826	9,135	998,691	4,877,797	3,879,106	....
1912	....	1,025,668	40,151	985,517	6,092,235	5,106,718	....
1913	....	1,162,253	3,432	1,158,821	3,585,600	2,426,779	....
1914	786,003,489	7,842,022	51,935	7,790,087	3,693,597	....	4,096,490
Average, 1910-1914	....	2,479,603	22,969	2,456,633	4,277,956	1,821,323	....
1915	....	3,828,227	148,696	3,679,531	9,850,704	6,171,173	....
1916	760,030,573	712,998	21,265	691,733	13,487,481	12,795,748	....
1917	743,895,068	523,573	2,610	520,963	26,835,092	20,314,129	....
1918	798,799,514	1,805,925	218	1,805,707	17,735,966	15,930,259	....
1919	....	4,131,469	3,476	4,127,993	33,739,960	29,611,967	....
1920	....	20,770,959	101,697	20,669,262	27,155,834	6,486,572	....
Average, 1915-1920	....	5,295,525	46,327	5,249,198	21,467,506	16,218,308	....
First half 1920 (calendar year)[2]	....	14,543,686	84,336	14,459,350	14,952,379	493,029	....
First half 1921 (calendar year)[2]	....	11,443,167	959,115	10,474,052	5,293,890	....	5,180,253
Fiscal year 1921[2]	....	34,343,653	1,038,507	33,305,146	7,829,255	....	25,475,891
June, 1921[2]	....	33,884	5,194	28,690	696,232	667,542	....
July, 1921[2]	....	191,748	2,250	189,498	531,078	341,580	....

[1] Tariff Information Survey, Dairy Products, pp. 24-41.
[2] Monthly Summary, Department of Commerce.

TABLE II.—*Cheese, production, imports, and exports, 1910 to 1921, in pounds.*

Year.	Factory production.[1]	Imports, fiscal year.[1]	Reexports, fiscal year.[2]	Net imports.	Exports, fiscal year.[1]	Excess of exports.	Excess of imports.
1910	320,532,181	40,817,524	138,754	40,678,770	2,846,709	....	37,832,061
1911	....	45,568,797	106,178	45,462,619	10,366,605	....	35,096,014
1912	....	46,542,007	104,980	46,437,027	6,337,559	....	40,099,468
1913	....	49,387,944	101,914	49,286,030	2,599,058	....	46,686,972
1914	370,278,599	63,784,313	152,244	63,632,069	2,427,577	....	61,204,492
Average, 1910-1914	....	49,220,117	120,814	49,099,303	4,915,502	....	44,183,801
1915	....	50,138,520	294,976	49,843,544	55,362,917	5,519,373	....
1916	333,593,841	30,087,999	267,201	29,820,798	44,394,301	14,573,503	....
1917	394,845,038	14,481,514	169,976	14,311,538	66,050,013	51,738,475	....
1918	378,939,610	9,839,305	122,187	9,717,118	44,303,076	34,585,958	....
1919	430,853,213	2,442,306	30,825	2,411,481	18,791,553	16,380,072	....
1920	....	17,913,682	3,064,316	14,849,366	19,378,158	4,528,792	....
Average, 1915-1920	....	20,817,221	658,247	20,158,974	41,380,003	21,221,029	....
First half 1920 (calendar year)[2]	....	8,028,438	2,752,550	5,275,888	12,749,922	7,474,034	....
First half 1921 (calendar year)[2]	....	8,619,391	86,003	8,533,388	7,283,996	....	1,249,392
Fiscal year 1921[2]	....	16,584,678	215,428	16,369,250	10,825,603	....	5,543,647
June, 1921[2]	....	1,691,860	11,356	1,680,504	856,313	....	824,191
July, 1921[2]	....	1,253,505	5,491	1,248,014	2,200,800	952,786	....

[1] Tariff Information Surveys, pp. 48-75.
[2] Monthly Summary, Department of Commerce.

TABLE III.—*Condensed and evaporated milk production, imports, and exports, in pounds.*[1]

Year.	Domestic production.[2]	Imports for consumption, fiscal year.[2]	Reexports.	Exports, fiscal year.[2]	Net exports.[2]	Net imports.
1910		598,143	(3)	13,311,318	12,713,184	
1911		630,308	(3)	12,180,445	11,550,137	
1912		698,176	(3)	20,642,738	19,944,562	
1913		1,778,043	(3)	16,525,918	14,747,875	
1914	874,410,504	14,950,973	(3)	16,209,082	1,258,109	
Average 1910–1914		3,731,127	(3)	15,773,900	12,042,773	
1915		33,613,389	(3)	37,235,627	3,622,238	
1916	992,364,000	18,173,426	(3)	159,577,620	141,404,194	
1917	1,333,786,000	18,356,416	(3)	259,141,231	240,784,815	
1918	1,675,934,000	29,926,931	(3)	528,759,233	498,832,302	
1919	2,030,957,000	20,007,704	(3)	728,740,509	708,732,805	
1920		18,303,268	(3)	701,533,270	683,230,002	
Average 1915–1920		23,063,522	(3)	402,497,951	379,434,393	
First half 1920 (calendar year)[4]		5,461,907	(3)	279,782,350	267,932,222	
First half 1921 (calendar year)[4]		7,061,877	(3)	131,372,574	124,005,698	
Fiscal year 1921[4]		16,584,495	(3)	262,668,206	242,395,678	
June, 1921[4]		364,681	(3)	21,700,229	21,345,548	
July, 1921[4]		623,398	(3)	17,337,648	16,714,250	

[1] Imports, preserved or condensed or sterilized. Exports, condensed or evaporated.
[2] Tariff surveys, pp. 77–94.
[3] Expressed in value only prior to 1919.
[4] Monthly summary.

TABLE IV.—*Milk imports and exports, 1910 to 1921.*

Year.	Fresh milk imports for consumption, fiscal year.[1]	Value of milk and cream exports, fiscal year.[1, 2]	Value per unit.
	Gallons.		
1910	140,492		
1911	213,595		
1912	46,823	$244,913	$0.134
1913	45,935	474,055	.151
1914	607,848	333,217	.134
Average 1910–1914	210,939		
1915	1,263,649	343,583	.184
1916	891,931	524,426	.130
1917	1,791,546	253,629	.158
1918	1,933,380	227,042	.206
1919	1,793,840	613,623	.246
1920	2,832,318	1,766,236	.266
Average 1915–1920	1,751,111	621,423	
First half 1920 (calendar year)	1,007,705	215,543	.266
First half 1921 (calendar year)	778,644	274,533	.200
Fiscal year 1921	2,291,596	440,616	.200
June, 1921	(3)	39,254	
July, 1921	(3)	18,585	

[1] Tariff surveys, p. 19.
[2] Including cream.
[3] Not given separately; see cream imports.

TABLE V.—*Cream imports and exports, 1910 to 1921.*

Year.	Imports for consumption, fiscal year.[1]	Value of milk and cream exports, fiscal year.	Year.	Imports for consumption, fiscal year[1]	Value of milk and cream exports, fiscal year.
	Gallons.			*Gallons.*	
1910	731,375	....	1919	797,525	$613,623
1911	2,335,438	....	1920	1,156,822	1,766,236
1912	1,120,240	$244,913	Average, 1915-1920	1,113,495	621,423
1913	1,247,351	474,055	First half 1920 (calendar year)	538,543	[3] 215,543
1914	1,773,113	333,217	First half 1921 (calendar year)	353,855	274,533
Average, 1910-1914	1,441,503	....	Fiscal year, 1921	1,412,472	440,616
1915	2,077,392	343,583	June, 1921	[2] 726,006	....
1916	1,193,911	524,426	July, 1921	[2] 515,169	....
1917	743,819	253,629			
1918	711,502	227,042			

[1] Tariff Surveys, p. 19.
[2] Monthly Summary.
[3] These are milk and cream figures combined.

TABLE VI.—*Balance of imports and exports of dairy products, 1910-1921, expressed in pounds of milk with 3.5 per cent butter fat.*

IMPORTS.

	Milk (1 gallon=8.6 pounds).	Condensed and evaporated milk (100/40).	Cream (35 per cent butter fat).	Butter (100/4.2).	Cheese (1 pound=10 pounds).	Total.
Fiscal year:						
1910	1,208,231	1,495,335	18,869,475	32,144,071	406,787,700	460,504,812
1911	1,836,917	1,575,770	60,254,300	23,778,357	454,626,190	542,071,534
1912	402,678	1,745,440	28,902,192	23,464,690	464,370,270	518,885,270
1913	395,041	4,445,108	32,181,656	27,590,976	492,860,300	557,473,081
1914	5,227,493	37,377,433	45,746,315	185,478,262	636,320,690	910,150,193
1915	10,867,381	9,327,818	53,506,714	87,607,881	498,435,440	659,745,234
1916	7,670,607	84,033,473	30,802,904	16,469,833	298,207,980	437,184,797
1917	15,407,296	45,433,565	19,190,530	12,403,881	143,115,380	235,550,652
1918	16,627,068	74,817,328	18,356,752	42,993,024	97,171,180	249,965,352
1919	15,427,024	50,019,260	20,576,145	98,285,548	24,114,810	208,422,787
1920	24,357,935	45,758,170	29,846,008	492,125,286	148,493,660	740,581,059
1921	19,707,726	41,461,238	36,441,778	792,979,666	163,692,500	1,054,282,908
Calendar year:						
First 6 months 1920	8,666,263	13,654,768	13,894,409	344,270,238	52,758,880	433,244,558
First 6 months 1921	6,696,338	17,654,693	7,082,951	249,382,190	85,333,880	366,150,052

EXPORTS.

	Milk and cream.	Condensed milk.	Butter.	Cheese.	Total.	Excess of imports over exports.	Excess of exports over imports.
Fiscal year:							
1910	....	33,278,295	74,774,900	284,670,900	392,724,095	67,780,717	....
1911	....	30,451,112	16,138,000	1,036,660,500	1,183,249,612	....	641,718,078
1912	15,718,297	51,606,845	45,053,200	633,755,900	846,134,242	....	327,248,972
1913	26,999,158	41,314,795	85,371,400	259,905,800	413,591,153	143,881,928	....
1914	21,385,568	40,522,705	87,942,700	242,757,700	392,608,672	517,541,520	....
1915	16,058,771	93,089,068	234,540,500	5,536,291,700	5,879,980,039	....	5,220,234,805
1916	34,692,796	398,944,050	321,130,500	4,439,430,100	5,194,197,446	....	4,757,012,639
1917	13,805,124	647,853,078	838,930,700	6,605,001,300	7,095,590,202	....	6,860,031,550
1918	9,478,456	1,321,823,083	422,284,900	4,430,307,600	6,183,894,039	....	5,933,928,687
1919	21,451,857	1,821,851,272	803,332,300	1,879,155,300	4,525,790,729	....	4,317,367,942
1920	57,103,871	1,753,833,175	646,567,500	1,937,815,800	4,395,320,346	....	3,654,739,287
1921	18,946,488	650,670,515	186,410,800	1,082,560,301	1,944,588,10[illegible]	....	890,305,195
Calendar year:							
First 6 months 1920	6,968,683	699,455,875	356,009,000	1,274,992,200	2,337,425,758	....	1,904,181,700
First 6 months 1921	11,804,919	328,431,435	126,045,200	728,399,600	1,194,681,154	....	828,531,102

TABLE VII.—*Comparison of butter prices with beef, hog, corn and wheat prices, also with weighted average price of 31 farm products.*[1]

	31 products.	Butter.	Beef cattle.	Hogs.	Corn.	Wheat.
1919—June	217	209	188	249	253	252
July	220	206	187	265	255	254
August	227	207	193	264	271	238
September	217	205	177	211	260	235
October	214	201	170	188	227	239
November	223	210	173	192	216	241
December	223	214	175	183	236	250
1920—January	229	216	178	190	241	265
February	231	212	176	191	247	264
March	230	216	172	183	245	255
April	237	221	167	181	255	264
May	244	233	163	186	262	280
June	240	228	171	184	274	284
July	242	225	168	188	268	290
August	225	223	169	186	232	255
September	207	215	163	187	219	249
October	191	211	153	184	179	245
November	168	203	143	167	141	212
December	143	195	129	128	119	168
1921—January	133	173	125	124	115	171
February	128	165	118	121	105	167
March	122	163	120	123	107	165
April	113	159	111	105	101	150
May	107	156	109	105	92	123
June	106	125	104	101	92	140
July	....	127	....	....	90	128

[1] The indices are percentages of the average prices of the same months for the years 1909-1914.

TABLE VIII.—*Number of dairy cattle in the United States, by geographic divisions.*[1]

	1919 (1 year and over), June 1.	1909 (15½ months and over), Apr. 15.		1919 (1 year and over), June 1.	1909 (15½ months and over), Apr. 15.
United States	23,729,421	20,625,432	South Atlantic	2,016,267	1,810,754
			East South Central	2,031,077	1,628,061
New England	1,015,639	841,698	West South Central	2,318,343	2,249,553
Middle Atlantic	2,916,408	2,597,652	Mountain	754,447	514,466
East North Central	6,066,566	4,829,527	Pacific	1,120,066	826,115
West North Central	5,490,608	5,327,606			

[1] The only comparable figures obtainable are on the basis indicated.

BUTTER.

[Paragraph 709.]

STATEMENT OF O. M. CAMBURN, DIRECTOR OF THE DIVISION OF DAIRYING AND ANIMAL HUSBANDRY, MASSACHUSETTS DEPARTMENT OF AGRICULTURE.

Senator WATSON. Give your name, please.

Mr. CAMBURN. Mr. Chairman, I am O. M. Camburn, director of the division of dairying and animal husbandry of the Massachusetts Department of Agriculture, appearing as secretary of the New England Dairy Tariff Committee with relation to the Fordney tariff bill, H. R. 7456, paragraph 709, on butter.

This committee is opposed to the rate given on butter of 8 cents, in the first place, because the relative costs of production between the United States and competitive foreign countries show that a higher duty is necessary to protect the United States producers.

In the second place, the increased price level on butter requires a higher rate to give the same ad valorem protection as obtained under former tariffs.

Comparing Canadian costs of production and New England costs of production——

Senator WATSON. You are speaking now of butter wholly?

Mr. CAMBURN. Costs of production as applied to milk, stated in terms of butter. We find a difference of 10 cents per pound in favor of Quebec. That is, it costs 55 cents per pound to produce butter in New England, and it costs 45 cents per pound to produce butter in the Province of Quebec.

Senator WATSON. Wherein lies the difference?

Mr. CAMBURN. The difference lies primarily in labor costs. We have used what is known as the Warren formula. The Warren formula is a formula developed by Dr. G. E. Warren, of Cornell University, which was used by the New York Federal Milk Commission when they were serving during the war period.

When we take the Canada figures together with the Warren formula and apply the prices as relating to the Province of Quebec and the prices for New England generally, we find that the difference in the cost of production is $2.93 per hundred pounds of milk in the New England States and $2.45 per hundred pounds of milk in the Province of Quebec. That 100 pounds of milk is 3.7 per cent milk, which would be, stated in terms of butter, 4.4. That is, 4.4 pounds of butter would equal 55 cents per pound, and the Quebec costs of $2.45 would be the equivalent of 45 cents a pound on butter.

Some would probably say, and justly, that we should consider transportation rates on that and deduct those. So we find that in the zone 281 to 300 miles, which would be the Province of Quebec, the transportation cost on account of the butter is 0.0067 cent, and for the New England States, in the 201 to 220 mile zone, it is 0.0064, or a difference of 0.03 of 1 cent per pound. So when you subtract 45 cents, the cost of producing butter in Quebec, from the 55 cents, the cost of producing it in New England, we have 10 cents per pound reduced by 0.03 cent; that would be 9.97, which is practically 10 cents a pound.

Therefore we feel that, due to these comparative costs, the butter interests of New England are entitled to protection to the amount of 10 cents per pound on butter.

Senator MCLEAN. About how would that affect the retail price of butter?

Mr. CAMBURN. I am not inclined to feel that it would affect the retail price of butter.

Senator WATSON. You produce the butter itself, do you?

Mr. CAMBURN. I was speaking in terms of butter, as that is the basis on which we are conducting our argument from a butter standpoint. Later another party will present the equalization which we feel is desirable for milk and cream. We are taking butter as the basis on which to establish and make an equalization.

Senator WATSON. You are speaking of butter?

Mr. CAMBURN. Yes, sir. The relative costs between the United States and Denmark will be pointed out by another party, but the American consul in charge at Copenhagen, Denmark, in a statement concerning the various items which enter into the cost of producing butter—feed, labor, and overhead costs—when compared with New England costs, showed that it cost 35 per cent more to produce butter in New England than it does in Denmark. I am speaking of that because a considerable amount of Danish butter has been coming into this country.

Another reason why we feel justified in asking for 10 cents on butter is on account of the increased price level. In 1897, when the market price of butter was about 20 cents per pound, a 6-cent duty was put upon it. At the present time, the prices ranging between 40 and 50 cents, we feel that a 10-cent duty is not excessive in order to maintain the relative ad valorem duty.

Senator McLEAN. How does the cost of producing butter now compare with the cost of producing it in 1913, the year before the war?

Mr. CAMBURN. I have no data concerning that matter at the present time, Senator. You mean the comparative costs in Canada, Denmark, etc.?

Senator McLEAN. Yes.

Mr. CAMBURN. No; I have nothing on that.

Senator McLEAN. How does the price of butter now compare with the price of butter before the war, in 1913 and 1914?

Mr. CAMBURN. That would be shown in this Exhibit C, which will be given in the form of an exhibit to be presented as a part of this brief presented by the committee.

Senator WATSON. What is the distance from Boston to the center of the Canadian area from which this product comes? I should like to get the difference in the freight paid by the people in Boston and the Canadian people.

Mr. CAMBURN. The zone would be the 281 to 300 miles zone, between 281 and 300 miles for the Province of Quebec, while the center of the source for the New England States would be around the 200-mile zone. That is, for the year 1920. As Mr. Leach has stated, the source has been moving northward. In 1910 it was near to the city of Boston. In 1900, of course, it was still more close.

Senator McLEAN. I should judge from this chart that the price of butter went down to about 33 cents a pound early this season and that since then it has risen to something like 47 or 48 cents a pound. Is that correct?

Mr. CAMBURN. Yes, sir.

Senator WALSH. This year?

Senator McLEAN. Yes. So that the price is higher now than it was several months ago. Perhaps that is due to the seasonal cost of producing it?

Mr. CAMBURN. I was speaking of a range from 40 to 50 cents a pound in reference to the desirability of having a 10-cent rate on butter in order to maintain the relationship between the price of butter and the duty, in order to have an ad valorem protection similar to that given in 1897.

Senator JONES. The wholesale price of butter in Boston for the last week in October was 47 cents.

Senator WALSH. What is the section of Massachusetts that produces butter?

Mr. CAMBURN. I am speaking for New England as a whole.

Senator WALSH. Is there very much produced in Massachusetts?

Mr. CAMBURN. Not a great deal.

Senator WALSH. It is very much scattered?

Mr. CAMBURN. It would be something like three million pounds per year for Massachusetts as a whole.

Senator WALSH. In the western part of the State?

Mr. CAMBURN. In a general way, in the western half of the State.

Senator WALSH. Is there much produced in New Hampshire?

Mr. CAMBURN. Not as much, Senator, as there was 20 years ago.

Senator WALSH. What about Maine?

Mr. CAMBURN. Especially is that true of New Hampshire and Vermont, since those territories were originally cheese-factory territories. Then, in time, they swung over to creameries. Those creameries became shippers of cream. Then, in time, after shipping cream, they swung to the shipping of fluid milk. So that in New Hampshire, where they formerly were making certain quantities of butter, we find little dairy farming but large quantities of milk being produced. You might say it is moving northward. In our exhibits is shown the range in 1910.

Senator WALSH. Is the range of butter moving northward, too?

Mr. CAMBURN. Yes, sir.

Senator WALSH. Is there much butter produced in Maine?

Mr. CAMBURN. That is shown in our Exhibit G, page 4, for 1920 and 1919 per month by States.

Senator WALSH. How much is produced altogether in New England, and what proportion is it to the consumption?

Mr. CAMBURN. Fifteen and three-quarters millions in 1919 and seventeen and two-thirds millions in 1920.

Senator WALSH. What is the consumption?

Mr. CAMBURN. We have no direct showing on consumption. I would not want to hazard a guess on it, Senator. Our production is relatively small as compared with consumption.

Senator WALSH. Less than 10 per cent?

Mr. CAMBURN. Around that figure, I think.

Senator JONES. I have the statistics here for a few years.

Senator WALSH. I would like to have them at this point, Senator.

Senator JONES. In 1919 the domestic production of butter was 1,556,785,222 pounds.

Senator SUTHERLAND. For the entire country?

Senator JONES. Yes, sir.

Senator SUTHERLAND. That is production?

Senator JONES. Domestic production. The imports for consumption were 3,020,399 pounds. The exports were 33,739,960 pounds.

For 1920 the domestic production was 1,600,000,000 pounds; imports, 19,857,507 pounds. Exports were 27,155,834 pounds.

For 1921, to October 1—I have not the domestic production—the imports amounted to 12,172,730 pounds.

Senator WALSH. That is a substantial reduction.

Senator JONES. That is a substantial reduction; and the exports for the same period were 6,636,749 pounds.

Senator WALSH. That is a reduction also?

Senator JONES. That is also a reduction. The import value of the butter was 42½ cents per pound. The export value was 40 cents per pound for 1921 to October 1.

I have here also in this table figures showing the substitutes, oleomargarine, the quantity produced and exported and the value of the export and its value per pound.

(The statement referred to is as follows:)

Butter production, showing imports and exports.

Year.	Domestic production.	Imports for consumption.	Domestic exports.
	Pounds.	*Pounds.*	*Pounds.*
1919	1,556,785,222	3,020,399	33,739,960
1920	1,600,000,000	10,857,507	27,155,834
1921 (to Oct. 1)		12,172,730	6,636,749

Imports 1921, value $5,158,095=42½ cents per pound.
Exports 1921, value $2,679,807=40 cents per pound.

Substitutes, oleomargarine—production and exports.

Year.	Produced.	Exported.	Value of exports.	Value per pound.
	Pounds	*Pounds.*		*Cents.*
1918	326,528,839			
1919	359,216,565	20,952,000	$5,179,000	28
1920	391,279,512	18,570,000	6,017,000	28
1921 (to Oct. 1)		2,642,036	543,503	20

Wholesale price of butter for week ending October 29, 1921.

CREAMERY, 92 SCORE.

[Cents per pound.]

	New York.	Chicago.	Philadelphia.	Boston.	San Francisco.	Danish.	Canadian.
Monday	47½	44½	47	46½	46½	46	44½
Tuesday	47½	45	48	46½	46½		
Wednesday	48	45	48½	47	46¼	to	to
Thursday	48½	46	49	47	46½		
Friday	48½	46	49	47	46¼		
Saturday	48½	46	49	47	46¼	48½	46

Senator WALSH. Does anybody know how much of the butter came from Canada and how much from Denmark and other countries?

Senator JONES. Unquestionably the statistics of the Treasury Department will show it.

Senator SUTHERLAND. We ought to have in the record the principal countries from which we import our butter and the quantities.

Senator WALSH. Does the market in Boston get butter cheaper from Canada than from northern New York and from Wisconsin and other dairy States in the Middle West?

Senator WATSON. This gives it for 1917.

Senator JONES. It gives it up until 1919. In 1919 there were imported from Canada 4,095,403 pounds, valued at $1,843,511; from Denmark, 21,136 pounds, valued at $18,087; from the United Kingdom, 1,323 pounds, valued at $1,261.

Senator SUTHERLAND. That is about $1 a pound.

Senator JONES. Yes. From Australia, 3,265 pounds, valued at $1,756.

Senator SUTHERLAND. There must be something wrong in connection with the valuation of the butter from the United Kingdom.

Senator JONES. From all other countries there were imported 9,342 pounds, at a value of $4,517, giving a grand total of importations of 4,131,469 pounds, valued at $1,869,132.

In 1920 the total importations were 20,770,959 pounds, valued at $10,916,770.

Senator WALSH. About 50 cents a pound.

Senator JONES. Yes; a little over that. So out of a total domestic production of 1,600,000,000 pounds the importations amount to only 20,000,000 pounds.

Mr. CAMBURN. My recollection is, although I would not like to go on that recollection, that the Danish production represents about 50 per cent of the importation; but the foreign and domestic commerce reports would show.

Senator WALSH. Is that of a high quality?

Mr. CAMBURN. The very highest quality. The keenest competition that we have comes from Denmark. But that, I understand, will be taken care of by another party, coming either to-morrow or next week, a party who is quite well acquainted with the Danish market and is handling the Danish butter importation question.

Senator WALSH. Are you familiar with the Boston butter market?

Mr. CAMBURN. Some.

Senator WALSH. Where does the butter sold in the Boston market come from—chiefly from Canada or the Middle West?

Mr. CAMBURN. I have nothing here in regard to the quantities that are coming into the Boston market. I have no statistics on that.

Senator WALSH. I was wondering whether they got Canadian butter cheaper than Middle Western butter or New York butter.

Mr. CAMBURN. Some 9,000,000 pounds came from Canada, but what comes from the other States I do not know.

Senator WALSH. Into Boston?

Mr. CAMBURN. No; I mean into the country.

Senator JONES. I think it might be advisable to put into the record at this point our butter importations, beginning in 1910. In the year 1910 there were 1,360,245 pounds; in 1911, 1,782,600 pounds; 1912, 1,925,668 pounds; 1913, 1,162,253 pounds; 1914, 7,842,022 pounds.

That was the first year of the European War.

Nineteen hundred and fifteen, 3,828,227 pounds; 1916, 712,998 pounds; 1917, 523,573 pounds; 1918, 1,805,925.

Mr. CAMBURN. In part 29 of the hearings which were held before this committee one of the cream dealers was pointing out the fact that he was unable to secure some 50 jugs of 40 per cent cream. Fifty jugs of 40 per cent cream weighing 82 pounds to the jug does not sound like very much. However, he was rather disappointed, it appears from his testimony, in not being able to locate that in three or four days' time, writing out to several of the creameries over New England and not being able to locate it.

When you introduce 50 cans of 82 pounds each, it would be 4,100 pounds of cream. Forty per cent would be 1,640 pounds of butter fat. To secure that amount of butter fat would require some 41,000 pounds of 4 per cent milk. To produce that 41,000 pounds would require some 2,050 cows, if they were to produce on an average of 20 pounds a day. Of course, that is not a high production. So that the 1,640 pounds of butter fat, when made into butter, would represent almost a ton of butter—1,968 pounds of butter.

It is not surprising that a milk dealer can not go into the country and expect to find in two days' time the production of 2,000 cows, or enough butter fat to be the equivalent of 1 ton of butter. A creamery which would have that amount of cream available would be in rather a serious condition. However, if they had anticipated the need for that cream it could have been secured as was shown by the replies of various creameries. The Robinson creamery, at Exeter, N. H., stated on May 28 that nearly all might be taken as sweet cream, that they could use it as sweet cream. They were receiving 6,000 pounds of cream monthly.

The Clover Ridge creamery of Millville, N. H., stated on May 26 that if there were a demand for it "We would put in a pasteurizer and sell sweet cream entirely. At present our cream is all made into butter," desiring to sell sweet cream if there were a market there.

The United Farmers' Cooperative Association at Morrisville, Vt., stated that they were shipping 60 per cent of their cream as sweet cream in 1920, and in 1921 it would be about the same.

Senator WALSH. This is in answer to the claim made by some persons who appeared from the wholesale market in Boston to the effect that they could get sufficient cream from the near-by markets during a part of the year, but that there were parts of the year, particularly in the summer season, when they were forced and obliged to go to Canada because the supply was not sufficient.

Mr. CAMBURN. They were surprised at the fact that they could not write out to these creameries and secure from them an answer favorable to the shipping of 50 jugs of cream the next day. Had they anticipated that they wanted that cream in July or August and had arranged with those creameries previously, that supply is there, but the patrons need to be notified or at least be acquainted along in the previous winter with the fact that the cream can be sold as sweet cream, so that they can put up ice in order to take care of it and handle it satisfactorily so that it can be sold as sweet cream.

Senator WALSH. You contend that there is sufficient sweet cream produced to take care of the demand of the Boston market if proper notice is given to the producers so that they can store the proper amount?

Mr. CAMBURN. There is a sufficient supply of cream produced which could be taken care of as sweet cream, provided they knew in advance and put up a supply of ice; yes.

Senator WATSON. I notice that you are set down here as the director of the division of dairying of the Massachusetts Department of Agriculture. Is that correct?

Mr. CAMBURN. Yes.

Senator WATSON. In the last 10 years has dairying increased or decreased in Massachusetts?

Mr. CAMBURN. It has decreased. The cow population in Massachusetts back a good many years ago was about 200,000. Last year it was about 153,000.

Senator WATSON. Do you think it has decreased because of Canadian competition?

Mr. CAMBURN. That might be true, more especially recently. As we look at the conditions in 1900 and the sources from which milk came, we find that Massachusetts was supplying a goodly share of that consumed in the city of Boston and that as time goes on the source continues northward, so that Massachusetts does feel the competition of Canada in the milk coming to the Boston market.

Senator WATSON. Is any other reason operating to produce that same result?

Mr. CAMBURN. I do not recall any at the present time.

Senator WALSH. Do you not think that the abandonment of country life for the industrial city life is largely or in part responsible for the depreciation in the number of cows and dairy farms?

Mr. CAMBURN. That might possibly be true in some localities. Some of the men this morning were pointing out the great draw which the city had for the farm boy.

Senator WALSH. Do you not think also that the health laws and the rigid quarantine laws and laws requiring strict inspection have had a tendency to cause a lessening of farm products?

Mr. CAMBURN. It is desirable to have good inspection in order to take care of the consumer.

Senator WALSH. I am not complaining about it; I am speaking of the results.

Mr. CAMBURN. When the milk supply comes from a foreign country—I trust it will never come to that, but there might possibly arise a time when we would not be able to carry on that inspection.

Senator WALSH. I am not complaining about it. I rather approve of it. But when I was governor of the State I recall that very frequently the farmers complained that the inspection was too rigid and that the visits of the inspectors were annoying and they were going out of the business because of the rigid laws for inspection and the attempt to improve the output.

Mr. CAMBURN. Of course there has been an evolution in the inspection the same as in many other things, so that those farms supplying milk to the city of Boston are now inspected by the dairy division of the city of Boston, and the farmer whom you have just spoken of is not bothered by the other inspectors unless his milk is coming from a near-by source. So that the evolution there has been to a point where he has one or two inspections according to where his milk goes. If it all goes to Boston, he has one inspection.

Senator WALSH. Inspection laws were a very important factor in one or two of the elections 5 or 10 years ago.

Mr. CAMBURN. That was before my time, Senator.

Senator WALSH. At that time there were a great many statistics given claiming that the inspection laws were discouraging farmers with one or two or three cows and driving them out of the business.

Senator JONES. Will you tell us about the inspection of the Canadian milk? Are the herds inspected up in Canada? Have you any information about that?

Mr. CAMBURN. We have only some limited information on that.

Senator WALSH. I think, Senator Jones, there are some provisions which require inspection of the sources of supply and that they can or do go into Canada and inspect the conditions under which milk is produced.

Is not that true?

Mr. CAMBURN. Yes, sir. In Exhibit A you will find a comparison of barn scores in Hereford, Quebec, as compared with milk in Vermont, showing that 21 per cent of the farms at Milton, Vt., fall below the score of 50 per cent, while at Hereford, Province of Quebec, 53 per cent of the farms fell below that score. At Shelburne, Vt., 42 per cent fell below, while at Sutton, Province of Quebec, 63 per cent fell below, showing that their dairy equipment is not up to the standard prevailing in New England territory.

Senator JONES. All of that milk is inspected in Boston, is it not?

Mr. CAMBURN. Oh, yes; on its receipt there.

STATEMENT OF J. R. MORLEY, OWATONNA, MINN.

Senator McLEAN. State your name and residence to the stenographer.

Mr. MORLEY. My name is John R. Morley. My residence is Owatonna, Minn.

Senator WALSH. Whom do you represent?

Mr. MORLEY. I am on the executive board of the National Dairy Union. I am supposed to represent on that board the cooperative creamery industry. I am also president and manager of the Minnesota Dairy Association. I am also a dairy farmer.

Senator WALSH. Where is the center for these cooperative creameries?

Mr. MORLEY. Largely in Minnesota. Our selling proposition is in the city of New York. We have a house in New York, and we are also members of the Mercantile Exchange there.

We find that the importation of Danish or foreign butter is a detriment to the western farmer, as well as a demoralizer of the trade.

I have some figures for the year 1921 and the summary for the year 1920. I can give the figures for the year 1921 up to the 10th day of November, by months.

In January we received from Denmark 23,779 casks. They contain 112 pounds each. We received 2,670 boxes. From Holland we received 254 casks and 275 tubs. From Argentina we received 1,895 boxes. The total weight is 2,952,792 pounds. That was for the month of January, which was the time of the 2.5-cent tariff

In February you will note there is quite a reduction. They received 13,849 casks of butter; 100 boxes and 50 tubs; 2 casks of Holland butter and 218 tubs; while from Argentina they received 2,988 boxes, making a total weight of 1,739,248 pounds. Then we had 2,160 boxes from New Zealand, which came by way of San Francisco by rail into New York during February. Those are only the receipts for the port of New York.

In March there were 34,400 casks of Danish butter and 1,288 boxes. There were 3,500 boxes from Argentina, making a total weight of 4,120,928 pounds.

In April we had 7,140 casks of Danish butter and none from the other points. The total weight was 799,680 pounds.

In May the emergency tariff was passed and there were 300 casks of Danish butter, a total weight of 33,600 pounds.

In June there was none.

In July there were 700 casks, making a total weight of 78,400 pounds.

Senator WALSH. When did the change in rate come?

Mr. MORLEY. In May, I think.

Senator WALSH. Two and one half to five?

Mr. MORLEY. Two and one half to six.

Senator WALSH. What was that?

Mr. MORLEY. Six cents.

Senator WALSH. That came in May?

Mr. MORLEY. That came in May.

Senator WALSH. In June there were no importations?

Mr. MORLEY. No importations in June.

Senator WALSH. How about July?

Mr. MORLEY. Seven hundred casks.

In August there were 403 casks, a total weight of 45,136 pounds.

In September there were 1,327 casks, a total weight of 148,624 pounds.

In October there were 7,560 casks, a total weight of 846,120 pounds.

Up to November 10 there were 2,900 casks of Danish butter, 324 boxes and 10 casks of Irish butter, a total weight of 344,064½ pounds.

Senator WALSH. Comparing the months since the emergency tariff became effective, is there shown a great decrease in importations?

Mr. MORLEY. There is a little explanation in connection with that. You see, the heavy importations of last winter demoralized the market. The market went down in the month of June to 28 cents. That was caused by demoralization. New York dealers had put large quantities of butter in storage. Of course, they lost a lot of money on it. That was brought about by heavy importations of Danish butter during the winter months.

Senator MCLEAN. What were those importations?

Mr. MORLEY. The importations for 1921 were 12,109,192 pounds, valued at—well, I figured those at 40 cents a pound.

Senator SUTHERLAND. You say for the year 1921?

Mr. MORLEY. Up to the 10th of November. The value was $4,840,676.80.

Then, going back to the summer of 1920——

Senator WALSH. For the same period of time?

Mr. MORLEY. For the whole year. The total weight of imported butter received at the port of New York was 27,801,815 pounds, at a valuation, figuring 61 cents per pound, which was the average price of New York quotations for "extras"—the 92-point butter—of $16,959,107.76, making the total value of the butter imported into New York from foreign countries; that is, across the water—I have not the figures on Canadian butter, although there is considerable of it—$21,872,854.56.

Senator McLEAN. It seems that this butter was imported at a valuation of from 40 to 61 cents a pound?

Mr. MORLEY. Sixty-one cents was the average price of New York extras. What we called extras is the 92-point butter.

Senator McLEAN. Is that duty-paid?

Mr. MORLEY. I am giving you the price of the butter.

Senator McLEAN. What was the price of the imported butter?

Mr. MORLEY. That would be practically the same, duty paid.

Senator McLEAN. Then the importations coming together with the large domestic supply affected the market?

Mr. MORLEY. Yes; it worked out in this way. When it comes it comes in pretty large cargoes. To a certain extent, it has a sentimental effect, but it does affect the market.

Senator McLEAN. Then the importers lose money equally with the domestic producers?

Mr. MORLEY. The importers did not lose money, because the butter is sold before it leaves. Oh, yes; they would be importers, that is right; they would lose money, too. They lost money on this Canadian butter.

Senator WALSH. Do you claim that the emergency tariff which increased the rate has had a tendency to keep out the imported butter, or not?

Mr. MORLEY. Well, we are looking for large consignments this winter.

Senator SUTHERLAND. If the price goes up, that rate does not affect it?

Mr. MORLEY. No. I have been over to New York trying to get the situation over there.

Senator SUTHERLAND. There is considerable fluctuation between the summer and the winter prices?

Mr. MORLEY. Yes. The price this summer, as I said before, in June went down to 28 cents.

Senator SUTHERLAND. There is always some fluctuation?

Mr. MORLEY. Yes; always some fluctuation.

Senator WALSH. But not as much as that?

Mr. MORLEY. No; not as much as that.

Senator WALSH. Notwithstanding the increase in rate through the emergency tariff, the price of butter has dropped during the summer?

Mr. MORLEY. Yes; with the 6-cent tariff.

There were 2,900 casks of Danish butter unloaded last week in New York. Those casks contain 112 pounds each. That would be equal to twice that number of tubs. We ship it in tubs.

Senator SUTHERLAND. That is shipped in cold storage?

Mr. MORLEY. No; that is fresh butter.

Senator SUTHERLAND. I mean that it is in a refrigerator on its way?

Mr. MORLEY. Oh, yes; there is refrigeration on the vessels. There is mechanical refrigeration on the vessels.

Senator WALSH. Have you figures of our exports during these months?

Mr. MORLEY. No, sir. I was rather surprised to hear of it.

Senator McLEAN. I assume those exports go to Cuba or Mexico?

Senator WALSH. Mr. Loomis, where do we export to?

Mr. LOOMIS. To southern countries, tropical countries, chiefly.

Mr. MORLEY. There is another element in it that works against the farmers of the West—the transportation rates. The different shipping points in Denmark can put butter in New York at a freight rate of $1 per hundred. On the other hand, from our country, taking St. Paul as the zone, for instance, the rate is $2.15. Therefore, they have an advantage of $1.15 on freight.

Senator McLEAN. That is, a cent and fifteen one-hundredths per pound?

Mr. MORLEY. Yes; that is 1.15 per pound. That is quite an advanatge in the matter of freight.

The conditions in the West among the farmers are a great deal as has been told here about New England. There might be a little difference, because the farming there is more diversified, but everything else is worse than dairying. Now, if these $21,000,000 that went to Denmark had gone into the West, they would probably have done considerable good.

We can not see any reason why our markets should be given over to a foreign market when we are able to produce all that our people want. We would like to see, as the others have said, the rate on butter made 10 cents a pound, and on other products corresponding.

We have the same condition in Minnesota, Wisconsin, North Dakota, Montana, and all along the line. We are right on the border. There is the same possibility of shipping cream into our country for churning purposes. I think the same discrepancy existed in the Payne-Aldrich bill, if I remember correctly. You see, there are some large churning plants in that part of the country that could easily get cream from over the line and make it profitable to buy the production in Canada. There is more or less milk produced in these western Provinces in Canada. There is quite considerable produced in Saskatchewan; probably it is not to the same extent as in Montreal; that country is now shipping to New York. I do know that Canadian butter is coming in in carload lots. It does not match up with the Danish butter in quality. The Argentine butter is a lower grade butter, and so is the Canadian butter.

Senator McLEAN. In 1920 we imported 19,000,000 pounds of butter from Denmark at a value of more than $10,000,000; that is more than 50 cents a pound.

Mr. MORLEY. In 1920 we imported more than that.

Senator McLEAN. From Denmark?

Mr. MORLEY. Oh, no; not Denmark.

Senator McLEAN. I was speaking of Denmark.

Mr. MORLEY. From Denmark, in 1920, we imported 92,358 casks of 112 pounds each. I do not have it figured out in pounds.

Senator WALSH. How much was the total importation in 1920 from all countries?

Senator McLEAN. It was 37,454,000 pounds.

Mr. MORLEY. For 1920?

Senator McLEAN. That is the total importation.

Senator WALSH. We exported 16,000,000 pounds.

Mr. MORLEY. The importations into the port of New York were 27,801,816 pounds, which, at a valuation of 61 cents per pound, would be $16,959,107.76. That is at 61 cents per pound.

The largest proportion of the butter that goes into the city of New York—and the same is largely true of Philadelphia—comes from Minnesota, Wisconsin, Illinois, Iowa, and those western States. You take the posted receipts on the Mercantile Exchange in the morning, and I think you will see that 75 per cent of the butter that comes into New York comes from the West. There is a very small proportion from near-by points.

As stated by the gentlemen from New England, their butter goes mostly to Boston. Very little of our butter goes to Boston.

Senator McLEAN. Do you feel the competition of the vegetable-oil products, like coconut butter and cottonseed-oil butter?

Mr. MORLEY. We feel the competition after it is manufactured into oleomargarine.

Senator McLEAN. They call it butter, coconut butter.

Mr. MORLEY. Yes; they call it coconut butter or something of that nature.

Senator McLEAN. Do you feel that competition?

Mr. MORLEY. Oh, yes; but not so much when the price of butter is low as when the price of butter is high. When the price of butter is high they turn to oleomargarine and coconut butter. During the last year the consumption of that has been small. In fact, some factories have pretty nearly stopped its manufacture.

Senator McLEAN. What do you say as to the rates suggested by the witness who preceded you—Mr. Bronson?

Mr. MORLEY. That is what we would like to have. He has figured those rates out to correspond with 10 per cent on butter. We think that is perfectly reasonable. That is what we would like to have it. So far as the people I represent are concerned, 10 cents a pound on butter, with the corresponding rates on other products, would be satisfactory.

Senator McLEAN. Is that all?

Mr. MORLEY. That is all, unless you have some questions to ask.

Senator McLEAN. If you should think of anything later that you have not stated, you may present it to the committee, and the committee will have it printed in the record.

(Mr. J. R. Morley supplemented his statement to the committee by the following statement relative to the claims which had been made that supplies of cream were not available in this country for the manufacture of ice cream:)

I wish to add to my statements before the committee November 14. The question was brought up that there might be a possibility that sufficient cream could not be obtained for ice-cream purposes without going across the border. The cities of New York and Philadelphia have long since discontinued the attempt to obtain fluid cream for ice-cream purposes and have been using sweet butter; that is, butter manufactured without the addition of salt or artificial coloring matter. The sweet butter is homogenized or reduced to cream. By adopting this practice, they have an inexhaustible supply and at a less cost than undertaking to get the fluid cream. Whether they are using this method or not in Boston, I am unable to say. At all events, the fluid cream for ice-cream purposes is not an argument for admitting cream from Canada. The Minnesota Cooperative Dairies Association sold sweet butter to the Castle Ice Cream Co., at Newark and Perth Amboy, by the carload to be used for ice-cream purposes. No attempt is made by this concern to use any other supply.

After the passage of the Underwood tariff bill in 1913 importations of foreign butter began to come in from eight foreign sources. The breaking out of the war in 1914 stopped this, and during the war we exported large quantities of butter to Europe. After the war and with a 2½-cent tariff and the rates of exchange being so much against all European countries, our market became very attractive. As a result, the importations mentioned.

In conclusion, we contend that the American farmer is entitled to the home market. The possibilities of our country to produce foodstuffs is unlimited and the necessity of importing foodstuffs will never come.

STATEMENT OF A. M. LOOMIS, WASHINGTON, D. C., SECRETARY OF THE NATIONAL DAIRY UNION.

My name is A. M. Loomis and I reside in Washington. I am secretary of the National Dairy Union. I am also assistant to Prof. T. C. Atkeson, Washington representative of the National Grange, and am authorized by him to say to this committee that he approves the requested amendment changing the rate of duty on butter from 8 to 10 cents a pound. The National Dairy Union is an organization of dairymen and butter manufacturers, incorporated under the laws of the State of Illinois December 18, 1903. The purpose of the organization is to promote the best interests of the dairy industry in the United States.

THE BUTTER INDUSTRY.

The dairy industry is one of the great industries. The butter industry itself is divided into three distinct groups, all having a common interest in adequate tariff protection. One of these groups is the dairymen who make butter on their own farms. This in 1920 amounted to 675,000,000 pounds, representing over 14,000,000,000 pounds of milk. The other two groups are those interested in factory production of butter, divided between the cooperative or farmer-owned factories and the centralizer or commercially owned factories. These two produced in 1920, 863,500,000 pounds of butter, utilizing 18,000,000,000 pounds of milk. These three groups provided the market for 36 per cent of all milk produced in the United States, provided nearly 15 pounds of butter for every individual in the United States, and established the market price at which the other 64 per cent of milk is sold.

The entire dairy schedule which will be or has been presented to your committee has been worked out on a scientific basis of equivalents based upon the 10-cent tariff which we are asking on butter. There are many reasons for this, but the primary reason is that the price of butter in the New York City market is the largest single factor in establishing the price of all dairy products in the United States, as will be shown later on.

There are 24,720,000 dairy cows in the United States. There were 7,857 establishments, according to the Bureau of Markets, engaged in the manufacture of dairy products, with products valued at over $1,000,000,000. Half of this is the butter business of the country. Dairy cattle are reported on four and a half million of the six and a half million farms reported in the 1920 census, and the estimate of capital invested in the farms where dairying is an important farm enterprise is estimated at over $55,000,000,000.

NEW YORK PRICE CONTROLS ENTIRE INDUSTRY.

It was stated that the rate of duty on butter is the basis of the entire dairy tariff schedule which is asked for and that the reason for this is that the price of butter is the controlling factor in fixing the price of all other dairy products, including fluid milk. This is a fact which will be testified to by every person who appears before you, no matter what branch of the dairy industry he may represent. Milk is sold in the Washington market on the basis of its butter-fat test, the price being fixed in accordance with the amount of butter fat in such milk. The great fluid organizations, without exception, in making up their estimates as to the asking price for their product, use the price of butter fat as the basis from which they start. I am not going into the reasons for this, although there are many good reasons, but will state this as a matter of fact which the dairy industry will generally substantiate.

For the purposes of this tariff discussion, we can narrow this price basis still further. The price of butter and butter fat in the United States is largely fixed by the operations on one market, and that market is the New York Mercantile Exchange. There are many good reasons for this, which I will not discuss, but can state this as a fact, which the entire dairy industry will substantiate, and that is that the largest single factor in fixing to-day's price of butter anywhere in the United States is the price quoted to-day for 92-score butter on the New York dairy market. In a large way, the entire argument for a dairy tariff rests upon this single fact.

BUTTER TARIFF HISTORY.

In 1909 Congress in its wisdom established a butter tariff at 6 cents a pound. The price of butter in the wholesale markets of the United States at that time ranged between 20 cents and 40 cents per pound. This tariff continued in effect until 1913, when a new law went into effect, fixing the rate of duty on butter at 2½ cents a pound, which law had been in effect until the enactment of the emergency tariff bill last May.

Exhibit A is a table showing the imports of butter into the United States by fiscal years under these two tariff laws. The imports were negligible from 1909 to 1913. In 1914, the first year of the 2½ cents a pound duty, they jumped to nearly 8,000,000 pounds, or more than the entire period of the previous tariff law; 1915, 1916, 1917, and 1918 were war years, during which time countries which normally might have sent butter to the United States had other markets and greatly reduced production. In 1919 the result of the 2½ cents a pound tariff was again apparent with an importation of 4,000,000 pounds, which was multiplied by five in 1920 and still more greatly enlarged in 1921, when a total of more than 34,000,000 pounds of butter came into the United States, and the imports of 1920 and 1921 were far more than the total previous imports in the entire history of the country.

The emergency tariff law of 1921 went into effect within 33 days of the end of the fiscal year. After May 28, 1921, the imports of butter into the United States were negligible until the last few weeks. Imports in June amounted to 33,864 pounds; for July, 191,748 pounds; for August, 149,886 pounds; and for September, 397,929 pounds. During October 7,560 casks (about 825,000 pounds) of Danish butter arrived in New York City, while 10,000 boxes reached San Francisco from Australia, about 500,000 pounds.

This situation is very significant, as it demonstrates that while the 6 cents tariff was effective for all necessary purposes before the war, when the normal price level of butter was approximately 25 to 30 cents a pound, this rate of duty is not sufficient or satisfactory on the present price level of butter.

WHY TARIFF IS NEEDED.

It is apparent from the figures here quoted that the total imports of butter are small as compared with the domestic production of butter. In the largest importing year the ratio of imports to domestic production was about 1 to 43, the imports amounting to not quite 35,000,000 pounds and the domestic production to a little over a billion and a half pounds.

The question then naturally arises, If the imports are so small, why is a comparatively large duty asked for or needed?

The answer to this question is twofold. First, it answers itself, for if there is so little butter imported, it demonstrates that we do not need any to be imported and can produce all we need ourselves, and that a duty of any kind or size will work no hardship on any of our own people; second, that the duty on even a small amount which does come in is needed because of the peculiar market conditions in this country which have been referred to—the dependence of the entire industry upon the New York price and the even balance between production and price in this country because of the purely competitive situation, so that a price protection in the New York market is absolutely required to protect this American industry, just as a general price protection is needed to protect any other manufacturing industry.

SMALL SHIPMENTS HAVE LARGE RESULTS.

The comparatively small shipments of butter reaching New York have large results in the prices paid for American butter everywhere. The New York price is controlling in all markets. Every price fluctuation in New York is felt directly and definitely back to the check the farmer gets for his milk or cream from which the butter is made which reaches the market in the period affected by this special shipment into New York. Butter is made every day. It is an expensive commodity. The industry, by and large, is organized in small units, strictly competitive. The butter must be sold from week to week by these small units "on the market." They are dependent upon the market price.

A single cargo of Danish butter reaching New York last year in July depressed the market from 59 to 55 cents. A cargo in January depressed the market from 57 to 49½ cents. In only one instance did the market fail to react downward when special shipments reached New York and that was in April during the railroad strike, when 4,000,000 pounds came in and saved New York from a butter famine, but during the following month the market reacted from 75 to 66 cents a pound.

CONSTANT INFLUENCE ON MARKET.

I have prepared a careful abstract of the report of the Bureau of Markets of the United States Department of Agriculture covering the butter market for the entire calendar year of 1920 and the present year up to the date when the emergency tariff went into effect, showing the weekly fluctuation in prices, the amount of imports reaching New York, and the comments of the official reporter of the United States Government in the New York market, which I will file as Exhibit B. This shows that in January, when under the normal conditions butter prices should be advancing to cover the greatly increased cost of production and handling at that season, 500,000 pounds of Danish butter and large shipments of butter from Argentina and Holland reached New York and the price broke from 71 cents January 3 to 64 cents January 31. Shipments continued to arrive, the largest one coming in April, when the railroad strike was in progress. This combination disrupted all ordinary market rules. New York had such an acute shortage that even the 4,000,000 pounds of Danish butter had no effect and prices soared to 77 cents a pound in New York, while Chicago was selling from 10 to 12 cents under the New York price. In July there was a break from 59 to 55 cents at a time when butter normally does not decrease in price, due to the arrival of over 7,000,000 pounds of Canadian, Danish, and Argentine butter, culminating in a million pounds of Danish butter reaching New York during the week of November 11 and nearly a million pounds more during the week of the 25th. This price decline continued during January, February, and March of this year—declines almost unheard of in the history of the dairy industry. I can not better illustrate the whole damage done than by quoting from the Market Reporter, the official publication of the United States Department of Agriculture for the week ending February 5, when a decline of from 50 to 46 cents was registered. The Market Reporter says:

"Severe decline attributed to arrival of foreign stocks. The greater weakness was caused by the surplus of foreign butter arriving at New York. Danish which arrived the previous week proved of excellent quality and many buyers took it in preference to domestic, so long as it could be purchased at or below domestic price. This caused such a backing up of regular arrivals that receivers simply had to drop prices to a point where Danish competition would be cut. The declining market, of course, kept buying down to a minimum. Further arrivals of Danish are expected."

CONSUMER DOES NOT GET BENEFIT.

The buying public does not get the benefit of these price fluctuations.

The results of imports in the New York market as shown is to make tho market uneven, subject to sharp ups and downs. These declines and advances reported in every day's wholesale quotations are reflected back to the producer in every instance, but they are not reflected forward to the retailer except in part, and by the retailer to the consumer in still smaller part. A continued decline is, of course, finally transmitted to the consumer, but the whole trend of modern retailing is to retard declines in retail prices, to sell on buying price and not on replacement cost on a declining market and on replacement cost instead of buying price on an advancing market. Every member of this committee knows that this is true.

Our demand for a tariff is a demand that Congress take action on the one factor in establishing prices of butter and dairy products over which it has any influence, so that the price finally established by all the factors will be as favorable to the producers of butter as possible. The price of butter is fixed by a composite of many forces, among them being the price of farm land, the cost of feed, the season of the year, the price of farm labor, the price of beef, the weather conditions, the credit situation, the movement into and out of storage. All of this amounts to what is called domestic supply and demand. The farmers must perforce take their chances in this situation, and there is no industry in the United States in which supply and demand has a freer play, and less artificial interference than in the butter industry. The price of butter every day in the year is a free competetive price, and this of itself protects the American public against any exploitation by or because of a tariff. All the dairyman and the butter producer are asking is that this condition of free competition be left alone, and that his market be protected by Congress in the only single factor over which Congress has any possible effective control, namely, to protect this market against surprise shipments, sudden influxes of unexpected and not needed foreign butter, which unsettles markets, and causes violent fluctuations, hurting producers, with no consequent help to consumers.

PRODUCER SUFFERS HEAVY LOSSES.

The daily production of butter in the United States is about 5,000,000 pounds. One single shipment of Danish butter reaching New York has depressed the market 7 cents a pound, and this depression has continued for three or four weeks before a price recovery takes place. That is, the price the producers of 5,000,000 pounds of butter gets each day for perhaps a month is 3 or 4 cents a pound on the average lower than it would have been if one single million pounds of butter did not reach New York from Denmark or the Argentine or some other foreign country. In other words, this single shipment, valued at perhaps three or four hundred thousand dollars, cost the American dairymen between one hundred and fifty and two hundred thousand dollars a day for the entire period of three or four weeks while the market was unsettled, or perhaps a million dollars a week for a minimum of three weeks.

TARIFF WILL STABILIZE MARKET.

We are making this demand for an adequate tariff on the single proposition that our market must be stabilized. Consumers have the same interest as producers in the stability of the market for any commodity. Immediately upon the fact becoming patent that butter marketing is to continue subject to the fluctuations noted above, which continued until the 6-cent tariff became effective in May, and have now been resumed, every butter receiver and dealer will take steps to protect himself against these fluctuations, and this will take the form and has taken the form of increasing his own margin, as insurance against the added risk. The consumer must pay this. As soon as the producers learn that they, too, are hit hard by these wild market ups and downs, they, too, will take steps to protect themselves. This will be a slower process and will take the form in the main of still more dairymen going out of business, because they can not make it pay under this additional risk and burden.

COW POPULATION IS DECLINING.

The final argument for any tariff is to prevent an industry from going out of business. Consumers of butter have just as big a stake in preserving the American dairy industry at its present level, or a still greater one, as those engaged in the industry itself, for the price of butter is purely competitive. To permit the industry to decline further, means inevitably higher priced butter, until the reaction downward is counteracted. A table has been prepared showing the decline in dairy-cow production in the United States in recent years, and is attached hereto as Exhibit C.

This shows a decline from 287 cows per 1,000 persons in 1840 to 237 in 1900, a decline of 50 per 1,000 in 60 years, or nearly 9 per year. It shows a further decline of 237 per 1,000 in 1900 to 218 per 1,000 in 1921, a decline of 13 per 1,000 in 21 years, or 6 per year during even the high-price war period.

DEALERS PROTECT THEMSELVES.

The influence of surprise shipments on prices is shown with special emphasis in Exhibit D, a table showing average prices of butter in the two months of November and December for the past 10 years. Everyone knows that these are the months of increasing shortage of production and increased cost of production, hence normal price advances are expected and required. This normal reaction happened in every year of the 10 except 2. Those two were the years 1914 and 1920. Nineteen hundred and fourteen was the only year the 2½-cent tariff was in effect before the war, and 1920 the only year it was in effect after the war when large shipments reached New York during those months. In each case these shipments resulted in violent fluctuations, reaching a depression for the two months of 1 cent in 1913 and over 8 cents in 1920.

This is what takes the heart out of butter producers and the butter trade. No dealer who withstood the slump of last November and December—and there were those who did not withstand it—will enter that kind of a market again unless he protects himself by seeing to it that he gets a bigger margin all the time to protect himself against such fluctuations.

SUMMARY OF ARGUMENT.

In closing let me sum up this argument.

The whole dairy industry in the United States rests on the daily price of butter in the New York market.

This industry is one of the largest and most essential in the Nation.

Experience shows that lack of proper tariff protection leads to imports of butter inconsiderable in amount as compared with the production and consumption in the Nation, but viciously effective in disrupting and demoralizing the one market which establishes national prices.

The interest of the consumer of butter and the producer of butter will be best served by stabilizing butter prices as far as may be, and to do this it is necessary to put a duty in effect which will minimize the surprise shipments and their influence in hammering down New York market prices.

Under a 2½-cent tariff this influence was at its worst.

A 6-cent tariff corrected it up to a certain point, but surprise shipments are now coming in, and greater protection is needed.

The dairy and general agricultural interests agree that 10 cents is not too much to ask at this time.

Exhibit A.—*Imports and exports.*

BUTTER.

[Foreign and Domestic Commerce Reports.]

Fiscal year June 30—	General imports.	Domestic exports.	Fiscal year June 30—	General imports.	Domestic exports.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
1851	479,180	3,904,542	1913	1,162,253	3,586,600
1860	3,278,967	7,640,914	1914 [1]	7,842,022	3,673,597
1870	4,069,038	2,019,288	1915 [1]	3,828,227	9,850,704
1880	487,120	39,236,658	1916 [1]	712,998	13,487,481
1890	75,621	29,748,042	1917 [1]	523,573	26,835,092
1900	49,791	18,266,371	1918 [1]	1,805,935	17,735,966
1910	1,360,245	3,140,545	1919 [1]	4,131,469	33,739,960
1911	1,007,826	4,877,797	1920 [1]	20,770,959	27,155,834
1912	1,025,668	6,092,235	1921 [1]	34,343,653	7,829,255

CHEESE.

1851	603,398	10,361,189	1913	49,387,994	2,599,058
1860	1,401,161	15,515,799	1914	63,784,313	2,427,577
1870	2,289,257	57,296,327	1915	50,138,520	55,362,917
1880	2,737,186	127,553,907	1916	30,087,999	44,394,301
1881	2,655,370	147,995,614	1917	14,481,514	66,050,013
1890	9,263,573	95,376,053	1918	9,839,305	44,330,978
1900	13,455,990	48,419,353	1919	2,442,306	18,794,853
1910	40,817,524	2,846,709	1920	17,913,682	19,378,158
1911	45,568,797	10,366,605	1921	16,584,678	10,825,503
1912	46,542,007	6,337,559			

CONDENSED AND EVAPORATED MILK.

1910	588,134	13,311,318	1916	18,174,505	159,577,620
1911	630,308	12,180,445	1917	18,375,698	259,102,213
1912	698,176	20,642,738	1918	29,926,931	529,750,032
1913	1,778,043	16,525,918	1919	20,183,723	728,740,509
1914	14,599,339	16,209,082	1920	19,080,642	708,463,187
1915	33,624,189	37,235,627	1921	19,272,528	262,668,206

[1] Low-tariff period.

Exhibit B.—*Effect of imports of butter on the market.*

[Market Reporter.]

Week ended—	Market price.	Imports.	Remarks.
1920.	*Cents.*		
Jan. 3	71 -69½	Danish, 300,000 pounds	
10	69½-65	Danish, Argentina, and Holland.	Foreign offerings, 59½-61.
17	65 -62	Danish, 200,000 pounds	
24	63-65 -62½		
31	64-62 -64		
Feb. 7	66-67 -66	Danish	Danish butter low as 50½ cents.
14	66 -66	do	The arrival of Danish butter relieved the shortage but boded ill for shippers and dealers.
21	67 -67½	Danish, 690,000 pounds	Receipts still below previous week.
28	65½-65	Danish and Canadian	Large quantities of storage stocks and arrivals required to prevent price advance.
Mar. 6	64 -64½	Danish, 720,000 pounds	Brokers are selling new consignments; as a result prices actually ranged lower than Chicago.
13	65½-67½	Danish and Canadian	In spite of large stocks of Danish and Canadian there was a shortage.
20	67½-68½		New offerings of Danish for future shipment around 56-57 cents.
27	68½-66		Little justification for the decline.
Apr. 3	66 -67	Danish, 4,000,000 pounds	Supplies were short.
10	67½-73		Strike served to cause shortage.
17	75 -72		Chicago selling 10 cents under New York.
24	73 -77		12 cents over Chicago.
May 1	73 -64		Storage drawn heavily.
8	63-64½-63		
15	62½-62½		
22	64 -61½	Danish, Holland, and Argentina.	
29	61½-60	Holland and Finland	
June 5	60 -55	Holland, Argentina, and Canada.	Butter going into storage.
12	56-57½-56		Fancy butter short on most markets.
19	56 -58		Receipts about 25 per cent lighter than last year.
26	58½-59		Some of the foreign butter being stored.
July 3	59 -58	Canadian and Danish (light)	Storage less than last year.
10	57½-58		Surplus of undergrades.
17	57½-56½	Danish, Canadian, and Argentinian, 5,089,280 pounds.	Felt on New York market and reflected to other markets.
24	57 -56	Danish, 1,574,000 pounds	Danish butter largely put in storage.
31	56 -55		Prices declined; weak and unsteady.
Aug. 7	56 -54	Danish	Oversupply.
14	54½-55½		Danish in storage moved at 52½. Holdings of Danish act as check. As soon as prices advance the withdrawals become numerous.
21	55½-56		Surplus in undergrades.
28	56½-57	Danish	
Sept. 3	56 -57½		Danish offered from 55 to 56 cents. Holders of Danish ready to sell.
11	57½-58½		Shortage in fancy. Surplus of undergrade.
18	58 -60		Danish selling at 3 to 5 cents below.
25	60 -62	Danish, 201,600 pounds	
Oct. 2	62 -61½	Danish and Argentina	Fresh Danish selling at 55 to 57 cents. Argentina at 50 to 51 cents.
9	62½-61		Undergrades serious problem, spread 13 to 16 cents.
16	61 -59½		Holdings heavy, new shipments arriving.
23	59½-57		Centralized butter hard hit and drops 5 cents at Chicago.
30	58 -62		Raise due to jobbers, wholesale grocers, etc., renewing depleted stocks.
Nov. 6	62 -64		Fancy butter scarce, firm demand well above 60 cents. Danish not more than 54 to 58 cents. Free offerings of Danish under 48½ f. o. b. New York does not help instill confidence.
13	64 -65	Danish, New Zealand, and Canadian.	Offerings of Danish at 51 cents but no weakness shown.
20	65 -65	Danish, Argentina, and New Zealand.	Danish at 6 to 8 cents below looked attractive. New offerings reported at 51½ to 52½. Argentine offerings at 40 to 45 cents, poor.
27	65 -57	Danish, New Zealand, Canadian, and Argentina.	Slump of 5 cents Friday. Foreign butter aids weakness. Fresh Danish 55 to 58 cents. New Zealand at 62 cents. Canada at 61 cents. New York closing at 8 cents below.

EXHIBIT B.—*Effect of imports of butter on the market*—Continued.

Week ended—	Market price.	Imports.	Remarks.
1920.	*Cents.*		
Dec. 4	57 -51½	Danish	Increasing use of Danish stock a factor in downward trend. Fresh arrivals the only other factor. The policy of dealers was to sell at any price that would interest buyers.
11	52 -53½	Danish, 1,000,000 pounds	A fluctuating market is the best that can be expected for some time.
18	54 -55		After a month of weak and unsettled conditions, butter has taken an upward turn.
25	55½-56	Danish, 860,000 pounds	A good demand for Danish butter at 51 to 52½ cents.
1921.			
Jan. 1	56 -57	New Zealand, 792,000 pounds	Foreign butter still a factor.
8		Danish and Dutch	
8	57 -53½	Danish, 145,600 pounds	Weakness on top grades, largely result competition foreign butter.
15	53½-52	Danish, 2,000,000 pounds; New Zealand, several cars.	Danish butter as low as ee; light receipts of fancy grades; market uneven and unsettled.
22	52 -50	Danish, 2,100,000 pounds; New Zealand, several cars.	Real weakness lay in expected arrival of Danish butter.
29	49½-49½	Danish, small shipments	Danish importers refuse to sell offerings at a loss. New Zealand still offered at 47 to 48.
Feb. 5	50 -46	Danish, very heavy	Severe decline attributed to arrival of foreign stocks. The great weakness was caused by the surplus of foreign butter arriving at New York. Danish which arrived the previous week proved of excellent quality and many buyers took it in preference to domestic, so long as it could be purchased at or below domestic price. This caused such a backing up of regular arrivals that receivers simply had to drop prices to a point where Danish competition would be cut. The declining market of course kept buying down to a minimum. Further arrivals of Danish are expected.
12	44 -44		Recovery followed as soon as butter was cleared up. Shortage developed. Danish stock cleaned up.
19	45 -48		Do.
26	49 -52½	Danish arrivals	Do.
Mar. 5	53½-53		Three vessels carrying butter expected to arrive.
12	53 -47½	Heavy Danish and New Zealand.	Weakness continued.
19	47½-45	Danish and New Zealand	Arrival of Danish stocks held accountable for severe break during recent weeks.
26	45½-46½		Receipts light.
Apr. 2	44½-49½	Danish	Storage caused upturn; receipt of Danish stocks discontinued and withheld from markets; offerings limited.
9	51½-49		Reacted downward under heavy receipts.
16	49½-45		Market remained either unchanged or advanced fractionally through the week until Thursday, when New York weakened unexpectedly and declined 1 cent, causing other markets to follow; the decline was caused partially because about 10,000 casks of Danish butter was still unsold on the market.
23	46½-41		New York prices on Danish held until Apr. 22, when they cut 1 cent under the market. Buying in all markets was practically on a day-to-day basis.
30	40½-35½		5-cent break at Chicago.

EXHIBIT C.—*Number of milk cows in the United States per 1,000 persons.*

[Dairy Division, U. S. Department of Agriculture.]

1840	287	1890	264
1850	278	1900	237
1860	276	1910	220
1870	234	1920	223
1880	251	1921	218

EXHIBIT D.—*Normal fluctuation in butter prices in the months of November and December for 10 years.*

[Dairy Division, U. S. Department of Agriculture.]

Year.	November.	December.	Year.	November.	December.
1911	34.8	37.8	1916	39.4	39.8
1912	34.4	37.2	1917	45.05	49.04
1913	33.8	36.1	1918	63.28	68.68
1914 [1]	34.7	33.9	1919	71.15	72.48
1915	31.1	35.1	1920	63.22	54.75

[1] Foreign butter came in freely during these two months.

EXHIBIT E.—*Production and uses of milk in the United States, 1920.*

[Dairy Division, U. S. Department of Agriculture.]

	Quantity of product.	Milk used per unit of product.	Total whole milk used.	Per cent of total milk.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
Creamery butter	863,577,000	21.000	18,135,117,000	20.226
Farm butter	675,000,000	21.000	14,175,000,000	15.810
Cheese (all kinds)	362,431,000	10.000	3,624,310,000	4.042
Condensed milk (including evaporated)	1,578,015,000	2.500	3,945,038,000	4.400
Powdered milk	10,334,000	8.000	82,672,000	.092
Powdered cream	309,000	19.000	5,871,000	.007
Malted milk	19,715,000	2.200	43,373,000	.048
Sterilized milk (canned)	5,623,000	1.000	5,623,000	.006
Oleomargarine (all kinds)	370,162,925	.065	24,256,000	.027
Milk chocolate			60,000,000	.067
	Gallons.			
Ice cream	260,000,000	13.750	3,575,000,000	3.987
Total milk used in manufacturing			43,676,260,000	48.712
	People.	*Gallons per capita.*		
Household purposes	105,708,770	43.000	39,091,000,000	43.599
	Calves.	*Pounds.*		
Fed to calves	21,012,000	200.000	4,202,000,000	4.687
Waste, loss, etc			2,689,000,000	3.000
Grand total			89,658,000,000	100.000

Dairy cows (including town cows)	24,720,000
Yield per cow ......pounds..	3,627
Population of United States, 1920	105,708,770
Milk production per capita ......pounds..	846.16

RESOLUTIONS.

DES MOINES, IOWA, *November 8, 1921.*

A. M. LOOMIS,
Secretary National Dairy Union, Washington, D. C.

Following resolution adopted by Iowa Creamery Secretaries and Managers' Association November 3 representing cooperative creameries of the State:

"*Resolved,* That we earnestly request the Congress of the United States to impose a tariff requirement of 10 cents per pound on all butter imported into the United States."

W. A. WENTWORTH, *Secretary.*

By Chairman Balderston of the committee on tariff schedules:

"Whereas it has been distinctly and conclusively shown by data carefully compiled by competent authorities that a tariff of 10 cents per pound on butter was absolutely necessary in order that the dairy industry may prosper in the United States: Therefore be it

"*Resolved by this conference of the representatives of dairy associations assembled in Buffalo, N. Y.:*

"1. That we respectfully urge upon Congress that the above-mentioned rate of duty on butter be agreed upon in the final passage of the pending tariff law.

"2. That we insist and urge all our constituent and allied interests to insist that the entire dairy product schedule must be on a parity with the rate of duty on butter. We approve the entire schedule suggested by the United States milk producers' dairy tariff committee, which was based on the comparative market value of the various constituents of whole milk and is as follows: Milk, 3½ cents per gallon; cream, 35 cents per gallon; butter, 10 cents per pound; cheese, 5 cents per pound; condensed milk, 2 cents per pound; casein, 5 cents per pound.

"We would call attention to the fact that casein has been overlooked by the Ways and Means Committee. The American manufacturers of this by-product can not exist without proper protection.

"3. That any protection the dairy industry may receive by a tariff on dairy products themselves will be very largely negatived if there is not a duty on edible vegetable oils at least equal to the tariff on butter fat. We would urge that there be placed a tariff on copra not less than 50 per cent of the rate of duty placed on vegetable oils. We also recognize the importance of these oils in the industries and arts and would suggest that importers and refiners be allowed a suitable rebate on all such oils that are denatured and used for any purposes other than human food."

Moved by Mr. Pattee, seconded by Mr. Holman, that the resolution be adopted as read. Carried.

A. M. Loomis, *Secretary.*

Approved:

Milo D. Campbell, *Chairman.*

ADDITIONAL STATEMENT OF A. M. LOOMIS, WASHINGTON, D. C. REPRESENTING THE NATIONAL DAIRY UNION.

Mr. Loomis. The committee has been very courteous to the dairy industry in giving us this chance to finish our case. I am going to take but a few minutes, as there are two other witnesses who want to be heard. I suppose the committee will sit for a half hour or an hour longer.

Senator Smoot. You covered your subject very well before.

Mr. Loomis. I also represent, for this particular matter, Prof. T. C. Atkeson, Washington representative of the Washington Grange, who has indorsed the position which we are taking here, and that is in asking you to change the 8-cent item in the butter paragraph, 709, of the Fordney bill, to 10 cents, and this is the basis of the entire dairy schedule which is being asked for by other branches of the dairy industry.

Senator Dillingham. That was agreed upon by the national association?

Mr. Loomis. Yes; recommended by all branches of the dairy industry. I have here a letter which has just come to me, which I will not read, signed by W. A. Wentworth, secretary of the Iowa Creamery Secretaries and Managers, in which he says just recently all the dairies of the State of Iowa have indorsed this 10-cent tariff request.

Senator Smoot. How is it they have changed their minds from the last testimony?

Mr. Loomis. That is in accord with a telegram which is here, dated November 21; but this is in complete detail, giving names of other organizations, and since November 21, when we had the previous hearing, the creamery organizations of the States of Minnesota, Wisconsin, and New York have also gone on record in favor of the 10-cent item.

We ask this tariff to prevent a disaster to the dairy interests of the United States such as has already overtaken the large part of the other industries in agriculture.

And in that connection I want to call your attention, without filing for the record, to the report of total value of the crops for the United States for the year 1921, which was issued this week, and to call your attention to the crop value totals in the United States to show what has occurred to agriculture in the last few years in the most concrete form in which it has ever been announced.

The total value of the crops for the United States for the year 1919 was in round numbers $13,600,000,000; in 1920 the value of the crops was $9,075,000,000. This year they are $5,600,000,000, or a falling off in the two years of $8,000,000,000 in value from a total of $13,600,000,000. That is what has happened to agriculture in the United States.

Senator GOODING. What is the size of the crop?

Mr. LOOMIS. That is the total of the crops which are computed from the crop reporting service of the Department of Agriculture.

Senator SMOOT. For those two years?

Mr. LOOMIS. For those two years.

Senator JONES. How does the quantity of the product compare?

Mr. LOOMIS. There was a small decline this year, but only a small decline in prices. $13,600,000,000 was the total for 1919, and $9,075,000,000 for 1920, a decline between those two years of a little over $4,000,000,000, and they have declined over $9,000,000,000 to $5,500,000,000 this last year.

Senator DILLINGHAM. That is dollars, but not in quantity.

Mr. LOOMIS. That is in dollars, but the quantity figures are here.

Senator JONES. The quantity was practically the same?

Mr. LOOMIS. The quantity was practically the same—it will come within 10 per cent.

The butter industry in this period is one of the few industries which has not suffered so serious a decline. The chief reason, I think, for that—a reason which to me seems the chief factor—is the fact that in the early part of this year there was 6-cent tariff enacted through the emergency tariff law.

Senator SMOOT. How is it they still charge 70 cents for ordinary and 85 cents for first-class butter?

Mr. LOOMIS. I can not answer that question, because I am buying my butter cheaper than that.

Senator SMOOT. Where do you buy it?

Mr. LOOMIS. At the grocery around the corner from my house, where I am getting butter at 60 cents, first-class creamery butter.

Senator SMOOT. I get mine from George Oyster, and I assure you I do not get it at 60, 70, or 80 cents.

Senator DILLINGHAM. Perhaps, as some witness suggested yesterday, the fault is with the purchaser.

Senator SMOOT. Perhaps so.

Mr. LOOMIS. I want to call your attention to the chart prepared by the Dairy Division of the Department of Agriculture, with the exception of the red line. [Exhibiting chart to the committee.]

The black lines indicate the balance of trade, the exports and imports. The black lines to the right of the center lines represent outgoing exports, and the lines on the left-hand side represent imports.

If it had not been for the imposition of the butter tariff, it is evident—and that is what the red line says—that the imports of butter this year would have been the largest in the history of the United States, because we have four months this year upon which to figure. That 6-cent dairy tariff stopped in the period of low prices in this country—that is, in May and June of this year—and that 6-cent tariff checked the flow of imports.

As soon as we get into the cold weather, into the time of high-priced butter, the 6-cent tariff proved to be entirely unprotective, and we are now getting a disorganized butter market from the flow of imports, which is the reason that we come here asking to have the 6 cents raised not only to 8 cents but to 10 cents.

If it were not so late in the afternoon, I would like to read a part of the extracts from the official report of the Bureau of Markets to show that within the past four weeks in at least six daily reports of the Bureau of Markets of declines of the New York butter market is recorded, and in each case definitely either the imports which have been received at New York or the cables of lower offers have been responsible for them.

I want to call your attention to the fact that this time of year we are receiving the butter from the Southern Hemisphere, which is their period of chief production, and at the present time there are large imports of butter received in San Francisco and the west coast from Australia and New Zealand, and large imports are arriving at New York City from Argentina, which are the disorganizing influences.

In my brief which I filed on November 21, and which I wish I could call to your attention again, I discussed the influence of those foreign shipments upon the New York market, and the point about that is that the butter prices of the United States are largely governed and the chief factor is the New York butter quotations of each day, and the fact that those butter shipments center in New York causes fluctuations in the New York market which are out of all proportion to the size of the shipments, and that is immediately translated back through the country until every butter man in the United States feels the depressing effect of it.

As to the size of this industry, I want you to realize that we are out of the class of small industries which have been taking much time, it is 1,600,000,000 pounds per year, and on the basis of present prices has a value of something like $600,000,000. So that a fluctuation of a cent or two in the New York market caused by the receipt of Danish, Holland or Argentine butter has translated back through the entire United States on the basis of a production of not less than 5,000,000 pounds of butter per day in this industry.

ADDITIONAL BRIEF OF A. M. LOOMIS, WASHINGTON, D. C., REPRESENTING THE NATIONAL DAIRY UNION.

The National Dairy Union appeared in cooperation with other dairy interests before the Senate Finance Committee last week, urging amendments to the Fordney tariff bill now before the Senate, increasing the duty on butter to 10 cents a pound, and providing a schedule for all dairy products on the basis of a protection on butter-fat content relative to 10 cents a pound on butter.

J. R. Morley, of Owatonna, Minn., presented the argument for the National Dairy Union, speaking also as a Minnesota farmer and as president and manager of the Minnesota Cooperative Dairies Association.

A. M. Loomis, secretary of the National Dairy Union, filed a brief and a number of exhibits covering a study of the influence of Danish, Argentine, and New Zealand shipments, particularly on the New York daily prices, upon which all dairy prices in the United States are directly or indirectly based, showing that these foreign shipments are demoralizing, and the great need of the dairy industry is for stabilizing conditions.

An abstract of this brief follows:

After indicating the number of persons engaged and the amount of money invested in the dairy industry and the butter industry which would be benefited by the tariff as requested, the brief took up the following points:

We are asking this tariff particularly to protect the New York dairy market from demoralization and fluctuations to stabilize the dairy industry of the entire country.

It is not the amount of imports which might come in under a low tariff to which we object, but the influence of these imports in causing severe fluctuations in the market out of all proportion to their size, which fluctuations cause great losses to producers and few, if any, benefits to the consumers.

The price of butter and dairy products throughout the United States is fixed by the daily New York quotations.

1. Butter is sold everywhere on New York basis. This is general trade practice.
2. Cream buyers establish the price of cream on butter sales.
3. Cooperative factories pay members on the basis of butter sales.
4. Fluid milk prices are fixed in every large city on butter-fat basis, with the price of butter fat as the major factor, and that fixed by New York butter prices.

All dairy authorities will agree on this thesis in general.

The influence of the New York market price is absolutely controlling and this price is absolutely competitive. Butter is made and sold in national and international competition and price agreements are impossible. Manufacturers of cheese and of other manufactured milk products are forced to pay for the milk at a price comparatively level with price paid by butter manufacturers because of the large size of the butter industry.

Domestic butter is made and marketed in a comparatively even flow.

1. Butter is a purely agricultural product and like all other agricultural products (and unlike fabricated products), can not be controlled as to time and volume of production.
2. Bureau of Markets figures will show comparatively level movement of butter to market, affected only by seasonal conditions.
3. Price movements, when not affected by heavy or unexpected imports, show comparatively small seasonal fluctuations, moving up in winter and down in summer in accordance with the amount and cost of production.

Foreign shipments come in in large, often unannounced and unexpected quantities.

1. Bureau of Markets daily and weekly reports show this to be true, and that few people know of arrivals, which therefore have effect of surprise offerings.

Influence of these foreign shipments is disastrous.

1. Bulk of foreign shipments come to New York City, affecting first and most seriously New York prices, which control the prices all over the country.
2. Shipments from Denmark are always large and sold in such manner as to disorganize New York market. (See Bureau of Markets reports.)
3. Shipments from Southern Hemisphere, Argentina, and New Zealand are largest and cheapest in winter when American farmers are producing the least butter at the highest cost, and consequently are most disastrous to American markets.

If further proofs of these self-evident facts are needed, they will be found in the fact that during the year 1920 when the imports were the heaviest in the history of the butter industry, the New York market was in constant fluctuation, entirely out of all proportion to any changes or variations in the cost of or amount of domestic production. Receivers suffered heavy losses in addition to still greater losses passed back to producers. An exhibit is attached containing an abstract of the Bureau of Markets of the United States Department of Agriculture on the New York butter market January 1, 1920, to May, 1921, (when the emergency tariff went into effect) The fluctuations amounted to as much as 7 cents a pound downward in a single month. (See Market Reporter, April 19.)

Lower prices are passed back to producers.

1. A single import shipment of butter drives market prices down as long as that butter remains in the market, during which time the whole American production of 5,000,000 pounds a day brings the producer only the lower price.

2. Cheese factory, butter factory, and condensory prices are adjusted to this basis. Butter and cheese factories sell at regular intervals at these lower prices and settle with patrons upon the market price basis.

These price reductions are not passed on to the consumers except in small part.

1. Retail price quotations in any city in the United States during the period of the depressions of the winter of 1920 and spring of 1921 will show this to be true.

2. The general practice in retailing is to base selling price upon actual cost price in a falling market and upon replacement cost in a rising market.

Imports are not needed to supply the American market.

1. Even during the inflated period of imports of 1920 and 1921, butter imported amounted to only from 1 per cent to 2 per cent of the American production—55,000,000 pounds in 1920 and 1921 as compared with domestic production of not less than 3,200 million pounds.

2. During this same period 35,000,000 pounds was exported, and heavy losses were caused by inability to dispose of surplus stocks in storage at prices above cost.

Unsettled conditions result in steady decline in the industry.

1. While there was only a decline of 3 cows per 1,000 people in the United States during the war period when there was a large exportation of butter, there has been a decline since the war of 5 cows per 1,000 people during the period of imports.

2. Statisticians of the Dairy Division of the Department of Agriculture estimate that the falling off in exports and the increase in imports of dairy products since the close of the war has been almost exactly balanced by the decline in the number of dairy cows kept for milk in the United States.

Ten-cent tariff needed.

1. A 6-cent tariff was effective under prewar conditions, butter then being worth but 25 cents to 30 cents a pound, with labor and equipment in proportion. Butter is now worth 48 cents a pound. Last year's average 61 cents a pound.

2. Six cents in emergency tariff proved effective only during the low price period of June, July, and August when butter averaged about 35 cents a pound and is not effective now, as shown by increasing imports.

Ten-cent tariff justified by difference in cost of production and is a fair ad valorem rate.

1. Canadian costs, as shown by experts, are 10 cents a pound, less than American costs.

2. Danish butter supplants Canadian butter in English market; therefore Danish costs must be as low or lower than Canadian costs.

3. When the 6 cent tariff was effective it was equal to a 20 per cent or higher ad valorem tariff on a basis of the 25 or 30 cent value of butter at that time. A 20 per cent tariff now would amount to 10 cents a pound or more. No protective rate in the entire Fordney bill is figured at less than 20 per cent ad valorem.

SUMMARY.

The whole dairy industry in the United States rests on the daily price of butter in the New York market.

This industry is one of the largest and most essential in the nation.

Experience shows that lack of proper tariff protection leads to imports of butter, inconsiderable in amount as compared with the production and consumption in the Nation, but viciously effective in disrupting and demoralizing the one market which establishes national prices.

The interest of the consumer of butter and the producer of butter will be best served by stabilizing butter prices as far as may be, and to do this it is necessary to put a duty in effect which will minimize the surprise shipments, and their influence in hammering down New York market prices.

Under a 2½-cent tariff this influence was at its worst.

The dairy and general agricultural interests agree that 10 cents is not too much to ask at this time.

POULTRY AND EGGS.

[Paragraphs 711-713.]

STATEMENT OF KNOX BOUDE, PETALUMA, CALIF., REPRESENTING AMERICAN POULTRY ASSOCIATION AND EGG MARKETING ASSOCIATIONS.

The CHAIRMAN. Where do you reside, Mr. Boude?

Mr. BOUDE. I reside at Petaluma, Calif.

The CHAIRMAN. What is your occupation?

Mr. BOUDE. My occupation is that of a farmer who specializes in poultry. My farm is devoted to two products, poultry and apples. I am a specialist in poultry.

The CHAIRMAN. You speak for the American Poultry Association, do you?

Mr. BOUDE. Yes, sir. I represent some nine associations—the Pacific coast cooperative associations of Washington, Oregon, and California; the American Poultry Association, which is the general association of the United States; and in respect to the tariff on eggs and poultry I have been given permission to present the views of the American Farm Bureau Federation and also of the National Grange.

The CHAIRMAN. Very well; will you proceed in your own way to inform the committee of your views?

Mr. BOUDE. Gentlemen, the American hen lays approximately 1,767,000,000 dozen eggs per year that find their way to the market from the farmers to the consumers. Another 500,000,000 dozen is used upon the farms and in the various processes of incubation, so that we have had a surplus during the past few years, and there has been an exportation of 10,000,000, 20,000,000, and 40,000,000 dozen eggs per year. The amount paid for eggs to the farmers—the producers—in the United States was $782,000,000, and for poultry $441,750,000, making a total of $1,223,750,000. These figures apply to the last two years.

Senator LA FOLLETTE. What was that figure for poultry that you just gave us?

Mr. BOUDE. $441,750,000. In the matter of railroad transportation, there was hauled last year 251,350 carloads. In giving figures I do not take the highest estimates as reported by the Department of Agriculture. We have not included the 500,000,000 dozens that were used on the farms for edible purposes or for purposes of incubation. I believe the Department of Agriculture places a value of $250,000,000 on those eggs. So that the total figures for last year's product are in excess of $1,500,000,000.

Senator WATSON. That does not include those sent by express, does it?

Mr. BOUDE. I could not say. There are some phases, Senator, on which it is hard to get statistics. But the figures of the department are larger than my figures; so I think that we are conservative. It is a very large industry, because it concerns about 90 per cent of the farms in the United States. The Government has fostered the industry through the agricultural experiment stations and found ways and means to increase the average yield per hen. But the fact remains that one important factor in the marketing of eggs is that the hen produces eggs only about nine months in the year. The winter season is taken for a time of rest and growing a new set of feathers.

The only solution that we have so far found to the process of distribution is cold storage. In the spring there is an enormous excess production, and from the daily accumulations sufficient quantities are sent to cold storage to be distributed in an orderly manner during the cold months, when fresh eggs are scarce and exceedingly high.

The CHAIRMAN. Is there any accumulation during the winter season at all?

Mr. BOUDE. There is no accumulation during the winter. That occurs only during the spring.

The CHAIRMAN. Absolutely?

Mr. BOUDE. Absolutely; we can get a few sport hens and pullets from which, if we house them and give them heat and a great deal of special care and attention, we can get a limited supply, which constitutes our source of fresh eggs for winter.

Senator LA FOLLETTE. Have you any statistics that show exactly the production in the winter months?

Mr. BOUDE. I do not think I have. But just taking my ordinary flock it is about 20 to 30 per cent—20 per cent usually. Occasionally you will get an unusually favorable winter, where some of the spring conditions are reproduced. Then if those conditions are extra good you can get up to 30 per cent.

Senator LA FOLLETTE. About 30 per cent?

Mr. BOUDE. Thirty per cent is the limit; usually 20 per cent.

Senator MCCUMBER. Thirty per cent of the spring production?

Mr. BOUDE. Thirty per cent, provided you raise sufficient pullets, which are very expensive to raise; that is, in the process of reproduction, their eggs being used for incubation.

Senator MCCUMBER. That is where you would have mild weather?

Mr. BOUDE. Yes, sir.

Senator MCCUMBER. That would not be true in the North Central States at all, would it, where they have long winters and cold winters?

Senator LA FOLLETTE. It all depends on how they are kept, Senator.

Senator MCCUMBER. I assume that.

Senator WATSON. What is the extent of importation?

Mr. BOUDE. The importations rose in 1914, following the enactment of the Underwood-Simmons Act, to 6,000,000 dozens per annum. Importers on the Pacific coast announced that they would make an annual price of 15 cents per dozen, f. o. b. cars San Francisco, and offered yearly contracts. However, the war broke out, and the boats were taken off the Pacific, so that importations were prevented during the war period.

Senator WATSON. Where from?

Mr. BOUDE. They were brought from China at the rate of about 2,000,000 dozen per annum, but fell one year to 1,333,000 dozens. Last year imports increased, and this year during the first eight months there were 2,620,640 dozens imported. During the same period eggs in frozen and dried form, aggregating 9,018,665 dozen, were also imported and came in competition with the American product. The Government statistics do not state the dried product separately from the frozen, but each pound of dried eggs imported would represent approximately 3 pounds of fresh eggs.

The CHAIRMAN. Are these Chinese eggs imported over here in pretty fair shape?

Mr. BOUDE. They are getting them here in better shape all the time.

The CHAIRMAN. I would expect that they are a little spoiled, some of them.

Mr. BOUDE. They can remove the spoiled ones by candling and sell only the best ones to the public. The Chinese eggs are six weeks old and in some cases two months old when they arrive.

Senator WATSON. At what cost are they laid down?

Mr. BOUDE. I am going to put in evidence in a few moments the prewar prices of sending Chinese eggs as reported by our consuls. Here is a report of an investigation made by the University of Oregon. It shows that the costs before the war were from 2 to 6 cents per dozen as paid by exporters over there, or importers here, whichever way you wish to put it.

The following data, showing the very low prices at which eggs may be obtained from the Chinese producers in the various districts, are taken from reports of the United States consular officers at the principal egg markets of China:

Hankow (seaport): During the past five years the price of eggs has materially increased; in some districts it has more than doubled. This depends to a large extent upon the proximity of the producer to Hankow, where are located the manufacturing plants. Another important factor in the increase in the price of eggs, as well as of other articles, is the method adopted by a British cold-storage plant here, which carries in cold storage to Europe game, poultry, eggs, and meat. This company sends out purchasing agents to collect eggs regularly in certain districts, which creates a ready local market for all the output and that at a maximum price.

The summer price of eggs, as ascertained from 20 localities, varies from 140 to 280 eggs for a Mexican dollar (40 cents United States currency), dependent upon the remoteness of the district from the large markets and the accessibility to transport.

During the season (that is, in the spring) eggs can be bought for less than 8 Hankow taels (approximately $5.29 United States currency) per picul of 133⅓ pounds. The number of eggs per picul varies from 1,200 to 1,500; thus, the price per dozen would range from 4.23 to 5.59 cents (United States currency). The average price is between $5.29 and $5.62, but it rises to $5.95 in the winter months.

Nanking (seaport): Eggs are purchased by the local exporters here at prices ranging from 40 to 42 cents per gross and are being consigned to the United States as follows:

Fresh, per dozen	$0.046
Frozen, in tins, per pound	.03

The rate of exchange and supply may ultimately cause some variation in the cost. Thus far, however, the exporters have experienced no difficulty in securing all they can handle—about 25,000 dozens per day.

Shanghai (seaport): A few years ago the price throughout the year at the open ports on the Yangtze averaged 4 to 5 cash each. This is the equivalent in United States money of approximately 2 cents per dozen. The abolition of these old copper cash, however, and the substitution of 10-cash pieces (or cents) resulted in raising prices in general.

There are five grades of eggs on this market, the grades being by size of eggs. The larger eggs are intended for export. The up-country prices fluctuate constantly, and it is not possible to give even a season average. The egg-product factories buy by weight. The lowest price by weight (mixed grades) works out at about $6.50 Mexican for 1,000 eggs, or about $3.15 United States currency. Egg-product factories do not find it practicable to work when the price in the interior is more than about $9 Mexican (say $4.35 United States currency) per thousand.

Of the larger eggs, the up-country prices in the winter months run from $11 to $18 Mexican per 1,000. In summer, they are as low as $9 Mexican.

The egg prices fluctuate, of course, with the demand, and the heavy shipments to the United States have had something to do with increasing prices. Prices during the winter of 1913–14 ranged from 10 Shanghai taels (approximately $6.32 United

States currency) to 17 Shanghai taels (approximately $10.75) per 1,000. To these prices must be added freight and charges, the latter including cases and fillers, packing, export duty, wharfage dues, insurance, and incidentals, averaging in the neighborhood of 1 tael (approximately 63½ cents United States currency) per case.

The eggs are purchased by agents of the Shanghai retail produce merchants, who visit the farming localities at regular intervals for this special purpose. The eggs are then transported to Shanghai by rail, canal, or river shipments. The farmer generally sells his eggs at about $4.60 (United States currency) per 1,000. Of course, this price is dependent upon the supply and demand and fluctuates accordingly. The transportation charges are usually defrayed by the Shanghai merchant, who resells the eggs to local exporters at various prices ranging from $6.25 to $8 (United States currency) per 1,000. This price also fluctuates, but these figures are approximate. The exporter, in turn, sells the eggs to his clients abroad at prices mutually arranged for either by contract or agreement. The cost of crating, packing, insurance, etc., are usually borne by the exporter.

Tsingtau (seaport): The prices vary constantly, being lower in summer than in winter. This office has no accurate data on the prices paid for eggs by the collecting middlemen. From information obtained from local Chinese, however, it seems evident that eggs thus purchased probably cost from 2 cents to 5 cents (United States currency) per dozen. They are small eggs.

Tientsin (seaport): The average prices paid by the exporters at the present rate of exchange are from 20 to 40 cents (United States currency) per hundred, the producers being paid slightly lower prices.

Hankow (seaport): To-day (Sept. 2, 1915) fresh eggs sell in the market at about 900 cash (35 cents United States currency) per 100, and this is at least 25 per cent above the market price of five years ago. It can not be considered exorbitant, though these eggs are very small.

Canton (seaport): The following prices, in gold, are asked (May 20, 1915) per 1,000 for chicken eggs by the wholesale dealers at Canton: Large, $9.10; medium, $8.40; small, $7.82. The prices are, of course, subject to fluctuation as exchange rises and falls.

Swatow (seaport): The price in the interior is about 5½ cents and in Swatow 7½ cents per dozen. In summer, when exportation is scarcely feasible, the price is lower.

Chefoo (seaport): With the introduction of railways into Shantung, the organization of cold-storage facilities for the shipment of foodstuffs abroad, and the erection of factories for drying and condensing eggs for foreign consumption, prices have risen enormously. Fifteen years ago $1 in United States currency purchased about 900 eggs (about 1.3 cents per dozen). The lowest price, or rather the price at that season of the year when eggs are most plentiful, is now 360 for $1, or about 3.3 cents per dozen.

Harbin (inland): In general, the price of eggs in the Harbin market is 50 cents, gold, per hundred, in large quantities. They retail to the consumer at from 7 to 9 cents, gold, per dozen. It is believed that the farmer receives an average of approximately 30 cents, gold, per hundred for his eggs.

Hongkong (seaport): Prices of ordinary lots early in March, 1913, ranged from $6.24 to $6.72 (gold) per thousand, fluctuating between comparatively narrow margins from day to day. During 1912 the highest price in the Hongkong market, wholesale, was $6.68 (gold) per thousand.

The report of the Dominion Department of Agriculture for the week of August 1–8, on page 4, contains the following in regard to Chinese bulk eggs:

The Paris health authorities have been inquiring into the advisability of using Chinese eggs in the making of cakes and pastry and have come to the conclusion that during the hot weather the use of these eggs is dangerous. Chinese eggs are imported into Europe without their shells, being frozen and packed in kegs. Analysis shows that 24 hours after they have been thawed, a single teaspoonful of the mixture contains 36,000 harmful microbes.

M. Martel, the health inspector, who has been conducting the investigation, recommends that pastry cooks and restaurant keepers should be forbidden to use Chinese eggs, except for biscuit making, where the very high temperature is sufficient to kill the germs. Private consumers, of course, have never been used to Chinese eggs, which are only sold in bulk.—Teuter, London Observer, July 24, 1921.

Senator WATSON. And do you know what the cost of a dozen eggs would be from China laid down in Chicago.

Mr. BOUDE. I had prepared to touch on that a little later, when I brought up the matter of transportation costs.

Senator WATSON. I was trying to find out what the real competition of the American eggs was with the Chinese.

Mr. BOUDE. I will make just a few statements about the economic condition. In the spring of the year eggs always fall below the cost of production upon the farms. This condition has always obtained. During that time, of course, the consumer is protected for other portions of the year by cold storage. The eggs go in storage at low prices, so they can provide a later supply at higher prices during the following fall and winter.

We have asked for a protection which will run uniformly at 8 cents per dozen upon shell eggs, which I am speaking of in this instance, because we believe that that will come somewhere near the difference between the cost in America and the cost abroad. We originally asked for 10 cents a dozen, but we have reduced these figures to 8 cents, because we have declining markets all over the world and declining silver which is a factor in Chinese trade.

The prices at Shanghai, prewar, were around 6 cents, as I have already submitted in the report of the University of Oregon. With an 8-cent duty and 5-cent freight rate, which is the ordinary ocean rate to Seattle, Portland, or San Francisco, that would enable them to lay eggs down at 19 cents per dozen. The price of eggs or the cost of eggs in America has not been settled by the Department of Agriculture or the various departments of the universities. Some of the universities are now making surveys, and I assume the Department of Agriculture is. We ordinarily took 25 cents a dozen as prewar cost of producing 1 dozen eggs, when you reckon all the yearly factors that have to do with the cost.

For 23 years, gentlemen, beginning with 1890, shell eggs were on the protected list. They bore 5 cents a dozen duty during that time, except for three years, from 1894 to 1897, during the Wilson-Gorman or Wilson-Vorhees Act, when they were 3 cents a dozen.

Australia puts a tariff upon eggs of 12 cents a dozen, which is prohibitory to us. But during their season, which is the reverse of ours, they ship eggs to the United States.

They also have an embargo against Chinese eggs, for the benefit of the home producer and the encouragement of home production.

Senator LA FOLLETTE. Did you give the total importation of eggs for eight months? I understood you to give the figures.

Mr. BOUDE. Yes, sir.

Senator LA FOLLETTE. I mean the importation into this country from all countries for eight months, or was that limited to China?

Mr. BOUDE. This is as reported by the Department of Commerce up to September 1.

Senator LA FOLLETTE. And takes in all of the importations?

Mr. BOUDE. 2,620,643 dozens in shell alone, not including dried and frozen.

Senator CALDER. I was not here during the early part of your testimony. Can you give the committee the quantity of eggs imported from Canada?

Mr. BOUDE. Yes, sir. The importations and exportations back and forth across the border last year were practically equal, being 215,000 cases of 30 dozen each. They have an import duty upon our eggs of 3 cents a dozen, and the minister of agriculture at Ottawa also has the power to embargo the importations of Chinese eggs whenever in his judgment it is against the interests of the Canadian producers for them to be received.

Senator CALDER. And the duty at 3 cents a dozen in Canada against our eggs?

Mr. BOUDE. Against our eggs; we have none on theirs.

I wish to call attention to the fact that the Department of Agriculture, the universities, and the colleges have done all that they possibly could to encourage the production of eggs in the United States.

I wish to lay down just a few fundamental arguments——

Senator CALDER (interposing). Just before you get to that, did you state the total amount of eggs exported from this country? Have you those figures?

Mr. BOUDE. I have not, but there is a gentleman to follow me who is prepared to give those figures in detail.

Senator CALDER. I would like the record to show what quantity of eggs were imported and what quantity of eggs were exported.

Mr. BOUDE. Prof. Rice, of Cornell, is here and will follow me. He has charts showing this. He has made an academic study of the whole situation and, Senator, he will present it to you. I am only a farmer-producer, and am presenting this statement on behalf of the producers.

I want to submit the following arguments as to why we should have an adequate tariff of 8 cents a dozen: The Chinese eggs in shell, frozen, and dried sell in competition with the American eggs, and every egg that is imported from China displaces an American egg, because we are producing a surplus, and ultimately, if you carry this out to its conclusion, it displaces the American hen and the American producer.

The Chinese standards of living are entirely different from ours, and the American standard of living is high, and we are trying to increase or at least retain the American standard of living upon the farm. We are pointing out that it is a desirable thing because of our standards of living that we retain the present high production and put a tariff upon the Chinese imports. Every Chinese egg sold is sold at a price necessarily below the price of the American egg, and therefore the American farmer can not compete when prices are cut.

Senator SMOOT. Are they as good as the American eggs?

Mr. BOUDE. They are inferior. So they cut the price and break the markets where our eggs are sold.

Senator MCCUMBER. For cooking they answer the same purposes?

Mr. BOUDE. Oh, yes; they answer the purposes of a cheap egg. We are not going on record as desiring an embargo in the way of a tariff, gentlemen. It just follows as a natural sequence that if we permit too many of our farm products to be sold at a loss—this has been brought out by those appearing on behalf of wool and wheat and other things that are oftentimes sold at a loss—that it is going to have an injurious effect upon our agriculture, and we wish to do all that we can to keep agriculture upon the best possible basis.

I want to call attention to another thing that is an economic loss. Our American market is already overloaded with eggs. An effort is now being made to export 500,000 cases of the present surplus in cold storage, because it is feared we have too many. The foreign markets, the rates of exchange—everything is against the exportation of these eggs.

Senator CALDER. That may be so, but still the markets for cold-storage eggs keeps up in price pretty well, does it not?

Mr. BOUDE. That is because of a scarcity in fresh-egg production; they bid for the fresh eggs instead of using the eggs that have been stored for the normal consumption.

Senator CALDER. But in New York we are not getting our cold-storage eggs much cheaper than the fresh eggs, are we?

Mr. BOUDE. They took them away from us farmers at around 25 cents.

Senator CALDER. We are paying something like 65 cents to-day.

Senator CURTIS. I am paying 76 cents for fresh eggs.

Senator SMOOT. I am paying 85 cents for fresh eggs.

Senator CALDER. I want to help the farmer, but I also represent a city which is a great consumer of eggs.

Senator LA FOLLETTE. What is the farmer realizing for eggs to-day?

Mr. BOUDE. I recently looked up the quotations at the Kansas City market. I could not find the Omaha markets. The Kansas City market was around 50 cents for fresh and 40 cents for cold-storage eggs.

Senator LA FOLLETTE. That means after the eggs are delivered to the commission merchant?

Mr. BOUDE. That is what they are asking f. o. b. cars Kansas City, which is in the heart of the egg-producing district.

Senator LA FOLLETTE. Are you a farmer?

Mr. BOUDE. I am a farmer, yes, Senator, and I have no other method of making my living except on the farm.

Senator LA FOLLETTE. What are you realizing on the eggs that you are marketing to-day?

Mr. BOUDE. My wife wrote me that she was receiving 60 cents per dozen.

Senator LA FOLLETTE. Where did you ship from?

Mr. BOUDE. I sell at Petaluma, Calif.

Senator SMOOT. I paid 85 cents for them delivered at the house to-day.

Senator CURTIS. I bought 30 dozen last week at Topeka and had them shipped here, and they cost me laid down in Washington, after paying express, 66 cents a dozen—fresh eggs.

Senator GOODING. Your eggs go direct to the consumer, do they not?

Mr. BOUDE. There is a regular channel of distribution. We have never been able to break over that. We have to use the middleman.

Senator CALDER. The people in the centers of population are not able to go to the middleman. Take New York City, with 6,000,000 people. The farmers do not sell direct to us; their eggs go through two hands—two middlemen.

Mr. BOUDE. It is a study, gentlemen. I hope you can solve it some day. We are willing to do anything in the world to meet you and to study it out. I have studied it in California. It is a very difficult matter.

Senator SMOOT. Is it not a question of distribution rather than a question of importation? For instance, in the nine months ending September you exported 21,195,249 dozens of eggs, and we imported during that same period only 2,707,933 dozen; and that is only about one-seventh of 1 per cent of the importations as compared with the exportations.

Mr. BOUDE. Precisely, so far as eggs in the shell are concerned.

Senator SMOOT. And is it not a question of distribution in this country rather than a question of importation under a protective tariff?

Mr. BOUDE. I can not agree with you, quite, Senator, in this way: China is the largest potential egg producer in the world. In the last four or five years she has increased her export trade by leaps and bounds and especially since we put more boats on the Pacific. They all have refrigerator space available. We are wrestling with the problems of deflation, and the fact that the farmer is not getting what he used to get. It is simply a question of what China can do to us, not entirely what she has done just yet, but what she is going on to do. They assure us that they are able to put the American producer out of business.

Senator SMOOT. What do you ask for?

Mr. BOUDE. We ask for 8 cents on shell eggs.

Senator CURTIS. I want to add right there—and I think Mr. Mercer over there will probably recall the instance—in 1914 an importer of eggs from China who lived in San Francisco came to Kansas City, Mo., and offered to sell eggs there at 10 cents a dozen.

Mr. BOUDE. On contract?

Senator CURTIS. Yes, sir.

Senator CALDER. A moment ago you said you were receiving 60 cents a dozen for your eggs?

Mr. BOUDE. Yes.

Senator CALDER. You do not want protection on those eggs, do you? Is not that enough?

Mr. BOUDE. But we are not getting at my place enough eggs to more than meet the cost of our feed, because the flock is not laying very much right now.

Senator SMOOT. Under the existing law it is 2 cents a dozen; under the Payne-Aldrich law it was 5 cents, and the House bill has given you 6 cents, and you want 8 cents?

Mr. BOUDE. We want 8 cents. Under the Underwood-Simmons Act shell eggs are free; frozen eggs are 2 cents.

Senator SMOOT. Eggs in the shell?

Mr. BOUDE. Eggs in the shell are free at the present time.

Senator SMOOT. I guess not.

Mr. BOUDE. Gentlemen, just a word about transportation. I wish to call your attention to certain matters about rates. We pay from either Seattle, Portland, or San Francisco a rate of $3.33 per hundred pounds to New York, which is the great consuming market in the United States. That amounts to about 6 cents a dozen. When the blizzards come, we are obliged to ship by express, because the spring comes quicker on the coast, and if there be any shortage it is just then that you need the eggs. So if they are shipped by express it is double that, and it costs $6.66 a hundred, or about 12 cents per dozen.

When they ship Chinese eggs in train loads, as they came in last winter—they bring them to Seattle, Portland, and San Francisco and send them across—there is a rate of $2.60.

Senator LA FOLLETTE. What is their rate delivered at Seattle?

Mr. BOUDE. Their rate is between 4 and 5 cents, I understand, at the present time. But they are reducing the rate all the time. It is only about 6 cents through the Canal to New York, if they send them that way.

There was a point I want to bring out as to this compensatory duty in the way of transportation upon the imported Chinese eggs of 73 cents per hundred, which amounts to $146 on a carload of 20,000 pounds. I confirmed these figures with Chairman Clark when he was chairman of the Interstate Commerce Commission, so as to have them accurate before we should attempt to give them to anyone.

I just wanted to bring out one thought about it, that the importation of 8 dozen eggs or 8 pounds of frozen eggs puts an American hen out of business. At the present time these importations that we have received—importations particularly of frozen eggs—the gentleman who succeeds me is going to speak especially on that subject—with the shipload that is coming through the canal now for New York, there will be about 32,000,000 pounds of frozen eggs on board in storage.

That represents the product of 4,000,000 hens. That is only an example of what China can do to us if we permit these eggs to come without an adequate duty to protect the American producer.

Senator GOODING. Do you know anything about the average price of eggs in the Middle West during the month of April, May, and June of this year—the price the farmer was getting?

Mr. BOUDE. It ran from 10 to 12 cents, I understand, in Texas, Oklahoma, Kansas, and parts of Missouri. Of course, there was a high freight rate. The New York price fell almost to 20 cents. You consider the high transportation charges that would cause prices to decline at the farm to a greater extent.

Senator GOODING. Ten or fifteen cents a dozen to the farmer.

Mr. BOUDE. Yes, that would be about it.

I have presented the phase of the shell egg, gentlemen. The gentlemen who follow me will present the facts of the frozen egg and of the dried egg. We are dividing the time and hoping not to repeat our facts and arguments.

STATEMENT OF HARRY LEWIS, DAVISVILLE, R. I., REPRESENTING INTERNATIONAL BABY CHICK ASSOCIATION AND AMERICAN POULTRY ASSOCIATION.

Mr. LEWIS. I reside at Davisville, R. I.

The CHAIRMAN. You are a farmer?

Mr. LEWIS. Yes, sir; a poultry and dairy farmer.

The CHAIRMAN. Will you state your views to the committee?

Mr. LEWIS. As Mr. Boude, the previous speaker, has just mentioned, in order to save the time of you gentlemen and not repeat, I am going to confine my remarks entirely to questions concerning the dry egg and the frozen egg.

First, just a word about quantity. It is unfortunate that the report of the Department of Commerce does not distinguish in detail as between importations of dry and frozen eggs, but from the statistics we have available it is a pretty good estimate to say that between four and five million pounds of dried eggs are imported into the United States out of 25,000,000 or 30,000,000 pounds which the department reports in the form of frozen and dried eggs; in other words, probably one-fifth come in in that form.

These importations came in last year. They have steadily been increasing since 1914, and the evidence is that they will be much larger this year.

Just a word as to quality. Dried eggs are prepared from whites, yolks, and the whole egg, or mixtures of whites and yolks. I do not know but what you gentlemen have seen the products to which I am referring. In case you have not, I will give you a little of this so you can see it [exhibiting sample of dried eggs to the committee]. I would not advise you to follow the example of my stenographer the other day, when we opened one of these boxes. Womanlike, she moistened her finger and dipped it into the dried egg, and she said she has not wanted to eat an egg since. That is nothing against the quality, however, as in that form it is not very tasty.

The CHAIRMAN. What is that? [Referring to sample.]

Mr. LEWIS. That is dried egg. That is the form in which it is put out in commerce, primarily for the use of the housewife.

Senator SMOOT. What is it worth to-day per pound?

Mr. LEWIS. I do not know what it is selling at retail, but in contract prices anywhere from 90 cents to $1 a pound.

Senator SMOOT. And this bill provides 15 cents a pound?

Mr. LEWIS. Yes, sir.

Senator SMOOT. And the Underwood bill 10 cents?

Mr. LEWIS. And we are asking for 24 cents on the dried egg.

Senator SMOOT. What is a dried egg worth in China to-day?

Mr. LEWIS. The product, you mean?

Senator SMOOT. Yes.

Mr. LEWIS. Of course, that is made from shell eggs, which I referred to, which are about 8 or 10 cents a dozen, and as it takes 3 dozen eggs to a pound of dried egg, the process is approximately three times that.

Senator SMOOT. The invoice prices on the last dried eggs that came in from China was 16 cents per pound?

Mr. LEWIS. The desiccated eggs can not be as universally substituted for shell eggs as the frozen product, because "lifting power" of the white is partially destroyed by the process of drying. This product is used in large quantities in what is termed by the bakers "flat baking." This product is used primarily in the preparation of home foodstuffs, although it has other uses in this country in the fixing of dyes for cotton cloth, and in making certain medical preparations for skin treatment, etc.

From the best information we have the following facts apply regarding the prices, and the commercial uses of dried albumen are rapidly increasing in the United States. The product usually sells in this country for 90 cents to $1 a pound.

The rate in the Fordney bill as reported by the House is 15 cents per pound specific duty on all three products—the dried albumen, the dried yolk, and the dried whole egg. The American Poultry Association is asking the Senate Finance Committee to raise the rate to 24 cents per pound, specific. Ordinarily it has been found true by firms engaged in the business of drying eggs that 3 dozen shelled eggs make 1 pound of dried or desiccated eggs. There is an overrun, it is found, in the case of American eggs, which run somewhat larger and better in quality. The tariff rate of 8 cents per dozen on shelled eggs is in the proportion of 24 cents per pound on dried or desiccated eggs.

There are just two or three points I want to bring out in connection with the dried-egg situation in the way of argument for the tariff which we request. It is very evident from a study of the situation that in the last few years, due to the development of this industry in China, the industry in this country which previously existed on a fairly strong basis has almost entirely been destroyed, and I quote you figures from the United States Department of Agriculture to show proof of that [reading]:

> During 1918 the average price of fresh eggs in the United States was 48.45 cents per dozen, as compared with 12 cents in China. Labor costs are also considerably higher in this country than in China. Several years ago there were considerable quantities of desiccated eggs manufactured in this country. However, as a consequence of the comparative cheapness of Chinese labor and raw material, most of the machinery in these factories has been shipped to China for use in plants operated by American capital and under American management. Most of the dried product shipped into this country by these concerns is handled by their home agents.

The machinery for drying and desiccating these eggs is, a great deal of it, owned and patented by the firms carrying on the process.

In other words, as a result of the development of the Chinese egg supply, the drying industry in this country has practically been done away with.

Senator SMOOT. That is on account of the use of the frozen egg more than the dried egg?

Mr. LEWIS. Both to quite an extent. Probably the frozen-egg industry in this country has not been injured to quite the same extent as the dried-egg industry has.

Senator SMOOT. That has been increasing right along?

Mr. LEWIS. The main point is that the American egg is cheap enough to make this business profitable in this country even in spite of the tendency to import extensively from China.

As mentioned a little while ago, the prices received in the Southern States, and for some 10 or 12 weeks during the last spring of 1921 the price of shelled eggs in the States of Texas, Oklahoma, Kansas, Missouri, and Nebraska ranged about 12 cents a dozen. This was down to substantially prewar level.

If they can freeze and dry eggs profitably in China at these prices, may we not do it also in this country?

The object in asking a tariff upon dried eggs is to induce the men engaged in buying and shipping eggs in these western and southwestern States to establish drying and freezing plants, using the American product and employing American labor. A protective duty of 25 cents per pound would be a material inducement to American business men to reestablish this industry in this country, and it does not seem to us a bit unfair to make the rate at that point.

Senator LA FOLLETTE. Do you know about what time the market dropped to 10 or 12 cents?

Mr. LEWIS. Yes; in the spring. You see, the hen, as Mr. Boude previously mentioned, lays eggs primarily to reproduce herself. When we operate a poultry farm we are commercializing the reproductive functions of the hen, and the natural egg-laying season of the hen is in the spring months. It is that season of the year that the farms of this country provide the great bulk of eggs which must carry us through for 12 months, and it is the one season of the year when eggs are very, very cheap; and if it was not for refrigeration and methods of cold storage, of course, we would be paying fabulous sums for eggs this time of the year and we would get the eggs which were laid in the spring at nothing; they would be worth nothing on the farm. So it is in the natural breeding season, in the spring months, that the price reaches the lowest level, when the hen is producing at the maximum.

The farm hen does not produce to any extent outside of that time. There are a considerable number of eggs produced in country poultry centers on the east coast and west coast during the winter, but it is only by very careful, painstaking methods, by immense investment in equipment and by a great deal of training and experience that that can be accomplished, and it is only those very few eggs produced in those sections that bring those fancy prices we have been speaking about; those who must have fresh eggs and pay for them high prices when only a few are available. When you stop to think of all the eggs consumed in New York City in a year less than 5 per cent are known as "near-by," you get some idea of how small a problem the fresh egg is in this poultry problem throughout the United States.

Senator CALDER. Nevertheless, the market on cold-storage eggs holds up pretty well, does it not? I know that in New York we are not getting our cold-storage eggs much cheaper than the fresh eggs.

Mr. LEWIS. Possibly so; and justly so, because it costs quite an item to put eggs in cold storage and keep them there. There is also a big element of loss connected with it; the possibility of overproduction and the prices not holding up as they would otherwise; and if it was not for the cold-storage eggs, the probability is that you could not buy eggs for any sum at the present time.

The point I make is that the industry is doing us a service by providing eggs for us at this time when we could not get them unless cold-storage products were available. In other words, it is equalizing the supplies, which is, of course, the thing that we are most familiar with to-day.

The other point that I want to make is that we have in this country enough eggs for this purpose, so that it is not necessary for us to go to China or to any other country to get our supply, and I quote further from the Department of Agriculture report, "that, at the rate of annual consumption in the United States of dried and frozen eggs, if one-half or two-thirds the shell eggs annually produced in the State of Texas were so prepared the product would more than supply the demands of the United States."

That seems rather a big statement to make until you study the production of a big State like Texas, which is one of our heaviest producers of eggs in the spring months. The eggs produced annually in the States of Texas, Oklahoma, and Kansas would, if dried or frozen, more than supply this particular trade in the United States.

The reason I mention that is that the argument is often made that we have not in this country enough eggs to meet the situation and to supply our own needs. But if one-half to two-thirds of the Texas supply were frozen, we would have enough for our own needs, and, adding the other States, we would probably have enough of that product to supply the needs at the present time. Of course, we appreciate and anticipate that the industry of freezing and drying is going to increase and become more and more a factor in providing food for the American people as well as people in other sections of the world.

Another point which we want to consider is that the United States Department of Agriculture has made a careful study of this problem and the cost of manufacture, and the methods of manufacture are in a way no secret; bulletins have been prepared and a great deal of study has been devoted to the problem. So that our capital in this country can be used for that purpose. It is not a secret, although all of these practices, of course, are improved from time to time by secret processes.

In conclusion, I want to say that it is reported that a prominent importer stated that the average duty cost under the present tariff of all of his importations of dried eggs in all forms was 5 cents per pound. It is unofficially reported that a single small egg-drying plant was operated in America during the season of 1921, it being that of Swift & Co., at Wichita, Kans., out of a large number which operated previous to that time. The importations have greatly increased during the past six years, and there is a negligible home production of dried and frozen, although there is a considerable surplus of shell eggs produced in this country. It is apparent, therefore, that only an adequate duty will enable the business of drying eggs to be reestablished in the United States and be brought back and restored to the position which it formerly held.

It seems to me, gentlemen, that one of the things we want to do in balancing our agriculture is to try and make this country self-supporting and, so far as possible, independent of outside sources of supply.

Senator Smoot. Do you agree with some that the drying of eggs is going to pass away and the freezing of eggs become the future method of handling them?

Mr. Lewis. No; I do not think so.

Senator Smoot. Which is the best product?

Mr. Lewis. From the standpoint of nutritive value there are extensive studies being made at the present time on the dried product to determine the effect of drying the vitamine content. So far as nutritive properties—protein, fats, etc.—are concerned, there probably is no difference. But eggs, together with milk and other products which the farmer produces, have recently been found to possess a group of properties which we call vitamine, which are very essential to growth and development of the human race. Milk in butter fat and no doubt the fat in the egg yolk are very rich in these elements.

Senator Smoot. They are not destroyed by drying?

Mr. Lewis. No.

Senator Smoot. Nor by freezing?

Mr. Lewis. No.

Senator SMOOT. That quality remains the same?

Mr. LEWIS. Practically the same, but there is a destruction of the vitamine in one of these, which is fundamental. But scientists are working on it.

I was at a conference the other day with a doctor from Johns Hopkins, where they have come to believe that one of the soluble vitamines in eggs was destroyed by heating, but the food value so far as nutritive content is concerned is not injured.

So much for the dried-egg situation. Now, just a few words about the frozen eggs.

The grades of eggs principally used in drying and freezing are "cracked, dirty, and what are known as seconds." That is, an egg which, in this country, can not be sold as first class for consumption.

In the future it may be possible——

Senator CURTIS (interposing). They sell them to bakeries, do they not?

Mr. LEWIS. To some extent, but they can not all be used up in the period of production; they must be held over in some way, which is best done by freezing.

Senator LA FOLLETTE. Are those seconds selected at the time they are fresh?

Mr. LEWIS. Eggs are frozen at the time they are fresh or comparatively so. They are broken, separated into yolks and whites, and frozen.

The problem of any country that attempts to standardize eggs is the disposition of seconds. Canada is facing that at the present time. She has a very careful, complete, and well-worked-out egg-grading law. Putting that into effect has enabled her to largely capture the select-egg trade of England, but she has an immense problem on her hands with those seconds, which she can not export, and these must be frozen or put into shape as best to be used by the trade.

In the future it may be possible and advisable during the spring season, when there is a large production and prices rule low, so that the eggs can not profitably be shipped to other markets, to both dry and freeze some of the better as well as the inferior grades in the West and Southwest. With high rates of transportation and labor plentiful, an economic condition is created which will have to be taken into consideration in the development of a helpful governmental policy. In other words, we do not for a minute wish to discourage home breaking and freezing of eggs. But in view of the fact that we have sufficient product to meet the needs it would seem as though we need not be compelled to fight against this oriental competition, which is developing very rapidly.

With the prospect ahead of securing enormous profits through Chinese frozen and dried eggs with a nominal duty of 2 cents per pound upon frozen and an average duty of 5 cents per pound upon dried, about the time of the passage of the act of October, 1913, the dominating firms preparing these commodities abandoned the American producing fields and deliberately transferred their activities to China. The industry of freezing eggs has declined here since that time. On account of the increasing production in the United States of shell eggs there are necessarily large quantities of undergrades and checks, particularly in the producing season, and the spring surplus of this commodity is always difficult to sell, because the presence of a great quantity of first-class, high-grade stock on the market is naturally more attractive to the buyer.

Just a word about the rates. A tariff of 8 cents per pound is requested by the producers upon frozen eggs to America, which is the same rate which we request on shell eggs, for the simple reason that it takes it pound for pound; in other words, they are equal in reference to bulk or volume. The same reasons and the same arguments that apply to the request for a 24-cent tariff upon dried eggs apply almost invariably to the 8-cent rate requested on frozen eggs. It is ordinarily claimed that 1 dozen shell eggs make 1 pound of frozen eggs.

Senator WATSON. What is the difference between the cost of freezing and drying?

Mr. LEWIS. Freezing is a much less costly operation.

Senator WATSON. I supposed so.

Mr. LEWIS. It does not require the complicated machinery nor the trained labor.

Senator WATSON. What is the difference?

Mr. LEWIS. I can not give you the exact cost. I think that has probably been worked out and will be presented by Prof. Rice.

We feel that such a tariff law will give us back normal production and will at least approach the difference between the mere cost of living here and the cost of living in China. We certainly do not want to reduce our poultry producers and farmers to a condition of pauperism by compelling them to compete with Chinese labor. That may be exaggerating, but it certainly has a tendency in that direction.

I have just a few figures on the question of the cost of manufacture. The investment required for the profitable breaking of eggs is not large, although the Department of Agriculture will require the observance of certain sanitary regulations, all of which will result in the production of a high-grade product in this country. And there is a point I think we ought to remember, that the product which we get from this country, broken and frozen in our own breaking establishments, is manufactured under governmental supervision and certain sanitary precautions required, while when that same product is manufactured in China and shipped in here in a frozen state we have not the evidence or the assurance that the product has been produced under as sanitary conditions as it should be nor with the care that it should be.

In this matter of labor charge in the freezing of eggs, one of the large importers is reported to have stated that under favorable circumstances this had been only 1 cent a pound in their American plant. However this may be, in establishing a new industry by business men it sets a standard of efficiency and for economy. In other words, the breaking of eggs and the freezing of eggs can be done in a very economical and efficient manner at relatively low cost. After being broken the eggs are poured into cans holding about 50 pounds each and are then sent to the freezer. It is stated that until recently the cost of the can added 2 cents per pound to the cost of the product. Even after the customary business overhead is added to these figures, it will be seen that the cost of manufacturing is small. The eggs bought for manufacturing purposes at Shanghai at 12 cents per dozen during the war were sold on yearly contracts in the United States to the baking trade at approximately 25 cents per pound. Now that eggs are falling in price at Shanghai to 6 and 8 cents per dozen, the frozen product is being contracted to American bakers by the importers upon yearly contracts at about 30 cents per pound. This certainly looks like very attractive and very remunerative business.

Just one or two arguments now in definite support of 8-cent tariff:

First, our own production has been very definitely stifled by this oriental trade. The fact that the importers have selling agencies in all of the principal cities of the United States and are prepared to extend long credit, offer yearly contracts at flat rates per pound, and maintain ample supplies of frozen canned eggs in cold-storage warehouses all over the country ready for immediate delivery, places the baking trade of the country in the position of being absolutely dependent upon ~~the~~ importers for supplies.

In other words, they are assured of an immense supply through this source.

Speaking in plain words, we might say that the importers absolutely have control of the trade through their ability to bring in this immense quantity by contract with the bakeries a year ahead.

We have evidence, which is certainly interesting, to show that there does not seem to be a demand for the product produced here, for a number of reasons: On account of the tremendous production cost of eggs in this country in the spring of 1921 there was a large supply of undergrades suitable for freezing and considerable quantities of the American product were incidentally manufactured. In consequence of this there has been a good chance for the independent firms controlling this product to deal with the entire baking trade by offering this supply to them.

It has been offered in one of the markets of this country as low as 10 cents per pound under the importer's contract price of the Chinese frozen eggs, but without buyers, as they are bound by contracts to the importers, which, of course, has to have a year to run, because made on the yearly basis. This situation operates as a great restriction to the trade of the domestic product. Apparently the importers are in full control of the American markets for all frozen and dried eggs. With the price in the spring of 1921 at Shanghai at 8 cents per dozen and the selling price in the United States of 30 cents per pound the year, it would appear to be a very profitable deal for the importers. Since the annual selling turnover in this country of dried and frozen eggs is supposed to amount to at least $15,000,000, it looks like there was a big profit in these transactions for somebody.

The CHAIRMAN. Are most of the eggs used by these bakeries imported Chinese eggs?

Mr. LEWIS. The great majority of them; yes, sir. In other words, the amount of home-produced frozen and dried eggs is very, very small, especially of the dried product.

The CHAIRMAN. Are all these ready-made loaves of bread which you see advertised made with Chinese eggs?

Mr. LEWIS. They are practically all made with frozen and dried eggs.

The CHAIRMAN. From China?

Mr. LEWIS. Yes, sir; because that is where the great bulk of our eggs come from.

The CHAIRMAN. If that were generally known, I do not think it would promote the sale of the bread.

Mr. LEWIS. Of course, I am not here to question the quality of the product which comes into this country, although I suppose we might spend quite a time discussing the question of sanitary conditions surrounding its manufacture, the sanitary condition of the goods themselves that go into the product, and the condition of this product when it reaches this country. Obviously it can not be as good as that produced in this country and is a point, of course, to be considered.

I do not know that there is any other point I especially wish to make at this time, but to bring out one important point, which I think we all ought to concede, and that is this: That for years our Federal Government has been fostering the development of our agriculture, and especially the development of poultry husbandry in this country. Hundreds of thousands of dollars have been spent by colleges and by our extension departments to build up a more efficient production, to build up a larger production, to make this country self-sustaining so far as poultry and egg supply is concerned, and I can assure you that the evidence points to the fact that the continued importation of Chinese frozen and dried eggs, whether from China or from any other foreign country, is and will continue to break down and curtail American production, because they can be brought in here and sold at a point much below what we can produce at a profit, and it would seem the height of good business to create a moderate difference, which would be the difference between the cost of production there and here, and still leave to us a living wage and a satisfactory margin of profit; and I believe in that way that you will not be increasing the cost of goods in this country to the consumer, because we have, I think, submitted evidence to show that this country can and is producing enough eggs to meet its needs, and that if the industry of breaking and drying was fostered and developed in this country we would have a good substantial business here as we formerly had.

STATEMENT OF GEORGE CUGLEY, SPRINGFIELD, OHIO, REPRESENTING BUCKEYE INCUBATOR CO. AND AMERICAN ASSOCIATION OF INCUBATOR MANUFACTURERS.

The CHAIRMAN. What business are you in, Mr. Cugley?

Mr. CUGLEY. I am vice-president of the Buckeye Incubator Co.; I am also associated with the Continental Sales Co., of Springfield, Ohio, which deals very largely in poultry supplies, and also with the Cugley & Mellon Co., of Philadelphia, which is a retail distributor of poultry supplies.

The CHAIRMAN. You reside in Springfield?

Mr. CUGLEY. I reside in Springfield, Ohio.

The CHAIRMAN. Will you state your views to the committee on the questions before us?

Mr. CUGLEY. Gentlemen, in presenting my argument to you I would like to have you know that I am speaking in behalf of the American manufacturers who are intensely interested in this poultry and egg tariff, namely, the incubator manufacturers, the brooder manufacturers, poultry-feed manufacturers, poultry-remedy manufacturers, poultry supplies and equipment manufacturers, and the poultry journal publishers. It was deemed wise to have me present the case for all these different groups rather than to have them appear for themselves.

I might say initially that this group of manufacturers and others are very much concerned about this tariff on poultry and eggs. The tremendous increase during the last two years in the imports of eggs especially and also of poultry has already had its effect on our home industry. One of the first places that we see this is with the producer of the baby chicks. You gentlemen may not be aware of the vast industry that has developed in the production of baby chicks. So, I will say briefly this—that we now have in the United States a large number of institutions that are devoted entirely to the hatching and distribution of baby chickens. Our largest hatchery is located at Cleveland, Ohio, with a capacity of over 1,000,000 eggs. We have hatcheries all over the country with capacities from 100,000 up to a half million eggs.

Senator WATSON. Take an institution of that kind, with the capacity of a million eggs, how many broods do they turn out in a year?

Mr. CUGLEY. On an average, about three. So that the incubator capacity of a million eggs will turn out normally 2,000,000 baby chicks in a season, counting on about one-third loss on the three hatches.

Senator WATSON. Is the loss that great—is that the average?

Mr. CUGLEY. It will run about a third; yes, sir—that is, the infertile and the unhatchable will reduce the number of chicks produced about one-third of the total number of eggs set.

I mention the baby-chick industry because that is the place where we start in the poultry industry. There has been a great deal of interest developed in this baby-chick industry in the last few years, and it was growing at a very rapid pace.

This year when the representatives of the incubator manufacturers went out to call on the hatcheries to solicit their business for increased capacity, we came into frequent contact with hatchery owners who refused to consider any increase in hatchery capacity because of this present situation. They have been watching this situation with regard to importation of eggs very closely and, as I say, the importation has been increasing at such a rapid rate during the last two years that they are very apprehensive with regard to the future, and repeatedly they have refused to increase their hatching capacity because of their fear of not having a sufficient market to take care of that increase.

I might say to you that the ramifications of the poultry industry take in a great many things besides the mere producer. When we sit down at the table to consume an egg, we simply think of it as an egg, and that is as far as we go; the same thing with the chicken. But the amount of money that is invested and the volume of business that follows the poultry industry runs into very large figures. And in considering the protection of the producer I think we should also consider the protection of the industries which are connected with the producer, taking the industry all the way through; and, with a view of bringing to your attention the volume of business that is involved and the capital that is invested, I will go through briefly the course that follows the egg to the table, and in presenting these figures to you gentlemen I want to say that most of them have been estimated because of the brief time in which I had to compile them. I think I can say to you, however, that they are reasonably accurate and I think in every case under the actual figures as they exist.

Taking the incubator industry, which, of course, is where the industry must start, with the hatching of the egg, there are approximately 56 incubator manufacturers in the country, and those 56 incubator manufacturers are doing an annual business of approximately $8,575,000.

Following that is the brooder industry. The brooders are necessary to raise the chickens after they are hatched. Our brooder industry in the United States is running to approximately $5,000,000 annually.

The biggest item we have in connection with the poultry industry from a commercial standpoint is the matter of poultry feeds. The figures that we have compiled show that there is approximately $500,000,000 worth of poultry feed consumed in the United States annually; a large part of that $500,000,000 worth of feed is sold by commercial poultry-feed manufacturers, and the balance of it is fed on the farm. In that connection I think it might be well to call attention to the fact that on practically every farm where poultry is kept and farming included with it there is a certain amount of grain which would be wasted if it were not for the farmers ability to feed it to the poultry. So that there is an economic condition that enters into that.

The poultry-remedy business of the United States amounts to approximately $10,000,000 a year. That includes poultry remedies and disinfectants sold to the poultry farmers.

The value of the egg-crate industry, that is, the crates which are used to transport the eggs all over the country, amounts to approximately $10,000,000 a year, and the chicken-crate industry amounts to about $6,000,000 a year.

We next come to poultry supplies, which include the galvanized feeders and water fountains and various appliances which are used in connection with the poultry farmer. That industry amounts to approximately $4,500,000 a year.

The fillers which are used in connection with the egg cases and the cardboard shipping boxes which are used for the transportation of baby chicks amount to approximately $5,000,000 a year.

The poultry-journal publishing industry—and I might say in that connection, to give you some idea of the importance of the poultry industry, that the poultry journals of this country have a circulation of approximately 1,000,000 a month. The poultry-journal business as a whole will amount to about $1,000,000 annually; and in connection with the poultry journals I might mention, in passing, that the advertising which is carried on in the farming press of the country on poultry alone in 1920 amounted to $321,000 and on poultry supplies in 1920 amounted to $675,000, or approximately $1,000,000 in advertising, covering the two phases.

Those classifications that I have mentioned to you cover the principal industries that are connected with the poultry industry, and, as you can see, they run into very large figures.

I have not said anything about the value of the transportation which follows all of these industries, including the transportation of poultry and eggs themselves. But, taking the industry as a whole, it does represent a tremendous investment, and these various industries which I have mentioned here have been built up after very great effort on the part of those engaged in the different branches, and we are very much concerned, as I said, because of this present situation. We are very certain that if those Chinese eggs, particularly, are allowed to come into this country, where each egg is going to displace an American-produced egg, it naturally must reduce the volume of business that is now being done by these various concerns, and I can assure you that these different branches of industry can not stand a material reduction in their present volume of business.

The poultry industry has not been as prosperous as it might be in its various branches, and in that one connection I might say, taking the incubator industry in itself, that out of the fifty-odd concerns that are manufacturing incubators to-day there are approximately only five or six which are on a commercial paying basis. Some of those that have not yet reached that point have hopes of developing their business into prosperous institutions. But if the importation is allowed to go on and these various eggs allowed to displace American eggs, I very much fear that their hopes will be shattered, and that the same will follow in some of the other branches of the industry.

There has been nothing said in connection with the duty on live and dressed poultry, and I just wanted to mention, in passing, that the industries which I represent are just as much interested in the duty on live and dressed poultry as they are in the tariff on eggs, because one is quite as important as the other, and I trust in giving this matter your consideration that you will see that an adequate tariff is placed on the live and dressed poultry, because we are also dependent upon the continuation of the production of American poultry for the American consumption.

Senator CALDER. What are the exports of live and dressed poultry to-day?

Mr. CUGLEY. I can not give you that. Prof. Rice is prepared to give you that information.

STATEMENT OF PROF. JAMES E. RICE, REPRESENTING THE AMERICAN POULTRY ASSOCIATION, ITHACA, N. Y.

Prof. RICE. Mr. Chairman and members of the committee, I represent the American Poultry Association, having membership in all of the States and including many branches and affiliated national, regional, State, and local organizations and individual members. I also represent myself, as a farmer with 177 acres and 1,400 hens. But more particularly I desire to appear here in a capacity which I think is more important than either one of those mentioned in this particular event, and that is my position as a teacher and investigator in Cornell University, in the college of agriculture, as head of the poultry department.

When this question of tariff legislation came up the American Poultry Association asked me to make a scientific study, in so far as facilities were available, of the world poultry situation as it related to a protective tariff.

When we appeared before the Ways and Means Committee last spring we confessed to the committee, as you will see in the copies of our testimony and the brief that we are leaving with you, that we were not prepared to take a final position in making recommendations. But we gave the best that we had at the time. Since then we have spent a large amount of time in an effort to arrive at the truth as to the needs for a tariff on poultry and eggs and egg products, and I want you men to accept my word for it that I am more concerned as to the accuracy of the figures and facts that I am going to leave with you than I am in the welfare of the poultry industry or for my personal interest in poultry husbandry, because, first of all, we should be good Americans.

If any of our findings can be used as an argument against a protective tariff I am going to say them just the same, because what we want and what you men want is to go before the American people with a protective tariff that will stand as sound and for the best interests of the consumer, for the producer, and for all concerned.

I am going to have available for you and leave with you therefore the results of our studies, with some 350 pages of typewritten material, 58 illustrations, and in addition some 10 or 12 illustrations that have not yet been included. Some of these illustrations I would like to present to you to-day in the form of charts[1] because I find it will save your time, it will save my time, and it will be infinitely clearer. Somehow I can not make a thing clear to anyone else unless I understand it myself, and I can not understand it myself unless I graph it and get it into form that the eye can understand as well as the ear. Therefore, with your permission, I would like to have my colleagues hold up just a few of these statistical studies, to see if we can get an idea of the world poultry situation as affecting the United States.

The first study, figure 1,[1] and Table I represents the importations of eggs and egg products into the United States during 1920 amounting to $13,878,795, of which only $309,651 was shell eggs.

It will be clear, therefore, that the great mass of importations into this country are egg products and not eggs in shell. There is a distinct reason for that condition; the reason is that the exporters in China find, first, that by breaking the eggs they can utilize a poorer grade of eggs than they could possibly export in the shell. That is true also in this country. The cracked and poorer quality, but not bad eggs, go into the prepared product. Second, that freezing and drying of eggs reduces transportation costs; third, it reduces storage costs; fourth, the manufacturers are able to standardize their product and therefore are able to sell it with a great deal more efficiency and dispatch; and fifth, they are able to make their contracts in the spring of the year when the great proportion of the egg supply is purchased at low cost, and therefore to sell it under contract for a year in advance, as has been stated, to be delivered throughout the entire year, as wanted through their large distributing agencies in this country, because they know early in the year the approximate quantity and cost of the yearly output.

Therefore, we see that the United States is materially affected by the volume of product coming from the Orient, amounting to $6,528,598, and, I think if the truth were known, much of this prepared product imported from Europe originally came from China, because we find American capital and English capital dominating in

[1] All figures referred to by Prof. Rice are on file with Senate Finance Committee.

the oriental egg trade, but now some other countries, and the Chinese, are engaged in this Chinese egg industry.

Our problem, gentlemen, is not simply to meet competition with the cheap labor of China; our problem is to meet a combination between large American capitalists syndicating the cheap labor and natural resources in China. These large corporations, although sometimes apparently under different names in the two countries, are doing business in China and transporting their products into America to be sold through their large distributing agencies on this side.

A few weeks ago I returned from Europe after spending a couple of months trying to find out in the time available the poultry situation over there; and I am prepared to say that it is my judgment that we are going to see greater importations of egg products from China in the very near future than we have had in the past. In London, the greatest egg market in the world, I saw, in a single establishment owned by a man who has been in business for 40 years as an importer of eggs and egg products, eggs from China, Lithuania, from Poland, from Holland, from Denmark, from Australia, from Ireland, from Scotland, from the Balkan States, from North Africa, and South Africa, and from some others, and the dealer told me if I would stay two or three days he would show me eggs from Argentina and from Canada which were on the way. This was a fair example of my experience with other importers. The general consensus of opinion among these men is that we may expect to see greater importations from China to the United States than we have had in the past.

In other words, as soon as the world production begins to get back to normal in the European countries and eggs from cheap-land, cheap-feed, and cheap-labor countries flow into the London markets, and this trade is increasing, there is going to be a greater tendency for the products that have been going into London from China to find an outlet in America. All the world appears to have its eyes on American gold and our better living conditions.

TABLE I.—*Imports of eggs (shell) and egg products, United States, 1920.*

Countries.	Eggs (shell).		Egg products.	
	Dozens.	Value.	Pounds.	Value.
China	846,863	$228,371	25,646,791	$6,093,155
Hongkong	269,567	93,213	53,253	19,067
Japan	84,755	34,957	131,475	59,835
England	68	94	2,378,752	627,650
Scotland			45,000	38,475
Netherlands			67,600	15,964
Norway			340,000	139,400
Canada	276,392	159,301	311,052	228,121
Argentina	21,000	8,737		
Australia	209,718	93,094	48,414	11,816
New Zealand			240	131
British West Indies	38	23		
British India	300	119		
SUMMARY.				
Asia	1,201,185	356,541	25,831,519	6,172,057
Europe	68	94	2,831,352	821,489
North America	276,392	159,301	311,052	228,121
South America	21,000	8,737		
Oceania	210,056	93,236	48,645	11,947
Total	1,708,701	617,909	29,022,577	7,233,614

Total value of imports of eggs (shell) and egg products, United States, 1920.

China	$6,321,526	British West Indies	$23
Hongkong	112,280	British India	119
Japan	94,792		
England	627,744	Summary:	
Scotland	38,475	Asia	6,528,598
Netherlands	15,964	Europe	821,583
Norway	130,400	North America	387,422
Canada	387,422	South America	8,737
Argentina	8,737	Oceania	105,183
Australia	104,910		
New Zealand	131	Total	7,851,523

Figure 2 and Table II show the total exports of eggs and egg products from the United States and the countries to which they were exported. The total amounts of exports to each country is shown graphically on the same mathematical scale as in the case of the imports shown in figure 1. It will be seen that our total exports were $13,878,795 in 1920 as against total imports in the same year of $7,851,523, a balance of trade of exports over imports of $6,027,272. Of this amount our export of shell eggs was $13,569,144, and of egg products $309,651 as against our imports of egg products of $7,223,614, of shell eggs, $617,909. It is clear, therefore, as shown by the graphs and the figures that practically all or to be exact 92.11 per cent of the importations are egg products rather than shell eggs, and that practically all, namely, 97.69 per cent our exports are shell eggs and not egg products. The graphs showing imports indicate in a striking manner the fact that the Orient is our principal source of eggs and egg products of which almost the entire amount $6,321,526 is received from China, and that in addition to this $94,792 came from Japan, and $112,280 from Hongkong, ~~which~~ should be considered as from China, making a total of $6,528,598 or 83.25 per cent of total imports from the Orient. It will be seen that nearly one-half of the importations from Canada, namely, $159,301, or 41.12 per cent of the total were shell eggs as compared to $228,121 in egg products, which, it is a safe guess, originally came from China. The total value of importations from Canada was $387,422.

It is more than likely that the $627,744 worth of eggs and egg products imported from England together with the imports of $38,475 from Scotland and those from other European countries also came originally from the Orient. When we realize that the most reliable estimates of the number of fowls in China is 400,000,000 or 100,000,000 more than the United States, namely, 25 per cent more, we understand the menace of oriental competition. The importations from Australia on the other hand are largely shell eggs, these being imported during our periods of highest prices, which is the period of largest production and low prices in Australia where the spring season occurs at the same time as our fall and winter in the United States.

The export figures show that Cuba is by far our largest customer for eggs, almost exclusively shell eggs, taking $6,368,757 worth, and that Canada is next in importance, receiving $3,369,096 worth. The Canadians are large buyers, notwithstanding the fact that Canada imposes a tax of 3 cents a dozen on American shell eggs, whereas we in our mistaken benevolence permit her to enter our markets free of duty.

TABLE II.—*Exports of eggs (shell) and egg products, United States, 1920.*

Countries.	Eggs (shell).		Egg products.	Total value.
	Dozens.	Value.		
Russia in Asia	690	$326	$659	$985
Greece			183	183
China			3,080	3,080
Dutch East Indies			15	15
Japan			125	125
Azores and Madeira	1,770	1,080		1,080
Belgium	467,770	230,026	435	230,461
Germany	100,650	58,335	7,727	66,062
Netherlands	45,000	25,500	230	25,720
Norway	750	450	463	913
England	2,634,276	1,513,036	193,274	1,706,310
Scotland	1,661,940	906,281	100	906,321
Ireland	15,000	8,010		8,010
France			5,120	5,120
Italy			4,370	4,370
Poland and Danzig			16	16
Spain			2,230	2,230
Sweden			750	750
Turkey in Europe			57	57
Abyssinia			128	128
British South Africa			28	28
Bermuda	48,223	30,335	570	30,905
British Honduras	390	277		277
Canada	7,078,137	3,333,658	35,438	3,369,096
Guatemala	64	53	23	76
Honduras	19,530	10,607	229	10,836
Nicaragua	210	118		118
Panama	371,865	345,132	566	345,698
Salvador	600	250		250
Mexico	1,749,839	755,374	2,593	757,967
Newfoundland and Labrador	81	40	4,790	4,830
British Jamaica	1,620	1,003	147	1,150
Other British West Indies	2,298	1,346	122	1,468
Cuba	12,440,565	6,347,594	21,163	6,368,757
Virgin Islands of the United States	299	246	10	256
Dominican Republic	200	102	39	141
Costa Rica			43	43
Trinidad and Tobago				
Dutch West Indies			2	2
Brazil	5	25		25
Argentina			8,924	8,924
Chile			14,170	14,170
Colombia			432	432
Equador			130	130
Peru			89	89
Venezuela			1	1
Austria			87	87
Finland			900	900
Iceland and Faroe Islands			140	140
New Zealand			48	48
Other British Oceania			25	25
French Oceania			10	10
SUMMARY.				
Asia	690	326	4,090	4,416
Europe	4,927,156	2,742,658	214,890	2,957,549
North America	21,713,921	10,826,135	65,735	10,891,870
South America	5	25	23,746	23,771
Oceania			1,160	1,190
Total	26,641,772	13,569,144	309,651	13,878,795

Figure 3 and Table III show graphically the quantity and value of the imports of eggs in shell, and egg products entered for consumption in the United States, including both entries for immediate consumption; withdrawals from warehouses for consumption; and the duties collected for the year 1920. It will be seen that the quantity of shell eggs in dozens is about equal to that of the frozen or liquid egg albumen, dried whole eggs, and dried egg albumen, and that each of these is greatly exceeded by eggs frozen or otherwise prepared or preserved in packages, and of frozen, liquid, or dried egg yolk. In the case of the eggs frozen there were 9,187,355 pounds valued at $1,503,932, paying a revenue of $183,747, and there was approximately the same amount of frozen, liquid, or dried egg yolks, namely, 9,109,774 pounds, having about twice the value of the frozen whole eggs, or $3,443,048, yielding a revenue more than twice as great as the frozen eggs, of $344,304.

It is clear from these quantities and values that apparently importers find it to their advantage to break and freeze or dry practically all of the eggs and to import them as frozen eggs or as egg yolks, the two principal imported commodities, or in lesser amounts as frozen or liquid egg albumen or dried whole eggs, or dried egg albumen.

Manifestly the tariff duties, if they are to accomplish the purpose intended of protecting the producers in America, and of bringing a revenue to the Government, should be placed with special reference to the quantities and values of the egg products as compared to eggs in shell.

Table III shows the amount and source of revenue produced from imported eggs and egg products for the year 1920 from which it will be seen that the total amount of revenue derived was $912,697. Just how the proposed tariff rates would affect the revenue receipts, it is difficult if not impossible to accurately estimate in advance. It would seem reasonable to assume that since it is expected that the proposed rates would not act as an embargo that the increase in the rates might increase the gross income as rapidly as the smaller importations might reduce it, leaving the actual amount of revenue about the same. It would seem that the present low rates are not serving to check imports to any material extent, which would mean that the importer rather than the Government is getting the financial benefits.

Senator LA FOLLETTE. Have those charts been so reduced, Professor, that they can be incorporated in the hearings?

Prof. RICE. They have. In this thesis on the imports and exports of eggs and egg products for the United States you will see practically everything I am going to show you, and there will be additional typewritten matter and charts placed at your disposal, so that any members of the committee who desire more detailed information may have it available.

TABLE III.—*Imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouses for consumption, with quantities, values, rates, and amounts of duties collected for the year 1920.*

Commodities.	Unit of quantity.	Quantity.	Value.	Amount of duty.
Eggs in shell	Dozens	1,708,701	$617,909.00	....
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	Pounds	9,187,355	1,503,932.00	$183,747.10
Eggs, yolks frozen, liquid or dried	...do	9,109,774	3,443,048.00	344,304.80
Egg albumen, frozen or liquid	...do	3,113,008	382,426.00	31,130.08
Eggs (whole) dried	...do	2,719,276	1,251,843.00	271,927.60
Egg albumen, dried	...do	2,719,582	3,041,968.00	81,587.46
Total	....	....	10,441,126.00	912,697.04

Figure 4 and Table IV: The way in which importations of eggs and egg products have increased in recent years is shown graphically in figure 4, which gives the total number of dozens of eggs or their equivalents which have been imported into the United States each year from 1910–1920, inclusive. This shows that nearly 55,000,000 dozens of eggs or their equivalent in egg products were imported in the calendar year 1920, and that 70,000,000 dozens of eggs, complete or incomplete or equivalents were imported. In calculating egg products into their equivalents in dozens of shell eggs it appears that considerable more egg albumen was imported than egg yolks, which accounts for the difference between 55,000,000 dozen complete eggs and the 70,000,000 dozens of incomplete eggs.

Figure 5 and Table V show the tariff duties on eggs and egg products and the amounts of exports and imports from 1855 to 1920, from which it will be seen that until the McKinley-Morrill tariff of 1890 no duties were levied on eggs or egg products. In the McKinley-Morrill tariff bill occurred a duty on shell eggs of 5 cents per dozen and on egg yolks of 25 per cent ad valorem. In the Wilson-Voorhees bill of 1894 shell eggs were reduced to 3 cents and egg yolks were reduced to 20 per cent ad valorem. In the Dingley-Morrill tariff bill of 1897 shell eggs were increased to 5 cents, egg yolks were advanced to 25 per cent ad valorem, and frozen albumen was given a duty of 3 cents per pound. In the Payne-Aldrich tariff of 1909 the previous duties were continued on shell eggs, egg yolks, and frozen albumen, and in addition dried eggs received 15 cents a pound, and dried albumen 3 cents per pound. Under the Underwood-Simmons tariff of 1913 the duty was removed from shell eggs and was reduced on egg yolks to 10 per cent ad valorem and on frozen albumen to 1 cent, and on dried whole eggs to 10 cents, the duty remaining the same as before on dried albumen; and for the first time a duty of 2 cents was placed on frozen whole eggs. In this chart it will be seen that for the fiscal year 1920 the total imports of eggs and egg products were $9,250,021 as against exports of $18,933,978 or a balance of trade of $9,683,957.

The next six charts, figures 6 to 11, inclusive, show for each year from 1910 to 1920, inclusive, the amounts of eggs and egg products imported, as expressed in dozens, pounds, and dollars, and also show the tariff rates and the amounts of revenue derived from these importations.

Figure 6 shows the imports of eggs in shell bearing a duty of 5 cents per dozen in 1910 to 1913, inclusive, but entered free of duty from 1914 to 1920, from which it will be seen that by far the largest importations occurred in 1914 and 1915 of 6,500,907 dozens and 3,058,863 dozens, respectively, and that during the fiscal year 1920 the amount was 1,708,701 dozens. The amount of tariff duty derived in 1913, the last year when a 5-cent duty was levied, was $63,588.

Figure 7 shows the imports of eggs frozen or otherwise prepared or preserved in packages, bearing no duty from 1910 to 1913, inclusive, and 2 cents a pound from 1914 to 1920, inclusive. In the latter year the revenue amounted to $183,747. It will be seen that no importations occurred of frozen whole eggs until 1914 and that the amount ordinarily was in the neighborhood of 2,500,000 pounds for the years 1914, 1915, 1916, and 1917, but increased to the amount of 9,187,355 pounds in 1920.

Figure 8 shows graphically the imports of frozen or liquid egg albumen which first occurred in 1914 bearing 1 cent per pound duty and increased quite consistently until 1920 when the amount was 3,113,008 pounds valued at $582,426, paying a revenue of $31,130 for that year.

Figure 9 shows the imports of frozen, liquid, and dried egg yolks bearing a duty of 25 per cent ad valorem from 1910 to 1913, inclusive, and 10 per cent ad valorem from 1914 to 1920, inclusive. The importations were negligible until 1915, from which time they increased rapidly and consistently almost without exception until 1920, when they reached 9,109,774 pounds valued at [illegible],443,048 and paying a revenue of $344,304.

Figure 10 shows the imports of dried whole eggs which from 1910 to 1913 carried a duty of 15 cents per pound and from 1914 to 1920 of 10 cents a pound. The importations were negligible until 1917, when they were 1,590,563 pounds, amounting to $417,417 and increased steadily until 1920, when they were 2,719,276 pounds amounting to $1,251,843 and paying a revenue of $271,927.

Figure 11 shows the imports of dried egg albumen bearing a duty of 3 cents per pound from 1910 to 1920, inclusive. The importations increased very consistently from 699,612 pounds in 1910 to 4,060,360 pounds in 1919 valued at $4,148,522. This amount decreased in 1920 to 2,719,582 pounds valued at $3,041,968, the revenue in 1920 being $81,587.

The total amount of revenue derived each year and for 11 years from 1910 to 1920, inclusive, for eggs and egg products is shown in Table XII. (See p. 2888.)

It is certain that a more equable arrangement of tariff rates would have produced a larger revenue.

The tariff duties which we recommend based on the quantity and money value of the egg products with respect to shell eggs, to be explained later, will, we believe, remedy the defect.

TABLE IV.—*The equivalents in dozens of the imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption during the fiscal years 1910–1920, transposed into their equivalent of eggs in dozens.*

[The total quantity of complete and incomplete eggs in shell is determined by taking the total quantity of imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption and transposing them into their equivalent of eggs (shell) in dozens by means of "The factors used in transposing egg products into their equivalent of eggs (shell) in dozens."]

	Dozens.
1910—Eggs in shell	819,976
Egg yolks, frozen or dried	3,110,688
Eggs dried	819
Egg albumen, dried	4,079,836
1911—Eggs in shell	1,652,622
Egg yolks, frozen or dried	540,684
Eggs dried	19,963
Egg albumen, dried	5,270,138
1912—Eggs in shell	1,098,687
Egg yolks, frozen or dried	354,976
Eggs dried	18,053
Egg albumen, dried	6,070,705

	Dozens.
1913—Eggs in shell	1, 271, 765
Egg yolks, frozen or dried	909, 728
Eggs dried	65, 923
Egg albumen, dried	7, 292, 251
1914—Eggs in shell	6, 005, 907
Eggs frozen or otherwise prepared or preserved in packages, n. s. p. f.	2, 277, 257
Egg yolks, frozen or dried	2, 494, 864
Egg albumen, frozen or liquid	430, 914
Eggs dried	121, 043
Egg albumen, dried	7, 668, 451
1915—Eggs in shell	3, 058, 863
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	2, 421, 339
Egg yolks, frozen or dried	5, 729, 632
Egg albumen, frozen or liquid	1, 157, 194
Eggs dried	99, 368
Egg albumen, dried	6, 443, 637
1916—Eggs in shell	733, 313
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	3, 230, 321
Egg yolks, frozen or dried	11, 676, 076
Egg albumen, frozen or liquid	2, 409, 284
Eggs dried	126, 727
Egg albumen, dried	9. 746, 916
1917—Eggs in shell	1, 103, 187
Eggs frozen or otherwise prepared or preserved in packages n. s. p. f.	1, 867, 350
Egg yolks, frozen or dried	27, 696, 284
Egg albumen, frozen or liquid	4, 962, 877
Eggs dried	5, 169, 329
Egg albumen, dried	15, 569, 758
1918—Eggs in shell	1, 619, 259
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	1, 075, 493
Egg yolks, frozen or dried	32, 310, 920
Egg albumen, frozen or liquid	3, 344, 284
Eggs dried	5, 195, 547
Egg albumen, dried	21, 734, 043
1919—Eggs in shell	1, 247, 355
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	2, 670, 030
Egg yolks, frozen or dried	24, 951, 388
Egg albumen, frozen or liquid	4, 271, 639
Eggs, dried	8, 590, 731
Egg albumen, dried	23, 686, 085
1920—Eggs in shell	1, 708, 701
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	7, 901, 125
Egg yolks, frozen or dried	36, 439, 096
Egg albumen, frozen or liquid	5, 167, 593
Eggs, dried	8, 837, 647
Egg albumen, dried	15, 863, 321

TABLE V.—*Value of exports and imports of egg products and shell eggs in United States.*

EGG PRODUCTS.

Fiscal year.	Exports.	Imports.	Fiscal year.	Exports.	Imports.
1899		$11, 322	1911	$5, 353	$30, 798
1900		19, 594	1912	29, 541	4, 430
1901	$1, 610	246	1913	67, 854	36, 892
1902	14, 700	6, 869	1914	47, 968	504, 619
1903	48, 108	25, 795	1915	88, 865	798, 129
1904	28, 294	22, 781	1916	210, 255	921, 502
1905	917	37, 036	1917	72, 491	1, 732, 948
1906	54, 851	10, 992	1918	525, 880	4, 057, 417
1907	11, 565	10, 616	1919	341, 308	3, 143, 190
1908	9, 024	10, 845	1920	282, 198	8, 783, 258
1909	23, 938	6, 232	1921	201, 832	6, 176, 522
1910	3, 585	56, 121			

TABLE V.—*Value of exports and imports of egg products and shell eggs in United States*—Continued.

EGGS (SHELL).

Fiscal year.	Exports.	Imports.	Fiscal year.	Exports.	Imports.
1855	....	$16,555	1889	$75,936	$2,416,976
1856	....	58,512	1890	58,675	2,074,912
1857	....	88,338	1891	64,259	1,185,595
1858	....	72,335	1892	32,374	522,240
1859	....	74,618	1893	33,207	392,973
1860	....	129,260	1894	27,497	199,536
1861	....	158,884	1895	25,317	324,136
1862	....	90,163	1896	48,339	88,682
1863	....	55,068	1897	180,954	47,760
1864	$38,426	59,980	1898	448,370	8,078
1865	52,990	121,252	1899	641,385	21,300
1866	22,458	187,494	1900	984,081	8,741
1867	11,329	....	1901	676,232	10,515
1868	5,865	....	1902	528,679	37,432
1869	4,055	74,585	1903	325,571	29,757
1870	322	13,270	1904	396,408	61,458
1871	1,428	295,511	1905	543,386	38,541
1872	1,048	649,894	1906	1,638,649	21,206
1873	4,169	683,850	1907	1,542,789	26,276
1874	5,239	747,866	1908	1,540,014	25,850
1875	8,743	600,472	1909	1,199,522	36,937
1876	8,300	630,393	1910	1,260,486	110,738
1877	8,429	617,622	1911	1,787,019	225,744
1878	14,880	726,037	1912	3,395,952	147,173
1879	14,258	646,735	1913	4,391,653	205,830
1880	14,148	901,932	1914	3,734,087	1,089,164
1881	13,776	1,206,067	1915	5,003,764	438,760
1882	28,262	1,808,585	1916	6,134,441	110,638
1883	75,080	2,677,604	1917	7,568,911	268,286
1884	62,759	2,677,360	1918	7,167,134	483,636
1885	51,832	2,476,672	1919	12,444,345	233,003
1886	46,105	2,173,454	1920	19,149,536	466,763
1887	60,686	1,960,396	1921	11,251,081	1,056,359
1888	66,724	2,312,478			

SUMMARY.

1855	....	$16,555	1889	$75,936	$2,416,076
1856	....	58,512	1890	58,675	2,074,912
1857	....	88,388	1891	64,259	1,185,595
1858	....	72,335	1892	32,374	522,240
1859	....	71,618	1893	33,207	392,973
1860	....	129,260	1894	27,497	199,536
1861	....	158,844	1895	25,317	324,136
1862	....	90,163	1896	48,339	88,682
1863	....	55,068	1897	180,954	47,760
1864	$38,426	59,980	1898	448,370	8,078
1865	52,990	121,252	1899	641,385	32,622
1866	22,458	187,494	1900	981,081	28,335
1867	11,329	....	1901	677,842	10,761
1868	5,865	....	1902	513,379	44,301
1869	4,055	74,585	1903	373,679	55,552
1870	322	13,270	1904	424,702	84,239
1871	1,428	295,511	1905	514,303	75,577
1872	1,018	649,894	1906	1,093,500	32,198
1873	4,169	683,850	1907	1,551,354	36,892
1874	5,239	747,866	1908	1,549,038	36,695
1875	8,743	600,472	1909	1,223,460	43,169
1876	8,300	630,393	1910	1,204,071	166,859
1877	8,429	617,622	1911	1,792,372	256,542
1878	14,880	726,037	1912	3,425,493	151,603
1879	14,258	646,735	1913	4,459,507	242,722
1880	14,148	901,932	1914	3,782,055	1,593,783
1881	13,776	1,206,067	1915	5,092,629	1,236,889
1882	28,262	1,808,585	1916	6,344,696	1,032,140
1883	75,080	2,677,604	1917	7,641,402	2,001,234
1884	62,759	2,677,360	1918	7,693,014	4,541,053
1885	51,832	2,476,672	1919	12,785,053	3,376,193
1886	46,105	2,173,454	1920	19,431,734	9,250,021
1887	60,686	1,960,396	1921	11,452,913	7,232,881
1888	66,724	2,312,478			

TABLE VI.—*Imports of eggs in shell entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouses for consumption, with quantity (dozens), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.*

Fiscal year.	Quantity (dozens).	Value.	Duty collected.	Fiscal year.	Quantity (dozens).	Value.	Duty collected.
1910	819,976.00	$110,845.00	$40,998.84	1917	1,103,187.00	$267,822.00	....
1911	1,652,622.57	226,097.25	82,631.15	1918	1,619,259.00	483,636.00	....
1912	1,099,687.83	150,981.43	54,934.42	1919	1,247,355.00	394,629.00	....
1913	1,271,765.17	191,713.52	63,588.28	1920	1,708,701.00	617,909.00	....
1914	6,005,907.66	1,089,166.60	....				
1915	3,058,863.00	440,067.00	....	Total	20,290,637.23	8,002,494.80	$242,152.69
1916	733,313.00	110,038.00	....				

TABLE VII.—*Imports of eggs, frozen or otherwise prepared or preserved, in packages, n. s. p. f., entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood-Simmons tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1914	2,647,940	$305,232.00	$52,959.48	1919	3,104,687	$519,784.00	$62,093.74
1915	2,815,511	198,654.00	56,312.22	1920	9,187,355	1,503,932.00	183,747.10
1916	3,756,188	248,997.00	75,123.76				
1917	2,171,338	178,627.00	43,426.76	Total	24,933,593	3,109,096.00	498,674.54
1918	1,250,574	153,870.00	25,011.48				

TABLE VIII.—*Imports of egg yolks, frozen, liquid, or dried, entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood-Simmons tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910	777,672	$56,389.00	$14,097.25	1917	6,924,071	$1,332,095.00	$133,209.50
1911	135,171	15,145.00	3,786.25	1918	8,077,730	2,029,420.00	202,942.00
1912	89,744	5,833.00	1,458.25	1919	6,737,847	2,649,259.00	264,925.90
1913	227,457	37,027.00	9,256.75	1920	9,109,774	3,443,048.00	344,304.80
1914	623,716	153,274.00	15,327.40				
1915	1,382,408	257,007.00	25,760.70	Total	37,005,609	10,351,649.00	1,040,984.00
1916	2,919,019	373,152.00	35,715.20				

TABLE IX.—*Imports of frozen or liquid egg albumen entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market valve or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1914	259,587	$44,067.00	$2,595.87	1919	2,573,271	$399,643.00	$25,732.71
1915	691,081	92,307.00	6,910.81	1920	3,113,008	582,426.00	31,130.08
1916	1,451,376	201,509.00	14,513.76				
1917	2,989,685	316,762.00	29,896.85	Total	13,090,637	1,886,846.00	130,926.35
1918	2,014,629	250,132.00	20,146.29				

TABLE X.—*Imports of dried whole eggs entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption with quantity (dozens), value (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910	252	$104.00	$37.80	1917	1,590,563	$417,417.00	$159,056.30
1911	6,081	2,372.00	915.15	1918	1,598,630	429,167.00	159,863.00
1912	5,555	2,176.00	833.25	1919	2,643,302	1,562,587.00	264,330.20
1913	20,284	7,537.00	3,042.60	1920	2,719,276	1,251,843.00	271,927.60
1914	37,244	12,336.00	3,724.40				
1915	30,575	10,385.00	3,057.00	Total	8,688,753	3,705,799.00	870,686.55
1916	38,993	9,875.00	3,899.30				

TABLE XI.—*Imports of dried egg albumen entered the United States for consumption, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), value (actual market value or wholesale price), and amount of duty collected based upon Payne-Aldrich tariff and Underwood-Simmons tariff.*

Fiscal year.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910	699,612	$268,732.00	$12,254.76	1917	2,669,254	$1,443,936.00	$80,077.62
1911	903,504	349,960.00	27,105.12	1918	3,727,936	2,450,143.00	111,839.94
1912	1,040,750	329,732.00	4,994.46	1919	4,060,361	4,148,522.00	121,810.83
1913	1,246,744	406,594.00	37,402.32	1920	2,719,582	3,041,968.00	81,587.4[illegible]
1914	1,314,684	443,838.00	29,890.00				
1915	1,262,398	402,896.00	37,871.94	Total	21,315,821	18,028,297.00	593,564.33
1916	1,670,996	751,976.00	50,129.88				

TABLE XII.—*Total amount of duty collected on eggs and egg products, United States, fiscal years 1910–1920.*

[Data: Commerce and Navigation, United States, fiscal years 1910-1920, by poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

Commodities.	1910	1911	1912	1913	1914	1915
Eggs in shell	$40,998.84	$82,631.15	$54,934.42	$63,588.28		
Frozen or liquid whole eggs					$52,959.48	$56,312.22
Frozen or liquid or dried egg yolks	14,097.25	3,786.25	1,458.25	9,256.75	15,327.40	25,760.70
Frozen or liquid egg albumen					2,595.87	6,910.81
Dried whole eggs	37.80	912.15	833.25	3,042.60	3,724.40	3,057.00
Dried egg albumen	12,254.76	27,105.12	4,994.46	37,402.32	29,980.08	37,871.94
Total	67,388.65	114,434.67	62,220.38	113,289.95	104,587.23	129,912.67

Commodities.	1916	1917	1918	1919	1920	Total.
Eggs in shell						$242,152.69
Frozen or liquid whole eggs	$75,123.76	$43,426.76	$25,011.48	$62,093.74	$183,747.10	498,674.54
Frozen or liquid or dried egg yolks	35,715.20	133,209.50	202,942.00	264,925.90	344,304.80	1,050,784.00
Frozen or liquid egg albumen	14,513.76	29,896.85	20,146.29	25,732.71	31,130.08	130,926.37
Dried whole eggs	3,899.30	159,056.30	159,863.00	264,330.20	271,927.60	870,683.60
Dried egg albumen	50,129.88	80,077.62	111,839.94	121,810.83	81,587.46	595,054.41
Total	179,381.90	445,667.03	519,802.71	738,893.38	912,697.04	3,388,275.61

Perhaps the most important fact that we might set before you which might be of assistance in helping us to arrive at a sound conclusion as to the amount of duty which should be levied, is an estimate of the cost to produce a dozen eggs in the United States. We have been diligent in trying to arrive at those facts. The best that I can give you at the present time is shown here in the chart, figure 12 [exhibiting chart to the committee].

Every one of the records from New York State are based on a State college supervised record. These are not individual reports of what a farmer gives as an opinion or as a guess, but they are based upon personally conducted cost-account-records, where college extension specialists have visited the farms regularly to supervise the records.

In undertaking to establish tariff rates based on the difference in the cost of production between countries from which imports are received and in the United States, it is necessary to establish a sound basis for determining the cost of production of a dozen eggs on an average throughout the year, and for a period of years in the United States, and what that cost is under normal average conditions.

Figure 12 and Table XIII show the actual cost to produce a dozen eggs in the United States during the years of 1914 to 1920, inclusive, on 149 farms, representing 105,481 hens. The figures are from actual cost-account records and surveys on farms, principally in the States of New York and New Jersey, and including also a farm in Kentucky and one in Indiana. Estimates on the cost of egg production in California and Washington confirm the figures here quoted from the Eastern States, which leads us to believe that the cost of egg production on the west and east coasts of the United States, including the cost of marketing, are essentially similar, some of the cost account factors being greater in the East and others greater in the West. Ths cost in the Middle West and the South probably are a little cheaper than either the far West or extreme East, on account of proximity to cheaper grain and general farm range conditions.

From figure 12 it will be seen that in 1914 it cost $0.317 per dozen in New York, and it cost $0.29 for 1915 in New York, and in subsequent years the costs were:

New Jersey, 1915	$0.293
New York:	
1916	.308
1917	.497
1918	.402
1919	.476
1920	.482
Kentucky, 1920	.411
Indiana, 1920	.373

It is interesting to observe that the 100 cost-account records and surveys representing 79,847 hens in New Jersey gave a cost of $0.293 per dozen and in the same year three farms having 3,825 hens in New York gave a cost of $0.29 per dozen, showing that data taken by impartial observers, and neither aware of the methods employed by the other, arrived at essentially the same cost to produce a dozen eggs in New York as in New Jersey.

From estimates of the costs of egg production in years preceding the war which is 25 to 30 cents per dozen, it is reasonable to assume that within a few years the cost to produce a dozen eggs will approach but probably will not fall quite as low as the prewar cost. If, therefore, we should assume an average cost of 27 to 28 cents per dozen in the United States as a whole, we probably would not be far from the truth. If we should accept this as out cost basis on which to place a tariff duty on shell eggs which would serve to equalize the difference between the cost of production here, and in competing countries having lower cost of production, such as the Orient, Australia and Argentina, a duty of 8 or even 10 cents per dozen probably would permit eggs costing 15 to 18 cents per dozen, laid down in America to be imported. Since it is known that shell eggs are sold in America at 15 to 18 cents per dozen with apparent profit to the packers and importers the adding of 8 cents per dozen duty to the cost of the imported products would make the total cost 23 to 26 cents per dozen for shell eggs and probably would not result as an embargo and stop the importation.

TABLE XIII.—*Cost to produce a dozen eggs (149 farms and 105,481 hens) in United States, 1914–1920.*

	1914	1915	1915	1916	1917	1918	1919	1920	1920	1920
Average cost per year to produce a dozen eggs	$0.317	$0.290	$0.293	$0.308	$0.497	$0.402	$0.476	$0.482	$0.411	$0.373
Number of fowls	1,549	3,825	79,817.5	3,366	4,074	6,865	2,211	3,469.5	82	192
Number of farms	1	3	100	6	6	15	6	10	1	1
Authority	C.U.D. F.M.	C.U.D. F.M.	N.J.A. Col.	C.U.D. F.M.	C.U.D. F.M.	C.U.D. F.M. C.U.D. P.H.	C.U.D. F.M.	C.U.D. F.M. C.U.D. P.H.	Ky.A. Col.	Purdue Uni.
State	N.Y.	N.Y.	N.J.	N.Y.	N.Y.	N.Y.	N.Y.	N.Y.	Ky.	Ind.

Figure 13 and Table XIV show the distribution of cost factors in egg production expressed in the terms of the per cent of each factor to the total cost. These figures are taken from carefully kept cost-account records on a large poultry farm in New York State where 2,000 or more birds are kept. They are for the years 1914–15 in comparison with the years 1917–18 and 1920–21. From these three records it will be seen that the percentage of the costs for feed and the total cost of egg production was 58.2, 64.2, and 56.3 per cent, respectively, averaging 59.5 per cent; and that labor cost was 17.2, 13.9, and 18.1 per cent, respectively, averaging 16.4 per cent. The depreciation of stock over and above the cost of rearing for replacement was 13.3, 13.2, and 14.5 per cent, respectively, averaging 13.7 per cent; and the costs due to taxes, insurance, repairs, and interest were 7.2, 6.2, and 7.8 per cent, respectively, averaging 7 per cent for each of the three years, respectively. The small balance of the cost remaining was for marketing, litter, and for miscellaneous expenses. The two principal factors in the cost of production, namely, feed and labor, are the two items in particular which are cheapest in our principal competing countries. It is to equalize these two particular cost-account factors between the United States and competing countries that the tariff rates which we recommend have been determined.

Senator WATSON. That is all very interesting as showing the cost of production here. Can you show the cost of production abroad?

Prof. RICE. I have been unable to do so. I am in personal correspondence with two or three friends in China, who are teachers and missionaries there, and Government service men, and none of them can give me anything like actual cost-account records. Chickens in China are almost all in small flocks, of only 10 to 15 or 25 birds. They are smaller flocks by a good deal than the average in this country, and most of the eggs produced are sold, because they are a cash-producing commodity, and they use their money to pay taxes and to purchase rice and other cheaper food to eat.

The question of importance of dressed poultry importation is quite as serious in its way as the egg and egg-product importation. I have positive information that some of the big capitalists in this country are building modern establishments for crate fattening chickens in China, as we have in the United States. They have hired as good an expert as can be found in the United States. He has been there for several years to develop that business.

We also have information that American capitalists are equally concerned in and are hunting for people to go to Argentina, for the reason that they find it more profitable to use their American capital to buy, and fatten, cheap Chinese and Argentine chickens with cheap oriental and South American feed, and to buy and freeze and dry eggs and ship them into this country, than they do to employ American labor to produce those things in the United States.

TABLE XIV.—*Cost factors in egg production.*

[Expressed in terms of per cent of each factor to total cost.]

	1914–15	1917–18	1920–21	Average.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*
Feed	58.2	61.2	56.3	59.5
Labor	17.2	13.9	18.1	16.4
Depreciation of stock over and above the cost of rearing for replacement	13.3	13.2	14.5	13.7
Taxes, insurance, repairs, and interest	7.2	6.2	7.8	7.0
Marketing	2.0	1.1	2.1	+ 1.7
Litter	1.9	1.1	1.0	+ 1.3
Miscellaneous	.2	.3	.2	+ .2
Total	100.00	100.00	100.00	....

We want to come close to home and see what the poultry situation is in the United States. Instead of using, as I could have done, the map showing the total amount of eggs produced and consumed in the United States, by States, I thought it would be more instructive to show the States that have an excess production, and the States that have an excess consumption, and the amounts.

Senator WATSON. When you subtract one from the other what do you get?

Prof. RICE. We show only the excess. This map, figure 14, shows only the quantity after the total production of each State has been subtracted from the total consumption to get the excess consumed, or after the total consumption is subtracted from the total production to get the excess production as the case may be.

We have seen that the United States produces more eggs than are consumed. It is important to know which States are producing more eggs or less eggs than they eat, and why. For this purpose figure 14 and Table XV have been prepared, showing graphically the excess production over consumption or excess consumption over production in various States. It will be seen from this study that the States of Wisconsin, Iowa, Illinois, Indiana, Missouri, Kansas, Nebraska, South Dakota, North Dakota, Minnesota, Oklahoma, Tennessee, Arkansas, Kentucky, Ohio, Montana, Idaho, Delaware, Virginia, Wyoming, and the three Pacific Coast States, Washington, Oregon, and California, produce more eggs than they consume. The great proportion of excess production is in the Middle West grain-growing section. Whereas, all of the New England States, and the Middle and South Atlantic States with the exception of Virginia and Delaware, of the East South Central States Alabama and Mississippi, and of the West South Central States Louisiana and Texas, of the mountain States Colorado, New Mexico, Arizona, Utah and Nevada, and Michigan among the North Central States consume more eggs than they produce. The excess consumption of the New England and the Middle Atlantic States is due primarily to the large population in the great industrial centers in proportion to the amount of productive farm land, whereas the excess consumption in the Southern States is due to the lack of diversified farming on account of specialization in cotton or some other farm crops.

Whatever the causes may be for failure to produce enough eggs to meet the needs of the State, it is clear to persons familiar with farming conditions that they are sufficiently well adapted to the efficient production of poultry and eggs to fully or more nearly meet the needs of these sections, provided the equitable tariff rates representing the difference in the cost of production in the United States and the Orient were to be placed on the importation of eggs and egg products.

If any State because of climatic or farm conditions can not produce eggs and poultry economically, other States more fortunately situated in this particular respect can be counted upon to supply the demand without importing poultry products from any country at any time. We can produce these products and deliver them as economically as any other country except for the factor of labor as applied directly to poultry or indirectly to the growing of the feed or manufacture of accessories or transporting and marketing of the products, all of which involve the employment of labor in our own country, which is entitled to receive the same protection as poultry men. The tariff rates which we urge are intended to represent the differences in labor costs of all the factors that enter into the production of poultry and of eggs and egg products, and placing them on the markets in America as compared to a similar or inferior quality imported from competing countries.

The figures showing estimates of consumption and production are based on our own calculations from figures of population and dozens of eggs produced as shown by the last census in 1919, and assume the same average consumption per capita of eggs in each State according to the average of 15.41 dozens of eggs per capita consumption for the United States, or 181 eggs per capita, which is approximately one-half egg per person per day.

Some of the more striking results in excess production over consumption are: Iowa, 83,434,993 dozens; Missouri, 64,440,716; Kansas, 48,713,133; Indiana, 37,680,248; whereas New York has an excess consumption of 98,795,857 dozens; New Jersey, 35,636,346; Massachusetts, 50,107,244; and Pennsylvania, 59,162,092.

Senator CALDER. Do I understand from this map that Kansas produces 48,000,000 dozens more eggs than she consumes?

Prof. RICE. Yes; Kansas produces 48,713,133 dozens more eggs than she consumes according to our own calculation, using United States Government figures of population and dozens of eggs produced.

Senator CALDER. And New York consumes 98,000,000 more than she produces?

Prof. RICE. Yes; to be exact, 98,795,857 dozens.

The CHAIRMAN. What are the figures for Pennsylvania?

Prof. RICE. Pennsylvania consumes 59,162,092 dozens eggs more than Pennsylvania produces, and yet Pennsylvania is the sixth in rank as an egg-producing State, exceeded only by Iowa, 120,697,319 dozens; Missouri, 117,203,569 dozens; Illinois, 105,757,907 dozens; Ohio, 102,377,143 dozens; and Kansas, 76,136,616 dozens of eggs in 1919.

Senator SMOOT. Professor, did I understand you to say that we did not produce enough eggs in the United States to feed the people of the United States?

Prof. RICE. We are producing an excess; that is to say, the importations into this country are not so great as the exportations, and exports mean surplus.

Senator SMOOT. The importations are about one-seventh of 1 per cent. Our exports are nine times as great as our importations.

Prof. RICE. My figures would not show it as great as that.

Senator SMOOT. I have got the figures here. I will take it first, if you want to, for the first nine months of this year. We exported 21,195,247 dozen eggs, valued at $6,735,772; we imported during the same period but 2,707,923 dozen eggs, at a valuation of $794,352.

Senator MCCUMBER. It is admitted we produce more than we consume in the United States.

Prof. RICE. I think possibly the place where we differ is this: That those you are quoting perhaps allude strictly to shell eggs; the figures I have in mind are the entire quantity and value of the egg products and shell eggs combined.

Senator SMOOT. That does not make a particle of difference. If you want me to, I will quote those to you. So it makes no difference either way you go.

Senator WATSON. I understand, then, your contention to be that even though we have an excess production over consumption, and even though we export more than we import, throwing a small amount at a lower price on a glutted market would have a tendency to decrease the price of the whole.

Prof. RICE. There is no doubt about it, and certainly we can not get away from the fact that when those millions of dollars' worth of these cheap Chinese products are dropped into this country under those circumstances they tend to reduce the price and displace the same amount of the American product. If our markets are already full they have to overflow somewhere and are exported.

We believe that the way to settle this question is to put an effective tariff duty—our people have said 8 cents; I think that it ought to be higher. We believe that 8 cents or even 10 cents will still allow eggs to come in and will safeguard our consumers against monopoly. The only monopoly is where somebody buys or makes and holds products in sufficient quantity to manipulate the markets. The farmers can not do that with eggs and poultry, as they are the ones who do the producing. There are too many of them and their products are too universally produced to be controlled by the growers. We believe that there will be a tendency for a little higher price for a season or so with an equitable tariff on poultry and poultry products and will produce enough more profit for a little while to stimulate other people in America to produce more eggs and poultry, because the chicken business is sensitive to economic changes, as I shall show later. It will stimulate poultrymen in Massachusetts or Mississippi, for example, to fill up their empty henhouses, or to put up another henhouse, or will induce others to go into the chicken-raising business who will produce eggs in this country at a price that will be just as fair in the end to the consumer as it would be if we had allowed our henhouses to lie idle while a certain proportion of our eggs and egg products were being produced in Arentina and China.

TABLE XV.—*Excess production or consumption of eggs by States, 1919.*

[Per capita consumption of eggs in the United States in 1919 was 15.41 dozens, or 186 eggs, approximately one-half egg per person per day. Estimated State consumption is average per capita consumption multiplied by State population. Difference between estimated consumption and actual, or consumption data, from 1920 census of Population and Agriculture.]

State.	Production.	Consumption.	Excess consumption.	Excess production.
New England States:				
Maine	9, 977, 349	11, 904, 217	1, 926, 868	
New Hampshire	5, 005, 302	6, 867, 787	1, 862, 485	
Vermont	5, 166, 689	5, 462, 634	295, 945	
Massachusetts	9, 604, 274	59, 711, 518	50, 107, 244	
Rhode Island	1, 536, 858	9, 368, 154	7, 831, 296	
Connecticut	6, 341, 424	21, 399, 781	15, 058, 357	
Middle Atlantic States:				
New York	62, 175, 162	160, 971, 019	98, 795, 857	
New Jersey	13, 280, 104	48, 916, 450	35, 636, 346	
Pennsylvania	75, 998, 172	135, 160, 264	59, 162, 092	
East North Central States:				
Ohio	102, 377, 143	89, 270, 607		13, 106, 536
Indiana	83, 101, 293	45, 421, 045		37, 680, 248
Illinois	106, 757, 907	100, 521, 840		5, 236, 067
Michigan	55, 986, 999	56, 860, 386	873, 387	
Wisconsin	53, 222, 114	40, 797, 039		12, 425, 075
West North Central States:				
Minnesota	60, 249, 543	37, 000, 435		23, 249, 105
Iowa	120, 697, 319	37, 262, 326		83, 434, 993
Missouri	117, 203, 569	52, 762, 853		64, 440, 716
North Dakota	20, 820, 407	10, 026, 516		10, 793, 891
South Dakota	30, 419, 957	9, 866, 479		20, 553, 478
Nebraska	49, 132, 537	20, 093, 766		29, 038, 771
Kansas	76, 136, 616	27, 423, 484		48, 713, 132
South Atlantic States:				
Delaware	3, 908, 463	3, 456, 547		451, 916
Maryland	15, 085, 681	22, 469, 746	7, 384, 055	
District of Columbia	42, 932	6, 782, 352	6, 739, 419	
Virginia	36, 551, 269	35, 792, 399		758, 870
West Virginia	21, 708, 279	22, 687, 367	979. 087	
North Carolina	24, 841, 021	39, 666, 407	14, 825, 386	
South Carolina	12, 812, 143	26, 097, 722	13, 285, 579	
Georgia	23, 181, 939	44, 885, 326	21, 703, 457	
Florida	6, 530, 563	15, 011, 285	8, 480, 722	
East South Central States:				
Kentucky	42, 224, 720	37, 457, 765		4, 766, 955
Tennessee	48, 707, 146	36, 237, 219		12, 469, 928
Alabama	23, 436, 979	36, 396, 697	12, 959, 718	
Mississippi	23, 783, 265	27, 754, 579	3, 971, 314	
West South Central States:				
Arkansas	28, 168, 285	27, 159, 162		1, 009, 123
Louisiana	13, 136, 046	27, 876, 890	14, 740, 844	
Oklahoma	45, 440, 017	31, 438, 387		14, 001, 630
Texas	70, 625, 008	72, 280, 034	1, 655, 026	
Mountain States:				
Montana	11, 858, 042	8, 507, 780		3, 350, 262
Idaho	10, 391, 962	6, 693, 923		3, 698, 039
Wyoming	3, 171, 951	3. 013, 231		158, 720
Colorado	14, 172, 375	14, 564, 250	391, 875	
New Mexico	3, 062, 790	5, 585, 456	2, 522, 666	
Arizona	2, 524, 832	5, 179, 511	2, 654, 679	
Utah	5, 709, 076	6, 965, 638	1, 256, 562	
Nevada	895, 487	1, 199, 809	304, 322	
Pacific States:				
Washington	21, 356, 576	21, 027, 626		328, 950
Oregon	12, 142, 530	14, 625, 720	2, 483, 190	
California	64, 123, 885	53, 116, 346		11, 007, 539

Our argument is that we believe with proper duty those things can be produced here as economically as our standards of living will justify.

One of the features that I hope I can make clear is that the poultry industry, more than any other branch of agriculture, is sensitive to economic conditions. The poultry industry can go in or go out in two years' time to such an extent that it will materially change production and values in this country.

Senator WATSON. You say the economic conditions are responsible for those fluctuations. To what extent did imports influence those?

Prof. RICE. I am very glad you asked the question, because as we find that the psychology of the situation has a very important effect—that is to say, when we learn of shiploads or large cargoes of the shell eggs or frozen eggs or dried eggs coming into the market—it will immediately affect the sale of those commodities in the large markets, and we would expect to see a drop in the market prices. I have frequently gone into the large markets and have seen those Chinese eggs and by-products sold, and have heard the merchants arguing for a lower price on eggs because of the competition with the lower priced foreign products. Contracts are made and shipments arriving on falling markets tend to further depress them.

The word "dumping," as you understand it, might not apply, but it comes pretty close to it. They are dumping onto the American markets large quantities of Chinese eggs and egg products, as we can show, in the spring of the year on a falling market, and that has a tendency to lower the price of eggs throughout the entire United States because local prices are governed by market quotations in large cities.

This works to the advantage of the men engaged in cold storage, having taken advantage of their ability to influence the market if they wanted to.

I think, my friends, one of the best things that we can do is to make it impossible for that thing to take place, to manipulate the market.

Senator LA FOLLETTE. Have they not the power to manipulate that market regardless of the importation?

Prof. RICE. Yes, sir; I think so, and more than that, perhaps you are already familiar with the fact—if you are not you can verify my statement—eggs are gambled in the New York and Chicago like wheat, sold on futures and sold over and over again, and somebody has to pay the bill.

Senator LA FOLLETTE. With what result on the price?

Prof. RICE. Of course, the tendency will be to widen the spread between the price received by the producer and the consumer. This will lessen consumption and eventually the shock will fall upon the one at the bottom, the man on the land When you lower the price received by the producer, you decrease the number of eggs in incubators and thus decrease the next years' production of eggs and the consumer suffers.

What I want to make clear, gentlemen, is this: That if it is true, as we maintain, first, that America has the soil and the climate, the educated farmers and the conditions to produce eggs and chickens economically, to sell to our own people. Whenever you allow eggs to come in to this country at those lower prices it displaces just that amount of the American product and the American producer will go out or go in to the poultry business according to the law of supply and demand. It is conspicuously true that there are many empty henhouses and houses not filled to capacity because the poultry industry has not yet come back since the decline during the war. In many States they are not producing as many eggs as they did 10 years ago.

Figures 15 to 24 and Table XVI: Until one carefully considers item by item the value of the products produced in the United States, he does not fully realize the great importance of the poultry industry. By comparing the value of the eggs produced and chickens reared annually in the various States with the value of some of the other principal agricultural products he is surprised to find that what appears to be small as a single farm unit becomes of great size in the aggregate for each State and for the United States. This is because poultry is so universally kept on farms. Farms reporting poultry kept far exceed those of any other kind of live stock, except horses and mules, the last census showing that 89 per cent of farms reported chickens.

The statistics which we have prepared deal exclusively with the production of eggs and chickens of the domestic fowl on farms and does not include the production of any other kind of poultry, such as turkeys, ducks, geese, pigeons, and the like, which, if included, would have increased the figures about 6.4 per cent, and does not include the vast number of chickens reared and eggs produced in villages and in cities. Since the Government statistics include only poultry kept on farms of 3 acres or more,[1] this alone would greatly increase the value of the products to be credited to the poultry industry. Notwithstanding these omissions the figures will, I am sure, surprise nearly every one who has not given the subject careful thought. They show that not only are more persons directly engaged in the keeping of poultry than in any other kind of live-stock production or other single agricultural crop, but that the production in annual value greatly exceeds that of many of the agricultural products which we have been accustomed to give major consideration in the matter of legislation or research and education. In order that the figures may be more understandable, graphs have been made of two or more States in each of the geographical sections as defined by the Bureau of the Census of the United States to show the value of eggs produced and chickens reared, dairy products, wool, all fruits, wheat, oats, corn, potatoes (white and sweet). It is to be regretted that statistical data is not yet available for all of the States, some of the more important of which we would like to have included in the presentation.

New England States: In the geographical regions in the regular order, published by the Government, we find that the three New England States, for example, Massachusetts shows a value for eggs produced and chickens reared of $9,004,007; Connecticut, $5,876,684; and New Hampshire, $4,341,810. These figures exceeded in value the wool, the wheat, the oats, the corn, and the potatoes, respectively, and in the case of Connecticut and New Hampshire exceeded the

[1] The enumerator must not report as a "farm" any tract of land less than 3 acres, unless there were produced on such tract products to the value of $250 or more, or unless it required the continuous services of at least one person. (Instructions to census takers, 1919.)

value of all of the fruits and, for products compared, was exceeded only by the value of the dairy products.

Middle Atlantic States: In the case of New York the value of the eggs produced and the chickens reared was $42,841,499, which exceeded by far the wheat, which was $20,556,621, or the oats, which was $21,595,461, or the corn, $24,691,113, and the wool, $1,976,986. The value of the chickens reared and the eggs produced nearly equaled all of the fruits, which were valued at $51,519,503. In New Jersey the value of the total of eggs produced and the chickens reared was $12,200,716 and exceeded the wheat, which was $3,087,324, oats $1,403,453, wool $32,020, and all fruits $11,809,078.

East North Central States: In the great diversified agricultural States of Ohio, Indiana, Wisconsin, Michigan, and Illinois we find a large development of the poultry industry. In the case of Ohio, the value of the chickens reared and eggs produced, which was $64,109,133, far exceeded the value of wool, which was $10,074,579; of all fruits $15,172,769, oats $39,795,590, and potatoes $18,186,036, but was less than the dairy products, which included milk, cream, and butter fat sold and butter and cheese made, $81,148,586, whereas in Indiana the value of eggs produced and chickens reared was $52,765,970, which exceeded the value of the dairy products, which was $44,072,646, all of the fruits, $4,842,535, and wool, $21,319,545. The value of the eggs produced and chickens reared in Wisconsin was $30,288,326, which exceeded in value the wool, which was $1,691,728; of fruits, which was $5,043,189, and wheat $16,489,016. In Illinois chickens reared and eggs produced was $67,690,085, and exceeded in value the wool, which was $2,217,103; all fruits, which was $14,572,750, and was nearly equal to the dairy products, which had a value of $71,998,333.

West North Central States: The study of the value of the eggs produced and chickens reared in 1919 in the great grain-growing and stock-producing section of the Middle West, shows the great importance of the domestic fowl in the production of human food. For example in Iowa eggs produced and chickens reared were valued at $70,212,544, which exceeded the value of the dairy products, which was $55,408,744, and vastly exceeded the value of the wool, which was $3,762,486; of all fruits, which was $7,056,389; and the wheat, $44,479,372. In Minnesota the value of the eggs produced and chickens reared was $33,438,496, which exceeded the wool, which was $1,557,736; of all fruits, $3,145,513. North Dakota showed a value of eggs produced and chickens reared, which was $16,486,386; nearly equal to the value of the dairy products, which was $19,576,343; and exceeded the wool, which was $913,176; of all fruits, which was $94,880; and corn, $5,427,636; and white potatoes, which was $10,142,747. Kansas had a value of eggs produced and chickens reared annually of $44,199,844, whereas the dairy products were valued at $34,920,619; wool, $1,017,405; all fruits, $6,349,662; potatoes, $8,005,316; and oats, $29,005,885.

Missouri, next to Iowa in value of eggs produced and chickens reared, was $66,271,029, which exceeded in value the dairy products, which was $34,752,845; wool, $4,161,236; and all fruits, $18,454,698.

South Atlantic States: Take for example North Carolina: The value of eggs produced and chickens reared was $20,406,603; Georgia,

$26,218,622; Virginia, $25,137,968, which exceeded the value in each State of the dairy products, which was, for North Carolina, $14,912,-137; for Georgia, $16,757,195; for Virginia, $19,167,935. And for all fruits for North Carolina, $6,554,397; for Georgia, $10,935,703; for Virginia, $17,770,660.

East South Central States: It will be seen by comparing the value of the eggs produced and chickens reared in Kentucky, $26,210,757; Tennessee, $29,065,336; and Mississippi, $15,132,499; that in each instance they exceeded in value the dairy products which were: Kentucky, $22,487,710; Tennessee, $20,640,849; Mississippi, $11,772,201; and also exceeded in these States the value of the wool and all fruits, the wheat, and the oats, respectively.

West South Central States: The value of eggs produced and chickens reared in Oklahoma was $28,634,007; Arkansas, $16,245,102; Louisiana, $8,835,402; and also these products exceeded in each instance the value of the wool; and in Louisiana and Oklahoma exceeded all fruits; in Arkansas and Louisiana exceeded wheat and the oats.

Mountain States: The value of the chickens reared and eggs produced in Colorado, $8,773,648, exceeded in value wool, which was $4,877,656; and all fruits, $8,757,678; and oats, $4,308,752. In Idaho chickens reared and eggs produced were valued at $5,673,217 and exceeded the value of the oats and corn combined. In Utah chickens reared and eggs produced had a value of $2,887,510 and exceeded in value the oats and the corn combined.

Pacific States: In the case of the three Pacific Coast States, the value of eggs produced and chickens reared in 1919 was for Washington, $13,779,958; for Oregon, $9,018,444; for California, $40,341,744. In the State of Washington the value of eggs produced and chickens reared exceeded the value of the wool, which was $2,254,025; the potatoes, $12,320,093, and the corn and oats combined. In Oregon the value of the chickens reared and eggs produced exceeded the value of the wool, which was $8,019,524; the potatoes, $7,433,878, and the corn and oats combined. In California the eggs produced and chickens reared was higher than the value of the wool, which was $6,695,461; the wheat, $36,938,477; the corn, $5,862,388; the potatoes, $20,896,048; and more than four-fifths the value of the dairy products, which were $55,642,629.

From this brief consideration of the value of the chickens reared and eggs produced in comparison with some of the principal products which they closely approached or exceeded in value, one can not escape the conclusion that the poultry industry, because of its size, as well as the importance of the products which it contributes to the nourishment and health of the Nation, is entitled to the same consideration in the framing of a tariff law that is given to other agricultural or industrial products.

TABLE XVI.—*Value of some agricultural products produced in 1919.*

[Data: Fourteenth Census of the United States, 1920—Agriculture. Prepared by poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

MIDDLE ATLANTIC STATES.

Products.	New York.	New Jersey.
Eggs	$31,087,581	$7,304,051
Chickens reared	11,753,918	4,896,659
Total (eggs produced and chickens reared)	42,841,499	12,200,716
Dairy products	179,695,810	19,198,718
Wool	1,976,986	32,020
All fruits	51,519,503	11,809,078
Wheat	20,556,621	3,087,324
Oats	21,595,481	1,403,453
Corn	24,691,113	14,480,577
Potatoes (Irish or white and sweet)	69,815,841	25,304,847

NEW ENGLAND STATES.

Products.	Massachusetts.	Connecticut.	New Hampshire.
Eggs	$6,050,693	$3,804,854	$2,853,022
Chickens reared	2,953,314	2,071,830	1,480,788
Total (eggs produced and chickens reared)	9,004,007	5,876,684	4,341,810
Dairy products	224,765,552	14,923,971	10,224,888
Wool	55,666	31,153	2,605,103
All fruits	9,811,540	3,835,471	95,392
Wheat	76,484	117,741	50,526
Oats	302,276	309,803	485,367
Corn	2,880,274	3,815,615	844,793
Potatoes (Irish or white)	4,619,855	3,363,258	2,952,351

EAST NORTH CENTRAL STATES.

Products.	Ohio.	Indiana.	Illinois.	Michigan.	Wisconsin.
Eggs	$42,998,400	$32,409,504	$40,188,005	$23,514,540	$20,224,403
Chickens reared	21,110,733	20,356,466	27,502,080	11,446,231	10,063,923
Total (egg produced and chickens reared)	64,109,133	52,765,970	67,690,085	34,960,771	30,288,326
Dairy products	81,148,586	44,072,646	71,998,333	62,783,113	180,306,599
Wool	10,074,579	21,319,545	2,217,103	4,622,979	1,691,728
All fruits	15,172,769	4,842,535	11,572,750	26,129,793	5,043,189
Wheat	177,873,574	98,101,036	155,960,014	45,722,488	16,489,016
Oats	39,795,590	42,023,789	103,283,734	31,412,962	58,051,788
Corn	217,274,709	229,975,713	413,751,746	67,633,385	64,593,729
Potatoes (Irish or white and sweet)	18,186,036	6,547,749	12,615,616	49,057,426	60,664,851

WEST NORTH CENTRAL STATES.

Products.	Minnesota.	North Dakota	Iowa.	Missouri.	Kansas.
Eggs	$21,689,835	$7,078,938	$42,244,062	$42,193,285	$26,647,816
Chickens reared	11,748,661	3,407,448	27,968,482	24,077,744	17,552,028
Total (eggs produced and chickens reared)	33,438,496	10,486,386	70,212,544	66,271,029	44,199,844
Dairy products	77,870,358	19,576,343	55,408,744	34,752,845	34,920,619
Wool	1,557,736	913,176	3,762,486	4,101,236	1,017,405
All fruits	3,145,513	94,880	7,056,389	18,454,698	6,349,662
Wheat	88,398,508	147,696,970	44,479,372	140,202,501	320,707,580
Oats	66,831,124	24,235,260	140,284,289	32,394,961	29,005,885
Corn	110,221,931	5,427,636	501,339,232	12,239,389	86,593,760
Potatoes (Irish or white and sweet)	57,384,117	10,142,747	11,437,463	219,513,084	8,005,316

TABLE XVI.—*Value of some agricultural products produced in 1919*—Continued.

SOUTH ATLANTIC STATES.

Products.	Virginia.	North Carolina.	Georgia.
Eggs	$15,351,533	$10,433,229	$9,736,414
Chickens reared	9,786,435	9,973,374	99,482,208
Total (eggs produced and chickens reared)	25,137,968	20,406,603	109,218,622
Dairy products	19,167,935	14,912,137	16,757,195
Wool	912,065	184,843	93,363
All fruits	17,770,660	6,554,397	10,935,703
Wheat	26,783,702	11,861,354	2,823,527
Oats	2,154,475	1,838,447	3,172,680
Corn	78,260,514	18,218,058	90,111,074
Potatoes	36,549,587	79,946,722	14,836,886

EAST SOUTH CENTRAL STATES.

Products.	Kentucky.	Tennessee.	Mississippi.
Eggs	$15,200,899	$18,021,644	$9,037,641
Chickens reared	11,009,860	11,043,692	6,094,858
Total (eggs produced and chickens reared)	26,210,757	29,065,336	15,132,499
Dairy products	22,487,710	20,040,849	11,772,201
Wool	1,770,745	731,123	253,616
All fruits	4,989,367	7,888,912	2,911,066
Wheat	22,929,042	14,506,174	121,402
Oats	2,931,018	2,534,082	836,466
Corn	125,157,359	187,150,649	70,476,177
Potatoes	110,422,855	11,787,079	10,836,210

WEST SOUTH CENTRAL STATES.

Products.	Arkansas.	Louisiana.	Oklahoma.
Eggs	$10,140,583	$4,991,697	$16,358,406
Chickens reared	6,104,519	3,843,705	12,276,601
Total (eggs produced and chickens reared)	16,245,102	8,835,402	28,634,007
Dairy products	13,445,124	4,509,985	20,878,920
Wool	176,060	205,239	254,026
All fruits	19,375,227	3,054,854	9,384,500
Wheat	4,266,922	3,113,603	140,730,350
Oats	2,703,753	538,318	36,376,150
Corn	61,608,482	36,848,526	72,698,979
Potatoes (Irish or white and sweet)	11,346,032	10,923,041	7,543,300

MOUNTAIN STATES.

Products.	Colorado.	Idaho.	Utah.
Eggs	$5,668,950	$4,052,865	$2,112,358
Chickens reared	3,104,698	1,620,352	775,212
Total (eggs produced and chickens reared)	8,773,648	5,673,217	2,887,510
Dairy products	12,674,036	8,035,646	4,809,087
Wool	4,877,656	8,751,658	5,728,248
All fruits	8,757,678	8,673,530	3,822,739
Wheat	37,616,960	66,648,087	9,022,154
Oats	4,308,752	3,222,592	2,069,269
Corn	14,147,875	1,088,972	517,456
Potatoes (Irish or white and sweet)	19,537,004	13,546,798	3,494,637

TABLE XVI.—*Value of some agricultural products produced in 1919*—Continued.

PACIFIC STATES

Products.	Washington.	Oregon.	California.
Eggs	$10,037,591	$6,435,317	$31,420,704
Chickens reared	3,742,361	2,583,127	8,921,040
Total (eggs produced and chickens reared)	13,779,952	9,018,444	40,341,744
Dairy products	27,620,231	17,651,409	55,642,649
Wool	2,254,025	8,019,524	6,695,461
All fruits	51,662,307	20,373,412	770,910,698
Wheat	91,206,642	41,201,480	36,938,477
Oats	8,073,481	7,939,537	2,966,776
Corn	1,623,433	1,396,959	5,862,388
Potatoes (Irish or white)	12,320,093	7,433,878	20,896,048

Figure 25 and Table XVII: It is a significant fact, which we should take seriously into consideration, that the population of the United States is increasing more rapidly than is egg production. The statistics of human population, as shown by the last census in 1919, was 105,710,620, and in 1909 it was 91,972,226, an increase of 13,738,354, which is 14.9 per cent increase. In 1919 the eggs produced was 1,656,267,200 dozen, as compared to 1,574,979,416 dozen eggs for 1909, or an increase of 81,287,784 dozen eggs, or 5.14 per cent increase during the 10-year period.

Not only has our population increased more rapidly than has egg production, but other statistical studies which we have made show that consumption of eggs per capita has materially decreased during the 10 years between the Thirteenth and Fourteenth Census periods. Our estimates from the Thirteenth Census figures, 1909, was an average consumption of 17.31 dozen eggs per capita. In the Fourteenth Census it was 15.41 dozen eggs per capita, a decrease of 1.9 dozen, or 21 eggs per capita. For the United States this would mean a reduction of 200,850,178 dozen eggs consumed, or 10.9 per cent. This reduction in the number of eggs consumed would be nearly equal to the combined egg production in 1919 of the States of Ohio and Illinois.

The inevitable conclusion from these two facts is that the United States, with all of its natural advantages for efficient production of poultry and eggs, is finding it more profitable to produce other products or to engage in other occupations. Otherwise our production would increase with our population, because there is an abundance of land, building materials, equipment, labor, and other factors for the successful and economical production of eggs.

The comparatively small increase in eggs produced and lower egg consumption per capita is undoubtedly due to the unfavorable conditions for the development of the poultry industry, largely as a result of the World War. Taking into consideration the United States as a whole, particularly in those sections very far remote from the large grain growing areas, the poultry industry suffered a serious decline during the war. Figure 30 shows in two parallel columns graphically the number of dozen eggs produced in 1909 as compared to 1919 for each State. Those on the left are the States showing increases in dozen eggs produced during the 10-year period, while those on the right show a decrease in dozen eggs produced.

These show conspicuously that all of the New England States, Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, and the Middle Atlantic States, New York and New Jersey, with the exception of Pennsylvania, were producing less eggs when the census was taken in 1919 than they were 10 years before. The other States showing a decrease were: Michigan, Kansas, Delaware, Maryland, District of Columbia, Kentucky, Louisiana, and Texas. In Kansas, for example, there was a decrease from 81,987,689 to 76,136,616, or 4,951,073 dozens, or 6.49 per cent, while there was an increase in population from 1,690,949 to 1,769,257, or 78,308, or 4.63 per cent. In Texas there was a decrease in egg production from 77,377,977 dozen to 70,625,008 dozen or 6,752,869 dozen, or 9.54 per cent. During the same length of time there was an increase in population from 3,896,542 to 4,663,228, or 766,686, or 19.21 per cent.

It will readily be seen that the conspicuous increases in production occurred in the large grain-growing sections in the Middle West and including the North Central States and also the Pacific Coast States. Iowa shows an increase in egg production of from 108,662,882 to 120,697,319, or 12,034,437 dozen, or 11.08 per cent, while the population increased from 2,224,771 to 2,404,021, or 179,250, or 8.10 per cent. California showed the largest increase in the production from 40,735,238 dozen to 64,123,885 dozen, or 24,388,647 dozen, or 59.86 per cent, while the human population increased from 2,377,549 to 3,426,861, or 1,059,312, or 44.13 per cent.

Pennsylvania is a conspicuous example of a State that made a sensational increase in human population and only a very slight increase in the dozens of eggs produced, namely, an increase in population from 7,665,111 to 8,720,017, or 1,054,906, or 13.76 per cent, and an increase in production from 73,683,489 dozen to 75,998,172 dozen, or 2,314,683 dozen, or 3.14 per cent. As examples of States that showed a large increase in population and a material decrease in egg production are New York, Massachusetts, Connecticut, New Jersey, Michigan, and Texas. For example, in New York there was an increase in human population of from 9,113,614 to 10,385,227, or 1,271,613, or 11.39 per cent, and the reduction in the dozens of eggs produced, 71,191,449 to 62,175,162, or 9,016,287 dozen, or 14.50 per cent. Estimates that we are able to make of the decrease in poultry population on account of war conditions show an estimated decrease of one-third to one-half of the total poultry population for some of the New England and Middle Atlantic States. Thus it will be seen that in these States the poultry population before the war has not been fully restored.

Are we not under national obligation to enact such tariff legislation as may be necessary to make it easier for our own people in all of the States to return to normal conditions, and to make such profits as will enable them to produce eggs and poultry to sell direct from the American farms to American consumers?

TABLE XVII.—*Population and egg production of United States, 1919–1909—States showing increase and decrease.*

Geographic division.	Dozens of eggs produced, 1919.	State population, 1919.	Dozens of eggs produced, 1909.	State population, 1909.
New England States:				
Maine	[1] 9,977,349	768,014	14,876,215	742,371
New Hampshire	[1] 5,005,302	443,083	7,469,472	430,572
Vermont	[1] 5,166,689	352,428	77,001,897	355,956
Massachusetts	[1] 9,604,274	3,852,356	14,145,240	3,366,416
Rhode Island	[1] 1,536,858	604,397	2,862,246	542,610
Connecticut	[1] 6,341,424	1,380,631	8,497,812	1,114,756
Middle Atlantic States:				
New York	[1] 62,175,162	10,385,227	71,191,449	9,113,614
New Jersey	[1] 13,280,104	3,155,900	14,590,530	2,537,167
Pennsylvania	75,998,172	8,720,017	73,683,489	7,665,111
East North Central States:				
Ohio	102,377,143	5,759,394	100,284,261	4,767,121
Indiana	83,101,293	2,930,390	80,028,638	2,700,876
Illinois	105,757,907	6,485,280	99,118,224	5,638,591
Michigan	[1] 55,986,990	3,688,412	59,556,356	2,810,173
Wisconsin	53,222,114	2,632,067	50,269,446	2,333,860
West North Central States:				
Minnesota	60,249,543	2,387,125	53,323,702	2,075,708
Iowa	120,697,319	2,404,021	108,662,882	2,224,771
Missouri	117,203,569	3,404,055	110,922,159	3,293,335
North Dakota	20,820,407	6,646,872	17,069,496	577,056
South Dakota	30,419,957	636,547	24,641,342	583,888
Nebraska	49,132,537	1,296,732	46,460,624	1,192,214
Kansas	[1] 76,136,616	1,769,257	81,987,689	1,690,949
South Atlantic States:				
Delaware	[1] 3.908,463	223,003	4,395,100	202,322
Maryland	[1] 15,085,691	1,449,661	15,238,591	1,295,346
District of Columbia	[1] 42,932	437,571	51,062	331,069
Virginia	36,551,269	2,309,197	34,539,082	2,061,612
West Virginia	21,708,279	1,463,701	18,948,259	1,221,119
North Carolina	24,841,021	2,559,123	23,179,226	2,206,287
South Carolina	12,812,143	1,683,724	10,983,171	1,515,400
Georgia	23,181,939	2,895,832	20,606,219	2,609,121
Florida	6,530,563	968,470	6,349,051	752,619
East South Central States:				
Kentucky	[1] 42,224,720	2,416,630	43,781,616	2,289,905
Tennessee	48,707,146	2,337,885	41,244,285	2,184,789
Alabama	23,436,979	2,348,174	21,945,662	2,138,093
Mississippi	23,783,265	1,790,618	20,337,062	1,797,114
West South Central States:				
Arkansas	28,168,285	1,752,204	26,486,526	1,574,449
Louisiana	[1] 13,136,046	1,798,509	14,423,023	1,656,388
Oklahoma	45,440,017	2,028,283	45,356,592	1,657,155
Texas	[1] 70,625,008	4,663,228	77,377,977	3,896.542
Mountain States:				
Montana	11,858,042	548,889	5,950,015	373,053
Idaho	10,391,962	431,866	6,433,840	325,594
Wyoming	33,171,951	194,402	2,070,799	145,965
Colorado	14,172,375	939,629	10,577,829	799,024
New Mexico	3,062,790	360,350	2,961,352	327,301
Arizona	2,524,832	334,162	1,732,872	204,354
Utah	5,507,076	449,396	4,644,829	373,351
Nevada	895,487	77,407	862,655	81,875
Pacific States:				
Washington	21,356,576	1,356,621	16,373,740	1,141,990
Oregon	14,625,720	783,389	11,835,462	672,765
California	64,123,885	3,426,861	40,735,238	2,377,549
Total	1,656,267,200	105,710,620	1,574,979,416	91,972,226

[1] States showing decrease in dozens of eggs produced in 1919.

Figures 26, 27, and 28 and Table XVIII: Tariff rates should be based on the quantity and value that each egg product bears to shell eggs. The method which we have used in attempting to arrive at equitable rates on egg products is shown in figures 26, 27, and 28, which show the estimated amounts of various egg products to be derived from shell eggs and the comparative values of the various egg products, assuming shell eggs to be worth 20 cents per dozen and the products to be worth the prices indicated in the spring of the year, the prices being the actual quotations furnished by large importing firms, as shown in the tables. For example, it is shown in figures 26, 27, and 28, assuming that a dozen eggs in the shell weigh on an average 1½ pounds, then the frozen or liquid whole egg removed from the shell would weigh 1.16 pounds, and the frozen or liquid egg yolk would weigh 0.56 pound, while the frozen or liquid egg albumen would weigh 0.6 pound, or the two taken together would be the same as the frozen or liquid whole egg. The whole dried egg would weigh 0.32 pound, which would be the amount of the contents of the egg less the moisture which had been removed in the drying process. The dried egg yolk would weigh 0.25 pound and the dried egg albumen 0.17 pound, the larger proportion of moisture being retained in the dried egg yolk which is found necessary in the preparation as compared to the greater evaporation of the dried egg albumen. In this chart is shown also the number of shell eggs, expressed in fractions of a dozen, required to produce 1 pound of the egg product. For example, taking the same average weight for shell eggs as indicated above, as 1½ pounds, it would require, in order to produce 1 pound of shell eggs, 0.666 of a dozen; for 1 pound of frozen or liquid whole egg it would require 0.86 of a dozen; for frozen or liquid egg yolk it would require 1.8 dozens; for frozen or liquid egg albumen it would take 1.66 dozens; for 1 pound of dried whole egg it would require 3.16 dozens; for dried egg yolk it would take 4 dozens; and for 1 pound of dried egg albumen there would be required 5.83 dozens. These figures and graphs show that if equitable tariff rates are to be arrived at the rates to be decided upon should be in proportion to the quantity and value of each of the commodities based on the value of shell eggs during the months when the largest number are purchased for freezing and drying. Otherwise the importer would be able to ship his products into this country in the particular form, either as whole eggs or egg yolks or egg albumen in the frozen or dried forms, depending upon which commodity required the payment of the lowest duty in proportion to the value of the product. Juggling the preparation of egg products in order to avoid paying tariff duties has been resorted to successfully in the past and should be prevented in the future. This can best be accomplished by making the tariff rates fit the quantities and values which the products bear to the quantity and cost of shell eggs and other actual costs which went into the manufactured products.

Figure 27 gives the wholesale market price per pound and per dozen of shell eggs and equivalent in egg products, using the actual wholesale market prices quoted for March, April, and May by importers, this being the season when the great bulk of eggs is purchased in the Orient, to be frozen or dried for export at which time the products are sold under contract for a year in advance to be delivered as wanted. Obviously the prices at this season of the year would be more nearly correct, although not exact, as a means of estimating values for a year than it would be to take the average for each month in the year or for a market price at any particular season. Not being able to estimate accurately the average cost to break and freeze or dry the numerous egg products, we have used the selling price as representing the comparative values of egg products.

It will be seen from the table that assuming eggs in shell to be worth 20 cents per dozen, then a pound of shell eggs will be worth $0.166; frozen whole eggs, $0.245 per pound; frozen or liquid egg yolks, $0.26 per pound; frozen or liquid egg albumen, $0.245 per pound; dried whole eggs $0.75 per pound; dried egg yolks, $0.60 per pound; dried egg albumen, $1.50 per pound, not including the cost of manufacturing. When expressed in the wholesale price per dozen for eggs in shell and for egg products in the United States in April, 1921, as follows: The value of each product derived from a dozen eggs weighing 1.5 pounds would be, for eggs in shell, 20 cents per dozen; frozen or liquid whole eggs, $0.2842 per pound; frozen or liquid egg yolks, $0.1456 per pound; frozen or liquid egg albumen, $0.1470 oer pound; dried whole eggs, $0.2400 per pound; dried egg yolks, $0.1500 per pound; dried egg albumen, $0.2550 per pound. These figures are based on the proportionate values as per wholesale prices quoted above for each of the egg products that would be produced from a dozen of shell eggs weighing 1.50 pounds.

In figure 28 is shown a comparison of the proposed tariff rates on eggs and egg products, which are based on the weight of United States eggs weighing 1.5 pounds to the dozen, and the wholesale price in the United States of imported eggs in comparison with the rates in the Fordney bill and the recommended increase in rates for the Senate bill. From these estimates it will be seen that in the case of frozen or liquid whole eggs the rates based on the actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, the tariff duty should be $0.073 per pound instead of 4 cents, as in the Fordney bill; and if the rate on the frozen or liquid whole eggs were to be based on the actual quantity and value of this egg product, assuming shell eggs at 8 cents, then the frozen product rate should be $0.097 instead of 8 cents per pound, as recommended in the Senate bill, so that an 8-cent rate per pound for frozen or liquid whole eggs is lower in proportion according to comparative values than shell eggs at 8 cents per dozen.

In the case of frozen or liquid egg yolks the rate based on the actual quantity and value of this egg product, assuming the rate on shell eggs at 6 cents per dozen as in the Fordney bill, should be $0.077 per pound instead of 4 cents per pound, as in the Fordney bill; and the rate based on the actual quantity and value of this egg product, assuming the rate on shell eggs to be 8 cents per dozen would mean that the frozen or liquid egg yolks should carry a rate of $0.103 per pound instead of 8 cents as recommended for the Senate bill. In this case also the 8-cent rate recommended is lower than the estimated amount based on shell eggs at 8 cents per dozen.

As to the frozen or liquid egg albumen the rate based on actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would be exactly 6 cents per pound for the frozen or liquid egg albumen instead of 4 cents per pound, as provided in the Fordney bill, and the rate based on actual quantity and value of this egg product, assuming shell eggs 8 cents per dozen, would be 8 cents per pound for the frozen or liquid egg albumen, which is precisely the same as the rate recommended for the Senate bill.

The dried whole egg rates based upon actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the

Fordney bill, would mean a tariff duty of 0.225 cents per pound instead of 15 cents per pound, as in the Fordney bill; and for rates based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen as recommended for the Senate bill, would be 30 cents per pound for the dried whole egg instead of 24 cents as suggested for the Senate bill. Here again the recommended Senate rate would be considerably less than the estimated rate for the dried whole egg.

For the dried egg yolk the rate based on the actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would mean an 18-cent per pound tariff rate on the dried egg yolks instead of 15 cents per pound, as in the Fordney bill, assuming the rate to be based on actual quantity, and the value of this egg product, and assuming shell eggs at 8 cents per dozen, the rate should be 24 cents per pound for the dried egg yolks which is the same as recommended for the Senate bill.

Taking the dried egg albumen and, assuming the rate based on actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, the rate should be 45 cents per pound instead of 15 cents per pound, as provided in the Fordney bill. Taking the rates based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen, then dried egg albumen should carry a tariff rate of 60 cents per pound instead of 24 cents as recommended for the Senate bill.

From these studies it will be seen that the rates recommended by the poultry producers to be included in the Senate bill of 8 cents per pound for frozen eggs and egg products and 24 cents per pound for the dried eggs and egg products are the same or lower than the estimated rates based on quantity and value of products to be derived from shell eggs bearing a tariff rate of 8 cents per dozen.

TABLE XVIII.

Number of pounds of egg products produced from 1 dozen of shell eggs.

[Average of figures as quoted by the following authorities, United States, in April, 1921: H. J. Keith, Boston, Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.; H. A. McAleer, United States Department of Agriculture, Washington, D. C. Prepared by the poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

	Pounds.
Eggs in shell	1.50
Frozen or liquid whole egg	1.16
Frozen or liquid egg yolk	.56
Frozen or liquid albumen	.60
Dried whole egg	.32
Dried egg yolk	.25
Dried egg albumen	.17

Number of shell eggs required to produce 1 pound of egg product.

[Average of figures as quoted by the following authorities in the United States, April, 1921: H. J. Keith, Boston, Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.; H. A. McAleer, United States Department of Agriculture, Washington, D. C.]

	Dozens.
Eggs in shell	0.666
Frozen or liquid whole eggs	.860
Frozen or liquid egg yolk	1.80
Frozen or liquid egg albumen	1.66
Dried whole egg	3.16
Dried egg yolk	4.00
Dried egg albumen	5.83

Wholesale market price per pound and per dozen of shell eggs and equivalent in egg products.

[Assuming wholesale price per pound of egg product as quoted by following authorities, United States, in April, 1921: H. J. Keith, Boston, Mass.; Morris-Ouson Co., Chicago, Ill.; Lewis-Mears Co., New York City.—$0.20 per dozen or $0.16⅔ per pound is the average wholesale price of imported eggs in shell, in United States, for March, April, and May, 1921. Prepared by the poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

	Per pound.
Eggs in shell	$0. 1666
Frozen or liquid whole eggs	. 245
Frozen or liquid egg yolks	. 26
Frozen or liquid egg albumen	. 245
Dried whole eggs	. 75
Dried egg yolks	. 60
Dried egg albumen	1. 50

Wholesale price per dozen eggs in shell and its equivalent in egg products, United States, in April, 1921.

Eggs in shell	$0. 2000
Frozen or liquid whole eggs	. 2842
Frozen or liquid egg yolks	. 1456
Frozen or liquid egg albumen	. 1470
Dried whole eggs	. 2400
Dried egg yolks	. 1500
Dried egg albumen	. 2550

Comparison of proposed tariff rates on eggs and egg products, based on weight of United States eggs and price of imported eggs with Fordney bill and proposed increase.

Eggs in shell:	
Fordney tariff rates	$0. 060
Suggested Senate rates, 1921	. 080
Frozen or liquid whole eggs:	
Fordney tariff rates, 1921	. 040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	. 073
Suggested Senate rates, 1921	080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	. 097
Frozen or liquid egg yolks:	
Fordney tariff rates, 1921	. 040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	. 077
Suggested Senate rates, 1921	. 080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	. 103
Frozen or liquid egg albumen:	
Fordney tariff rates, 1921	. 040
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	. 060
Suggested Senate rates, 1921	. 080
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	. 080
Dried whole eggs:	
Fordney tariff rates, 1921	. 150
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	. 225
Suggested Senate rates, 1912	. 240
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	. 300
Dried egg yolks:	
Fordney tariff rates, 1921	. 150
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	. 180
Suggested Senate rates, 1921	. 240
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	. 240

Dried egg albumen:

Fordney tariff rates, 1921	$0.150
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.06, 1921	.450
Suggested Senate rates, 1921	.240
Rates based on actual quantity and value of egg products, assuming shell eggs, $0.08, 1921	.600

Figure 28: One of the facts of great importance for us to bear in mind in considering the effect of foreign competition upon the poultry industry of America is the quick effect that it would have in causing poultrymen to go out of the poultry business. The poultry industry, more, perhaps, than any other branch of agriculture, certainly more than any other branch of live-stock husbandry, is sensitive to economic changes of favorable or unfavorable conditions. It is essentially true to say that the number of birds kept in the United States may be vitally changed in a single year, depending upon whether or not the business has been profitable or unprofitable. This is particularly true of all those poultry keepers who are depending to a large extent upon purchased grain and hired labor and to some extent also the small general farm flocks.

This quick response is a guaranty to the consumers of the United States that eggs and poultry will not be higher in price than is necessary to yield sufficient profit to induce poultrymen to remain in the business. Coupled with this is the further fact that far more persons including men, women, and children are engaged as personal owners in raising poultry than in any other branch of agriculture. The Government statistics and our own surveys show that 89 per cent of the farms and at least 50 per cent of the people in villages keep poultry. Profiteering is not possible in the production of poultry and eggs. The millions of small poultry producers and laborers who would then be employed in the egg raising of our country are the ones who will receive the benefits of a wise protective tariff. A few large importing companies are the ones who now profit by having no tariff duty on shell eggs and ridiculously low rates on egg products.

As an illustration of the way in which adverse or favorable conditions have affected the poultry industry, from July, 1916, to the present time, primarily due to the World War, I refer to figure 28, which shows the variations in the average wholesale price of the highest grade of eggs and of live poultry on the New York market and of feed consisting of the complete Cornell ration for egg production, month by month, for the time indicated showing the per cent of increase or decrease of the commodities mentioned over the prewar averages for the same months for the years 1914 and 1915 as a base.

For the months of July, August, and September, 1916, the price of eggs as shown by the solid line curve and the price of live poultry, as shown by the dash line curve were higher, than feed as shown by the dot and dash line curve as compared to the prewar averages for the same months. Poultrymen, presumably were then making at least small profits. During the next two months, October and November, feed was materially higher and eggs and poultry lower, after which feed continued to rise sensationally month by month as shown by the dash and dot line curve until December of 1917 when it showed an increase of 119 per cent, whereas poultry had increased to about 66 per cent and eggs to only 33 per cent. Poultrymen were then rapidly decreasing the size of their flocks or going out of business. This was particularly true of the commercial poultrymen, the back lotters, and the suburban poultry keepers who were obliged to purchase all or nearly all of their feed. The large number of fowls being sold and increase of the high price of feed and labor had a tendency to hold down the price of chickens below what it normally would have been. This was particularly true during the spring and summer when large quantities were sold and when buyers filled their storage plants with relatively cheap poultry. The decrease in the number of fowls had a tendency to increase the price of eggs produced. During this time less chickens were hatched and reared because poultrymen were discouraged and panicky.

In the spring of 1918 the famous Food Administration ruling against killing of hens during the laying season, February and March, had a further tendency to cause poultrymen to decrease the number of chickens reared and hence had exactly the opposite effect, as might have been expected, from what the Food Administration desired to accomplish. Poultrymen, like all persons engaged in other occupations, do business according to the law of "supply and demand," also expressed as "profit or loss," which specifically means that the relatively low price of eggs and the high price of feed caused poultrymen to reduce the size of their poultry enterprises or to go out of business entirely to such an extent that in many sections more than half of the poultry was sold and less than half the normal number were reared. Many of the poultry keepers have not to the present day returned to their normal capacity and thousands of persons throughout the country have postponed their plans temporarily or permanently to engage in poultry farming.

At the close of 1918 poultry was 98 per cent, feed 89 per cent, and eggs only 69 per cent higher than the prewar price. Poultry was higher because it was scarcer. It had been to a large extent killed off and few reared to replace it, and as a result the price of eggs was higher than at the same time during the preceding years, having advanced from 15 per cent to 33 per cent and then to 69 per cent, respectively, in the three years, for the month of December. But the increase in price of eggs was materially less than increase of price of feed. The price of feed has a dominating influence, since it is about 60 per cent of the total cost of egg production, and the labor, not here considered, but under normal conditions is a large factor; about 20 per cent of the cost of production.

In the beginning of 1919 we see an exceedingly favorable condition for poultrymen who had stayed in the business and who had taken their loss, namely, chickens in February selling for 113 per cent, eggs for 66 per cent, whereas feed had dropped to 64 per cent higher than the prewar average for that month. During the first seven months of 1919 eggs rose from prewar average to 122 per cent, live poultry to 114 per cent, and feed to 103 per cent, and poultrymen were making money. These favorable conditions and bright prospects for profits in the future caused a very large increase in the number of chickens hatched and reared in the spring of 1919, which is having a marked effect even now on the increased number of eggs produced. The most sensational increases in prices received for poultry and eggs, however, occurred in the spring of 1920, namely, 129 per cent for eggs and 160 per cent for live poultry.

All records of high feed prices were smashed in June, when the complete Cornell ration was selling for 137 per cent, whereas eggs were 110 per cent and live poultry 101 per cent above prewar average for the same month. This rise in price of feed as compared to eggs and poultry was a temporary setback but did not occur until after the hatching season, so that it did not seriously affect the number of chickens hatched and reared and that went into winter quarters, and moreover the price of feed made a sensational drop, beginning in July and continuing consistently each month until 1921 and which nearly bankrupted the grain producers. In December, 1920, feed was only 60 per cent and eggs were only 47½ per cent and live poultry had dropped to 105 per cent, as compared to prewar average and as compared to the same month the preceding year, when feed had been 101 per cent, eggs 70 per cent, and live poultry 116 per cent. The drop in the price of fed was responsible for increases in the number of fowls kept everywhere in the United States.

Beginning with February, 1921, there was a marked general decline month by month almost without exception until June in the price of live poultry and the price of eggs in keeping with the general downward trend of prices of most commodities. Feed remained about the same for May, June, and July until August, when it reached its lowest point of only 5.9 per cent increase over the prewar average at which time eggs were 72 per cent and live poultry 68 per cent. It is apparent, therefore, that during that time poultrymen should have been making fair profits.

The rapid decline in the price of feed and the slower fall in price of eggs and live poultry during the hatching season, March, April, and May, 1921, as might be expected caused poultrymen to hatch and rear the normal or increased number of chickens so that we will go into winter quarters in the United States with an increased poultry population with prospects of very much larger egg receipts and correspondingly lower prices for eggs and poultry.

For the good of American farmers it is hoped that the price of grain will increase rather than decrease so that it will be above rather than below the prewar level, and that the price of poultry and eggs will decline no faster than other commodities. However, we, can expect within the next few years that the curve of percentage increase or decrease in prices of eggs, poultry, and feed will bring them closer together, presumably about where they were before the war and when poultrymen will then feel acutely the effects of large importations of eggs and egg products particularly during the spring of the year when egg prices are lowest and when poultry keepers are making their plans for hatching the next year's crop of chickens for replacement. This is the time of year when the poultry producing and distributing industries are most sensitive to economic changes. It is the poultryman's seed time when he makes his plans for future production. This also is the time when contracts are made by the importers for the entire year in advance for frozen eggs or dried eggs based on the lowest oriental price of eggs during the season of heaviest production.

Early in the spring eggs are shipped in the shell from China to be sold on a falling market in January, February and March, whether this i done intentionally or by accident it has the effect of throwing a scare into the sensitive egg market and results in helping to further reduce the price of American eggs going into cold storage in vast quantities at this season of the year, particularly throughout the great egg-producing section, and large assembling and distributing cities. It should be clearly understood that eggs are used for gambling purposes and sold and resold on the market much as other commodities are sold. In fact eggs frequently are sold before they are laid which makes delivery very precarious under normal conditions considering the fickleness of hens.

TABLE XIX.—*Cost of Cornell ration per 100 pounds.*

[100 pounds consists of 66⅔ pounds grain and 33⅓ pounds mash. Grain: 2 of corn, 2 of wheat, and 1 of oats. Mash: 6 of corn meal, 6 of wheat middlings, 5 of meat scrap, 3 of wheat bran, 1 of oil meal, and 1 of alfalfa meal.]

	Average 1914-15.	Average 1915-16.	2-year average 1914-1916.
July	$1.63	$1.94	$1.78
August	1.83	1.87	1.85
September	1.85	1.75	1.80
October	1.78	1.68	1.73
November	1.78	1.65	1.72
December	1.77	1.73	1.75
January	$1.92	$1.79	$1.85
February	2.04	1.81	1.92
March	2.00	1.74	1.87
April	2.04	1.80	1.92
May	2.01	1.80	1.90
June	1.88	1.73	1.80

	Cost per hundred.	2-year average 1914-1916.	Per cent increase.
1916.			
July	$1.82	$1.78	2.2
August	2.01	1.85	8.5
September	2.06	1.80	14.4
October	2.17	1.73	25.4
November	2.36	1.72	37.2
December	2.31	1.75	32.0
1917.			
January	2.45	1.85	32.4
February	2.56	1.92	33.3
March	2.63	1.87	40.6
April	2.93	1.92	52.6
May	3.07	1.90	61.6
June	2.90	1.80	61.1
July	3.04	1.78	70.8
August	3.36	1.85	81.6
September	3.42	1.80	90.0
October	3.41	1.73	97.1
November	3.62	1.72	110.5
December	3.79	1.75	116.6
1918.			
January	3.56	1.85	92.4
February	3.66	1.92	90.6
March	3.66	1.87	95.7
April	3.49	1.92	81.8
May	3.35	1.90	76.3
June	3.33	1.80	85.0
July	3.42	1.78	92.1
August	3.40	1.85	83.7
September	3.31	1.80	83.9
October	3.16	1.73	82.7
November	3.18	1.72	84.9
December	3.29	1.75	88.0
1919.			
January	3.25	1.85	75.6
February	3.18	1.92	65.6
March	$3.27	$1.87	74.8
April	3.10	1.92	77.1
May	3.52	1.90	85.3
June	3.45	1.80	91.6
July	3.63	1.78	103.9
August	3.74	1.85	102.2
September	3.53	1.80	96.1
October	3.39	1.73	95.9
November	3.41	1.72	98.3
December	3.52	1.75	101.1
1920.			
January	3.60	1.85	94.6
February	3.68	1.92	91.7
March	3.77	1.87	101.6
April	4.02	1.92	109.4
May	4.23	1.90	122.6
June	4.24	1.80	136.7
July	4.07	1.78	128.7
August	3.89	1.85	110.3
September	3.66	1.80	103.3
October	3.29	1.73	90.2
November	3.04	1.72	76.7
December	2.80	1.75	60.0
1921.			
January	2.65	1.85	43.2
February	2.52	1.92	31.2
March	2.37	1.87	26.7
April	2.16	1.92	12.5
May	2.20	1.90	15.8
June	2.07	1.80	15.0
July	2.05	1.78	15.2
August	1.96	1.85	5.9
September	1.98	1.80	10.0
October	1.92	1.73	11.0

TABLE XX.—*Price of eggs per dozen.*

[Top New York quotation.]

—	Average, 1914-1916.	2-year average, 1914-1916.		Average, 1914-1916.	2-year average, 1914-1916.
1914.	*Cents.*	*Cents.*	1915.	*Cents.*	*Cents.*
July	29.3	28.7	July	28.1	28.7
August	34.2	34.1	August	33.9	34.1
September	39.3	38.3	September	37.3	38.3
October	49.8	51.0	October	52.2	51.0
November	57.2	59.5	November	61.8	59.5
December	55.5	53.5	December	51.5	53.5
1915.			1916.		
January	44.9	42.8	January	40.6	42.8
February	34.0	33.9	February	33.8	33.9
March	24.6	26.3	March	27.9	26.3
April	23.7	24.5	April	25.2	24.5
May	23.6	24.7	May	25.7	24.7
June	25.4	26.8	June	28.2	26.8

	Cost per dozen.	2-year average, 1914-1916.	Increase.
1916.	*Cents.*	*Cents.*	*Per cent.*
July	33.0	28.7	14.98
August	41.0	34.1	20.23
September	48.1	38.3	25.58
October	59.1	51.0	15.88
November	68.1	59.5	14.45
December	61.6	53.5	15.14
1917.			
January	53.7	42.8	25.46
February	48.7	33.9	43.65
March	35.8	26.3	36.12
April	37.0	24.5	51.02
May	38.0	24.7	53.84
June	38.7	26.8	44.40
July	43.4	28.7	51.21
August	52.8	34.1	52.49
September	58.0	38.3	51.41
October	67.1	51.0	35.49
November	78.6	59.5	32.10
December	71.1	53.5	32.89
1918.			
January	73.2	42.8	71.02
February	61.4	33.9	81.12
March	45.7	26.3	73.5
April	40.5	24.5	65.3
May	41.5	24.7	68.0
June	47.9	26.8	78.7
July	53.6	28.7	86.7
August	63.6	34.1	86.5
September	68.2	38.3	78.1
October	84.7	51.0	66.1
November	95.6	59.5	60.7
December	91.2	53.5	70.5

	Cost per dozen.	2-year average, 1914-1916.	Increase.
1919.	*Cents.*	*Cents.*	*Per cent.*
January	73.5	42.8	71.01
February	56.0	33.9	65.7
March	49.0	26.3	82.5
April	52.0	24.5	112.0
May	53.0	24.7	110.1
June	58.0	26.8	117.1
July	64.0	28.7	121.9
August	69.0	34.1	103.2
September	77.0	38.3	101.3
October	84.0	51.0	65.3
November	95.0	59.5	60.3
December	91.0	53.5	70.1
1920.			
January	84.2	42.8	96.7
February	76.0	33.9	123.9
March	60.4	26.3	129.7
April	54.5	24.5	122.4
May	53.0	24.7	114.6
June	56.1	26.8	109.3
July	64.9	28.7	126.1
August	72.0	34.1	111.1
September	83.0	38.3	116.7
October	100.0	51.0	96.1
November	103.5	59.5	74.0
December	77.5	53.5	44.9
1921.			
January	78.8	42.8	74.8
February	54.3	33.9	60.2
March	43.2	26.3	64.3
April	34.0	24.5	38.8
May	33.9	24.7	37.3
June	38.9	26.8	45.1
July	50.8	28.7	77.0
August	58.5	34.1	71.6
September	67.7	38.3	76.8
October	80.6	51.0	58.0

TABLE XXI.—*Price of eggs per pound.*

	Cents per pound.	2-year average, 1914-1916.	Increase.
			Per cent.
1916.			
July	19.8	17.4	13.79
August	18.8	16.5	14.54
September	19.8	17.0	16.47
October	16.6	14.2	16.90
November	15.4	13.7	12.40
December	18.2	13.3	36.81
1917.			
January	20.7	15.9	30.18
February	22.2	17.0	30.58
March	24.0	18.3	31.14
April	25.3	18.6	36.02
May	24.2	18.9	28.04
June	24.6	18.3	34.42
July	21.0	17.4	20.69
August	23.6	16.5	43.03
September	27.4	17.0	61.17
October	21.0	14.2	54.93
November	21.1	13.7	54.01
December	23.0	13.3	72.93
1918.			
January	27.7	15.9	....
February	34.9	17.0	105.30
March	....	(1)	....
May	32.0	18.9	69.20
June	32.5	18.3	77.60
July	33.2	17.4	90.80
August	33.3	16.5	101.80
September	31.8	17.0	87.10
October	29.4	14.2	97.00
November	25.8	13.7	95.60
December	25.3	13.3	97.80
1919.			
January	30.4	15.9	91.00
February	36.2	17.0	112.90
March	37.6	18.3	105.40
April	39.6	18.6	112.90
May	38.2	18.9	102.10
June	34.8	18.3	90.10
July	37.0	17.4	113.10
August	35.0	16.5	112.10
September	31.9	17.0	87.60
October	27.0	14.2	90.10
November	24.8	13.7	81.00
December	28.7	13.3	115.80
1920.			
January	36.6	15.9	130.20
February	41.6	17.0	144.80
March	47.5	18.3	159.50
April	45.9	18.6	141.30
May	39.0	18.9	106.30
June	37.0	18.3	102.20
July	37.8	17.4	117.20
August	36.5	16.5	121.20
September	36.0	17.0	111.80
October	29.3	14.2	106.30
November	28.8	13.7	95.60
December	27.3	13.3	105.30

[1] Rule XIV.

Live poultry.

	1921	2-year average.	Increase.
	Cents.	*Cents.*	*Per cent.*
January	36.1	15.9	127.0
February	34.5	17.0	102.9
March	36.8	18.3	98.9
April	34.4	18.6	85.0
May	34.5	18.9	82.6
June	31.6	18.3	72.7
July	30.3	17.4	74.1
August	27.8	16.5	68.5
September	26.6	17.0	56.5
October	22.5	14.2	58.5
November	....	13.7	....
December	....	13.3	....

Figure 29 and Table XXII: Perhaps the most important misconception which has existed in the minds of the people is that eggs and chickens have been high in price. The consumer of eggs and egg products should know that, relatively speaking, considering the prices of other commodities, eggs and poultry have not been high in price. In justice to the producer and the distributor this fact should be clearly understood. The proof of the assertion that eggs and chickens have not been high in price is shown in figure 29, where the wholesale market prices of three commodities, namely, eggs, chickens, and corn, the grain which is most extensively used by poultrymen in America, are compared with the index number of wholesale prices of principal commodities for the years from August, 1914, to October, 1921, inclusive. Here we are able to compare the two principal products which poultrymen have to sell, eggs and chickens, with the principal grain product, corn, which he buys and the numerous general commodities which he purchases and which give us a fairly accurate means of gauging the poultryman's purchasing capacity based on his business returns. The solid black curve shows the average wholesale index number of prices of commodities month by month, from which it will be seen that the prices were nearly stationary for 1914 and 1915 at about 100. Beginning with 1916 the increase in the commodities rose rapidly to 150 for January, 1917, and rose more or less consistently to about 190 early in 1918, and to 210 in September of the same year; dropped slightly during the forepart of 1919, but reached 230 in August, 1919, and was 250 plus in February, 1920; and reached its highest apex of about 275 in May, 1920, from which time there was a marked decline until July, 1921, when it was 150, essentially the same as in January, 1917.

During 1914-15 the price of eggs and chickens, as indicated by the dotted curve, fluctuated above and below the price which farmers paid for general commodities, higher rather than lower during 1914 and early in 1915, and slightly lower toward the close of 1915. For 1916, 1917, 1918, and the early part of 1919 the price of eggs and chickens was slightly above that of commodities; but from then on until October, 1920, the prices paid for chickens and eggs on the New York market was materially lower than the price paid for commodities.

During the summer of 1919 and the latter part of 1920 the price of eggs and chickens was slightly higher for a short period than the general commodities; but since that time the price of chickens has been decidedly higher and the price of eggs materially lower until September and October, 1921, when the price for eggs was essentially the same as for commodities.

The price of corn not only remained higher than the price of eggs and chickens almost continuously until toward the close of 1919, with the exception of a short time in 1916, but was also higher than the price of the general commodities. This was particularly true during the last two-thirds of 1917 till toward the close of 1919, as shown by the dash-line curve.

Beginning with the latter part of 1919 the price of corn declined, but was not lower than the price of eggs and chickens until September, 1920. From that time on the sensational fall in the price of corn was conspicuously and materially lower than the price of eggs or the wholesale price of commodities and of chickens.

A general glance at the trend of the curves shows clearly that the prices paid for eggs and chickens have, with very slight exceptions until the latter part of 1920, been lower not only than the price of corn but than the price of general commodities. It is very evident, therefore, that if there has been profiteering in chickens and eggs, it has not been the producer who was responsible. Notwithstanding the fact it might appear from the preceding ~~chart,~~ figure 29, dealing with the cost of feed and the price received for eggs and from chickens from 1914 to 1921, that the poultryman was making a profit for the most part during 1919 and 1920. A study of figure 29, will reveal where the poultryman's actual or imaginary profits have gone as shown by the fact that the prices of his personal and home expenses have been materially higher than the prices which he received for the things he produced. In other words, his business as such showed justifiable profits for 1919-20, but his living expenses outside of his business were materially higher in proportion than his profits. In other words, the people who were manufacturing or producing the things that poultrymen buy were receiving more as a reward for their labor and investment than was the poultryman. That is why poultrymen quit producing eggs and went to producing commodities paying larger profits. All of which leads to the final conclusion that the best way to increase agricultural production is by making it possible for a person to secure sufficient reward in the way of living conditions, based on the profits of his business, to induce him to continue to produce eggs and chickens, for example, rather than to engage in some other occupation. We believe that proper protection by means of an equable tariff on poultry, eggs, and egg products is an important way in which persons may be induced to engage in the production of poultry products in America so that the consumers of America may eat home-grown products not only of a better quality but at a reasonable price, trusting to the enterprise, energy, and the education of Americans to increase production so that competition will be between ourselves rather than with the people in other countries who, because of necessity, are obliged to work for lower wages and under living conditions which we would not tolerate in America.

TABLE XXII.—*Average farm price of eggs, poultry, and corn, and wholesale price of all commodities, 1914–1921.*

[Average farm prices of poultry, eggs, and corn from the 1919 Yearbook of the United States Department of Agriculture and Monthly Crop Reporter. Average wholesale prices of "all commodities" from reports of the Bureau of Commerce and Labor. The 4-year average before the war for each month is 100 per cent.]

Month.	Eggs.	Chickens.	Corn.	Wholesale prices of "all commodities."
1914.				
August	$0.182	$0.128	$0.768	102.2
September	.210	.127	.815	103.0
October	.235	.120	.782	101.5
November	.252	.119	.706	101.8
December	.297	.113	.644	101.1
1915.				
January	.316	.112	.662	100.2
February	.202	.115	.728	102.2
March	.213	.117	.751	100.8
April	.169	.119	.751	100.8
May	.171	.121	.777	101.3
June	.166	.122	.779	101.0
July	.168	.122	.777	103.2
August	.170	.122	.789	102.3
September	.187	.121	.773	99.6
October	.223	.120	.795	102.7
November	.263	.118	.619	104.0
December	.306	.115	.575	107.1
1916.				
January	.306	.114	.621	112.4
February	.268	.119	.637	113.5
March	.212	.122	.682	116.1
April	.179	.126	.703	118.2
May	.181	.132	.723	119.5
June	.190	.135	.741	120.4
July	.197	.138	.754	121.5
August	.207	.138	.794	125.9
September	.233	.139	.836	129.1
October	.281	.143	.823	135.2
November	.322	.143	.859	145.8
December	.381	.142	.889	118.9
1917.				
January	.377	.139	.900	153.3
February	.358	.147	.958	158.4
March	.338	.155	1.009	163.0
April	.259	.161	1.134	174.2
May	.300	.175	1.506	183.3
June	.311	.175	1.601	187.8
July	.283	.173	1.646	188.9
August	.298	.171	1.966	188.3
September	.332	.172	1.755	185.0
October	.374	.181	1.751	183.0
November	.394	.177	1.460	185.6
December	.433	.175	1.283	184.5
1918.				
January	$0.463	$0.179	$1.348	189.0
February	.484	.188	1.388	191.1
March	.404	.199	1.543	190.5
April	.312	.198	1.536	194.6
May	.310	.198	1.557	193.4
June	.298	.200	1.525	196.9
July	.307	.212	1.537	202.2
August	.344	.226	1.597	206.7
September	.364	.228	1.657	210.5
October	.416	.231	1.595	207.4
November	.472	.224	1.403	210.0
December	.550	.218	1.366	210.0
1919.				
January	.572	.217	1.447	206.4
February	.483	.216	1.381	201.3
March	.331	.222	1.372	204.7
April	.343	.235	1.496	206.9
May	.368	.252	1.626	208.6
June	.386	.257	1.712	210.2
July	.368	.252	1.765	223.6
August	.393	.259	1.912	231.8
September	.410	.257	1.057	228.7
October	.447	.242	1.539	226.7
November	.540	.229	1.334	234.5
December	.619	.223	1.349	242.7
1920.				
January	.648	.296	1.404	243.4
February	.569	.241	1.468	254.4
March	.466	.254	1.485	257.8
April	.388	.268	1.586	270.0
May	.374	.274	1.696	275.4
June	.370	.272	1.852	274.5
July	.367	.270	1.856	267.5
August	.400	.274	1.637	255.9
September	.442	.267	1.557	246.0
October	.501	.264	1.213	228.8
November	.569	.233	.873	210.4
December	.650	221	.677	192.5
1921.				
January	.611	.207	.667	180.6
February	.496	.219	.624	170.6
March	.292	.221	.645	164.9
April	.204	.222	.630	156.8
May	.202	.217	.595	152.8
June	.194	.207	.625	150.9
July	.220	.211	.622	151.0
August	.266	.212	.617	155.5
September	.304	.209	.562	....
October	.342	.203	.510	....

I want to thank you for your attention for so long a time. As my last thought I want to make this one appeal: From the standpoint of a person who is more interested in the good of all than in any one particular industry I believe it is appropriate at this time when we are talking so much about this peace conference and about disarmament and about our future military protection to consider seriously our greatest means of national defense—a prosperous and contented agriculture. The history of the World War and other wars has shown that success has been largely a question involving food supply and that our chief hope for recovery lies in feeding the hungry world. The situation in Europe during the war and at the present time shows the penalty of failing to appreciate that fact. America is generations ahead of the rest of the world agriculturally and industrially; agriculturally because of out scientific and educational methods; industrially because of our protective policies. I believe that we should now erect a proper defensive protective tariff that shall give to the American producer of agricultural products the same opportunities for protection that are given to the men engaged in the manufacture of industrial products, so that the things that farmers produce and sell shall have no less and no more protection than the things that they buy. Such a policy will be of greater justice to all and bring greater prosperity for all of our people.

In the production and manufacture of these particular products, poultry and eggs, we have what we can hardly say of any other industry to the same extent, we have the welfare of the American farm woman to consider. It has been estimated that there are more than 5,000,000 of farmers' wives in this country who are responsible for the most part for the production of poultry and eggs, and who are dependent to a considerable extent upon the income from poultry for their spending money and the maintenance of their homes. It is evident, therefore, that anything which affects unfavorably the income of the farmer's wife and children will have a vital influence upon the farm home, and thus upon the welfare and the safety of the Nation.

A large amount of poultry and poultry products is produced by our people in the villages and cities, who will appreciate anything that will enable them to maintain their poultry enterprise as a source of food supply and income. Poultry surveys which have been made in cities and villages of the East show that the poultry and eggs produced within the corporate limits of smaller towns and villages up to several thousand population are frequently sufficient to more than meet the consumption of poultry and eggs of the people living in them. For example, in the city of Ithaca, N. Y., having a population of approximately 15,000 persons, there are over 9,000 hens, or a little more than 1 hen to each 2 persons.

Let me assure you at this point that we as poultrymen are willing to "take our own medicine." I am willing, and my colleagues are willing, to pay the extra price on a suit of clothes as 35 per cent duty on the value and 40 per cent on the weight of wool, if necessary; we are willing to pay the extra price of the tariff on wheat from Canada or Argentina or corn from China or any other country, because we believe that in the end we will receive an equivalent in value for the things which we produce that will enable us to pay a higher price, if necessary, for the things which we buy, and that by such a policy all of us in America can live happier and more prosperous and contented lives, can better educate our children, and be better American citizens, and therefore will be better prepared to defend our Government in peace or war than we can with underpaid agriculture or manufacture, as we find it in the Orient, in Europe, and other countries, where people are working to such a large extent by hand labor and frequently side by side with cattle or mules, and not enjoying the wonderful advantages and privileges which are ours in America. I was never so good an American as when I returned to this country and saw that magnificent Statue of Liberty in New York Bay. When I walked into the customhouse and paid the required amount of duty, I did so willingly and was proud of the fact, because I realized that much of America's prosperity in the past and ability to recover now is largely bound up in that wise, constructive, defensive policy which up to now has "fostered manufacture by protection and agriculture by education," and which now, we believe, should accord the same protection to agriculture that has been for so many years extended to industrial manufacture. The time has come when, not only as a matter of justice but as a matter of national self-defense, we must protect our agriculture by a protective tariff as well as by education against the low price of labor and the unequal living conditions of the people of many parts of the world.

We want New England to buy her grain from the Middle West and repopulate her farms with chickens more nearly to feed her own population and the South to produce the products which she is capable of producing by a diversified agriculture instead of bringing them from other countries, because we realize that the prosperity of each State has to do with the prosperity of the whole Nation.

We believe that America is capable of producing economically all of the poultry and eggs which we consume and to export more than we are exporting now. We believe that the large importer and distributor of foreign products is the one who principally profits by the products which are brought into this country, and he does this largely at the expense of the people who produce from the soil or factory, as well as the people who consume these products. The main question for us to settle is whether we prefer to have American and foreign capital make profits on products which they can assemble and manufacture more cheaply in foreign countries than they can in America or whether we prefer to support the wheels of industry at home or abroad, to have empty henhouses in America or China, Argentina, or Australia. We must ask ourselves which policy will result in greater prosperity in America.

I thank you for your attention.

STATEMENT OF B. F. KAUPP, NORTH CAROLINA DEPARTMENT OF AGRICULTURE, RALEIGH, N. C.

Mr. KAUPP. Mr. Chairman, I speak as secretary of the North Carolina Poultry Association, as chairman of the southern section of the American Association of Instructors and Investigators in Poultry Husbandry, as a southern member of the committee on the protection of the poultry industry of the American Poultry Association, and for the poultry section of the Southern Tariff Association.

We of the South are a part of the estimated billion dollar poultry industry, and as such we ask to speak.

Millions of dollars have been spent in the South, as in other sections of the United States, in the education and in the development of the poultry industry. In 1919, 12 Southern States spent $1,416,472 in investigational work along agricultural lines, a due amount of which was devoted to poultry investigation—page 89, Work and Expenditures of the Agricultural Experiment Stations, 1919, United States Department of Agriculture—and a similar amount was spent to take these facts through the extension service to the men and women on the land. I might add that a similar amount was spent by the agricultural colleges of these States in teaching our young men and women and another similar amount was spent in the farm-life schools of these same States in education along agricultural production lines.

This work has borne fruit and has made our southern families happy, for the bulk of the returns in money in the sale of poultry and eggs has gone to the home, to the housewife, who now has a vote; to her to aid her to provide her table and to help clothe and send her children, the men and women of to-morrow, to school.

While poultry production work is carried on in the South in three ways, namely, commercial poultry plants, the back-town lot, and as a department of the farm, yet the bulk of our southern eggs come from the farm, which may be compared to your small wagonload of wheat, or your small drove of farm hogs, or the small dairy farm. Like these the eggs and the fowls make up a mighty industry.

While this happy situation has been going on, other things have been happening. In far-away celestial China the hens, homeless, we are told, by the millions, scavenger their feed, which includes all that they can find in the way of scattered grain and table scraps, and reliable information tells us that human excreta forms part of the foraged food. So foul and polluted are these eggs that while I was in Paris this last summer my eye caught a short article in a Paris paper, in which my friend, Dr. Martel, at the head of the health work in Paris, found the bacterial study such that he forbade the entry of Chinese eggs into France. We are told that the Chinese hen is not fed wholesome feed as the American hen and hence the eggs are not of as good quality.

A flood of Chinese eggs is ever increasing on the American market. So much so that the southern poultry man, the back-lot poultry keeper, and the commercial egg farm man can not produce eggs profitably unless there is some protection.

In 1913 there was exported from China 20,796,400 pounds of albumen and yolks, and in 1919 this had increased to 80,094,267 pounds. The value of this and shell eggs in 1913 was $4,350,290, and in 1919 it had increased to $33,883,259—extract from the Supplement to Commerce Reports, December 7, 1920, page 19, Department of Commerce, Far Eastern Division—and from the same report, under date of October 7, we find that no less than 95,438,955 fresh eggs were exported from Shanghai during the first half of the year, against 20,200,000 for the same period in 1918.

The value of poultry in the farms of 12 Southern States in 1910 was $29,647,500—page 309, Chapter II, Thirteenth Census of the United States Abstract for North Carolina—and at the present values this would be at least $88,942,500; and the 1920 census will swell this amount. This is for farms alone.

It is our public policy to protect the American manufacturer from cheap labor and manufacturers of other lands that do not have high living standards. It is equally just and fair to protect our farmers, who own and operate the factories where the food is produced for feeding the Nation, from ruinous competition of other lands. We therefore, in all fairness, ask a fair and proper tariff on foreign eggs. believing that it is right and just that there should be on eggs and poultry of foreign lands—a protective tariff at a rate sufficient to afford the American farmer and his wife a living wage.

Mr. Frank L. Platt in a letter to our Secretary of Agriculture, Mr. Wallace, as quoted by the American Poultry Journal, of Chicago, says:

> The poultry industry in this country represents small units; the producers are not adequately organized, and yet the importance of the egg money to the farmer's wife is known to every one who, like yourself, knows agricultural conditions. No source of income does more to better conditions in the farm home. We must not allow competition from the Orient to continue unrestricted and develop.

We, therefore, to equalize or bridge the differences in cost of production and delivery between China and the South, ask the following tariff on Chinese eggs: Eight cents per dozen upon shell eggs, amendment to paragraph 713; 8 cents per pound upon frozen eggs, amendment to paragraph 713; 24 cents per pound upon dried eggs, amendment to paragraph 713; 4 cents per pound upon poultry, live, amendment to paragraph 711; 5 cents per pound upon poultry, dressed, amendment to paragraph 712.

The average price of eggs at Shanghai in the spring of 1921 has been around 13 cents per dozen for shell eggs, according to information on file in Far Eastern Division of Department of Commerce, and, adding this 8-cent tariff upon shell eggs, makes 21 cents per dozen; and 23 cents at the larger markets is about the price of spring eggs in America. This advantage, while slightly in China's favor, will come near breaking even.

In the South much of the feeds must be imported from the West. The price of poultry feeds on the Raleigh market for December, 1921, a fair example of southern prices, was: Prepared laying mashes, $4 per 100 pounds; and for grain mixtures, $2.25 to $3.50 per 100 pounds. For corn, 83 cents per bushel; for oats, 68 cents per bushel; for wheat middlings, $37 per ton; cornmeal, $43 per ton; and for ground oats, $42 per ton.

An average hen will eat about 80 pounds of feed per year, and at the December prices would be for feed alone $2.60. If the average commercial hen lays 120 eggs, or 10 dozen, this would cost for feed alone 26 cents per dozen eggs. The average unculled farm hen lays but about 72 eggs, or 6 dozen a year.

The marketing costs are as follows:

Marketing costs.

Cost of egg crate	$0.35
Express, Raleigh to New York City	1.43
Five per cent for selling (estimate)	.50
Total	2.28
Cost per dozen for marketing	.075

We are simply asking you to bridge in the difference there between costs, but we do not want southern farmers and families living on the Chink standards of living.

I have just one graph, which I would like to refer to briefly to show what the Chinese importations of eggs did last year.

(At this point Mr. Kaupp exhibited to the committee the graph referred to.)

The black line [indicating] represents the price of eggs in 1920. It cost us $3 to feed a hen a year in 1920, and by the latter part of 1921 the cost of feed had shrunken 13¼ per cent, and on that basis of feed the eggs should sell at 13¼ per cent less than they did in 1920. That would be the yellow line [indicating].

About the fore part of the year the Chinese eggs that are imported had reached the eastern seaboard, and the latter part of January or thereabouts there was at least one boat load of 400,000 pounds of eggs brought in from China, which was at a time when we were beginning to get the spring flush, especially from southern hens, and at a time when our American storage people are unloading their storage eggs. On top of this came this heavy importation of Chinese eggs, and instead of going down 13 cents, as you see, the 1st of February, the eggs started on a toboggan here [indicating] the latter part of February and made a diagonal slide for two solid months, striking far below the line they should have struck according to the cost of production. They ranged 25 cents for four straight months, the months when our American farms are producing the most of their eggs.

Senator SIMMONS. Did you say they sold at 24 cents?

Mr. KAUPP. This is a map, Senator, of New York City. This data here that I gave is data which has been gotten out by Prof. Rice, of Cornell University, and took the average price for several normal years on the New York market, for the months of February, March, April, and May, the four flush months—I did not mean that for the entire year, because the price of eggs varies according to the season of the year. The bulk of the eggs——

Senator SIMMONS (interposing). I was interested in where during the past year you may have bought eggs at 24 cents a dozen.

Mr. KAUPP. In North Carolina the eggs on many farms only brought 15 cents a dozen, and I have made inquiries recently and find that in some localities——

Senator SIMMONS (interposing). What part of North Carolina? I live in one part of that State, and I did not hear of that.

Mr. KAUPP. You do not have to go very far from Raleigh, because the Raleigh markets are usually higher than some of the other markets. Statesville is a low market.

Senator SIMMONS. What are they selling now for at Raleigh?

Mr. KAUPP. They are retailing there at 50 cents, but the producer does not get the retail price. They get about 10 cents less.

Senator SIMMONS. You were talking about the wholesale price?

Mr. KAUPP. I was talking about the wholesale price, and the wholesale price particularly at the time of the year when the bulk of the eggs are produced.

Senator SIMMONS. But the consumer buys eggs at retail, and I wanted to know if you desired to have the consumers of this country to have to pay more for eggs than they are now. I think they are somewhere around 50 or 60 cents now.

Mr. KAUPP. This is a winter month. They went up to 50 or 60 cents.

Senator SIMMONS. They were 70 cents retail, though they may be down to 50 or 60 cents now.

Mr. KAUPP. They will not be that low in February, March, April, and May, when the bulk of the eggs are produced.

Senator SIMMONS. The wholesaler must make an enormous profit, because I do not think eggs have been below 40 cents in this country anywhere along this coast at retail for some time.

Mr. KAUPP. In some sections and in the smaller towns in North Carolina the farmers are getting 30 or 40 cents a dozen on the farm just now, and they will not get nearly that much when you get the flush season, in the latter part of February, and in March, April, and May. Those are the four months when the bulk of the eggs are produced.

Senator SIMMONS. That does not signify anything to me. I am thinking about what the man who actually buys the eggs has to pay, and you are the first man whom I have heard say that eggs are too cheap in this country and that you want to do something to make them higher.

Mr. KAUPP. They are too cheap when they sell ~~for~~ less than cost of production, we believe.

Senator SIMMONS. They may be to one person, but they are dear enough to the man who has to buy them.

Senator MCCUMBER. Do you consider the farmer is receiving enough when he receives 15 cents a dozen?

Mr. KAUPP. We can not produce them for that.

Senator MCCUMBER. Or 20 or 25 cents a dozen, if he got that as an average the year round; it would still be too cheap, would it not?

Mr. KAUPP. If you allow the Chinese eggs to come in and break the price.

Senator SMOOT. Could I send down to Raleigh and get a case of eggs at 40 cents?

Mr. KAUPP. You can in those months when more than 60 per cent of our eggs are produced.

Senator SMOOT. I mean to-day?

Mr. KAUPP. To-day, of course, is the time when the farmers are getting very few eggs; that is the reason why they are high in price.

Senator SIMMONS. I see here in the Monthly Summary of Foreign Commerce for the 11 months ending in November, 1921, there were exported from this country 30,505,463 dozens of eggs, of a value of $9,441,962. In the same document I read that the importation of eggs into this country for the 11 months ending November, 1921, were 2,991,562 dozen of the value of $900,003, eggs dried and frozen, 16,920,270 dozen of the value of $306,484. That does not indicate any very enormous importation as compared with the exportation?

Mr. KAUPP. Senator, have you the importations there by months?

Senator SIMMONS. I have it here for the 11 months.

Mr. KAUPP. The average for the 11 months?

Senator SIMMONS. No; not the average. I have it for the 11 months ending November, 1921.

Mr. KAUPP. But have you it by the months? The bulk of the eggs——

Senator SIMMONS (interposing). That is the total including all of those 11 months.

Mr. KAUPP. But what is going to happen if they send boat load after boat load over here in February and March?

Senator SIMMONS. It is included in this.

Mr. KAUPP. That average has a tendency to dilute this. You can do a great deal of injury to it in a short time—for instance, suppose it were 60 days—whereas, if you spread it out it does not seem so serious.

Senator WATSON. Do I understand that you hold some official position?

Mr. KAUPP. I am at the head of the poultry work in North Carolina, and I am secretary of the State Poultry Association and a member from the South on the committee on the defense of the poultry industry of the American Poultry Association.

Senator MCLEAN. What does it cost to produce a dozen eggs in North Carolina?

Mr. KAUPP. In 1920 it cost $3 to feed a hen a year. The average commercial hen will lay 10 dozen eggs. The average farm hen does not lay up to that mark. That would be 30 cents; but in 1921 the cost is less than that; it is $2.60 a hen, according to our figures, and that would make it 26 cents a dozen. That is for feed alone.

If we market them in New York City it will cost us 7½ cents a dozen. That allows 35 cents for the eggs, $1.43 for the expressage, and 5 cents for selling. It costs $2.28 to market a case of eggs.

Senator SIMMONS. But do not those figures I have just read show you that the eggs that are coming here from abroad are practically all frozen or dried eggs?

Mr. KAUPP. I think approximately 80 per cent come in in the frozen state. I have not the exact figures, but it is in that neighborhood.

Those eggs are used by bakers, and the baker men do not buy shell eggs, and they automatically pull down the whole structure.

Senator FRELINGHUYSEN. You spoke of $33,000,000 being the amount of imports. Does that include the 95,000,000 fresh eggs you spoke of?

Mr. KAUPP. The total value of imports of albumen, yolks, and shell eggs was $4,000,000 in 1913 and $33,000,000 in 1919.

Senator FRELINGHUYSEN. Would that include fresh eggs?

Mr. KAUPP. That includes shell eggs.

Senator FRELINGHUYSEN. Desiccated and fresh?

Mr. KAUPP. And frozen.

Senator SIMMONS. You say, 1919?

Mr. KAUPP. 1919; yes, sir. This was taken from the supplement to the Commerce Reports.

Senator SIMMONS. How many dozen were imported in 1919?

Mr. KAUPP. I have not got the dozens. I have the albumen and yolks; they have not been separated out.

Senator SIMMONS. During the 11 months of 1921 the fresh eggs that came in only amounted to $900,000?

Mr. KAUPP. That report was 95,000,000 fresh eggs or shell eggs brought into this country. This is 1919, Senator.

CANARY BIRDS.

[Paragraph 711.]

STATEMENT OF C. E. RICHARDSON, WASHINGTON, D. C.

Mr. RICHARDSON. This is a matter so small that it has probably escaped the attention of the Ways and Means Committee. I speak now for the little yellow canary, the cheerful companion and entertainer of children and invalids. This little songster has, through no fault of anybody in particular, been classed with poultry, parrots, partridges, and other fowl.

The Fordney bill, at paragraph 711, provides:

> Birds, live: Poultry, 2 cents per pound; all other, valued at $5 or less, each 50 cents.

There is nothing in this clause that is applicable to canaries; if rated as poultry they would not yield enough to compensate for weighing them, and as other birds the rate would be extortionate. We take the liberty, Mr. Chairman, of suggesting that paragraph 711 be amended by inserting, after "all other," the words except canaries, and that the free list include "canary birds."

Canary birds are imported for their bright, lively music. I was about to say "as pets," but only the males are singers, and only they are in demand. Producers, however, will sell song birds only if the purchaser buys an equal number of females. This increases the expense very materially, because the females cost about one-fourth as much as a male and just as much for freight, care, and feeding.

A male canary costs, during the summer months (and a little less in the winter) nominally $3.50, but in reality more than twice that sum, when you consider the price of the female mate, and add the freight, 25 cents, and feed and care, 50 for each of them, and allow the high rate of 50 per cent as mortality loss. The females are sold for what they will bring, and the losses have to be made up by the sale of the singer. The importers, in most cases, are satisfied with a 25-cent profit.

It is said that there are 40,000 people in the United States who derive their living from bird stores, and that many such establishments would be forced to close if a duty of 50 cents per bird were levied upon canaries.

Mr. Chairman, I am not a free-trader. I have never appeared before your committee, nor before the Committee on Ways and Means, except to advocate what I thought was an adequate protective tariff; but I never before had a canary bird for a client; and when I think of how the little fellow brightens the nursery and cheers the bedridden sufferer, forgetful of the fact that he himself had been kidnapped, carried to a foreign country and sentenced to solitary confinement for life; when I think of the corners that he has brightened while laboring under the heaviest kind of odds, Mr. Chairman, I feel too much respect for him to insist that he bring 50 cents in his bill to pay for the privilege of making our children happier with his cheerful song. For one, Mr. Chairman, I am willing, not to be a free trader, Mr. Chairman, but to extend to Mr. Canary the courtesies of the port.

The imported canary is not a competitor with any American institution, industry, or trade. None of the finch family and very few of the canaries will breed in this country. Some tailors and shoemakers, and perhaps a few dressmakers, have raised a brood here and there, which can not exceed in the aggregate 10,000 birds a year, but these, if salable, would not supply one week's demand in this country for canaries.

If any duty is to be assessed against canaries, it should be a very modest one, and it should, by all means, be restricted to the male, for the female, unlike the human family, is absolutely valueless. But no country in the whole world, so far as I have any information, Mr. Chairman, has ever put an import tax on a canary or even contemplated so doing; and I feel quite certain that you gentlemen will want to see that the bill is corrected so that the people who deal in the little songbirds will not have to give up their trade; not only for their sake, but that the sources of good cheer may not be entirely banished from our land.

FRESH, FROZEN, AND DESICCATED EGGS.

[Paragraph 713.]

STATEMENT OF ADOLPH J. GUNDERMAN, NEW YORK CITY, REPRESENTING THE NEW YORK STATE ASSOCIATION OF MASTER BAKERS.

Mr. GUNDERMAN. I represent about all the bakers of the Eastern States east of Chicago, from Maine to Florida, and the New York State Association. I also represent the master bakers of Manhattan, whose representative is unable to be here.

We desire to protest against the tariff on eggs, coconuts, almonds, walnuts, and filberts. We feel that the tariff ought to be left the way it is on all those articles.

Senator WALSH. You mean the Underwood tariff, not the emergency tariff?

Mr. GUNDERMAN. The old Underwood tariff; yes, sir.

The great trouble that we have now—and I am speaking for the bakers only—is that they want a cheaper price for their goods. During the war we got pretty good prices, but it cost us so much more in addition to produce the goods, and we feel that if you increase the tariff on eggs it will increase the cost of eggs to us as bakers, and, naturally, we will have to charge that cost to the consumer. We as retail bakers come closer to the people than anybody, more so than the wholesaler or the egg handler does. We have to stand the brunt of the kicks, and we have stood enough of them for the last two years.

Senator McCUMBER. Have you any method of determining and giving to the committee figures showing the profits of the producer of eggs as compared with the profit of the bakers in their business?

Mr. GUNDERMAN. No, sir.

Senator CURTIS. What kind of eggs do you use—seconds?

Mr. GUNDERMAN. We mostly use firsts in the shell eggs.

Senator CURTIS. You use a first-class egg, but they call an egg that is cracked a second, do they not? You use cracked eggs?

Mr. GUNDERMAN. We use some cracked eggs.

Senator CURTIS. And dried eggs?

Mr. GUNDERMAN. Dried eggs and frozen eggs.

Senator CURTIS. Where do you get your frozen eggs from, mostly?

Mr. GUNDERMAN. We buy them through a jobber.

Senator CURTIS. They are imported from China, are they not?

Mr. GUNDERMAN. Yes, sir.

Senator CURTIS. You get your dried eggs from China, also, do you not?

Mr. GUNDERMAN. Yes, sir.

Senator CURTIS. And you also get fresh eggs from China?

Mr. GUNDERMAN. Some.

Senator CURTIS. If you import them do you know what your eggs cost laid down to you?

Mr. GUNDERMAN. No, sir.

Senator CURTIS. What do you pay for eggs?

Mr. GUNDERMAN. Frozen eggs to-day will cost you about 30 cents a pound.

Senator CURTIS. How much for the dried eggs?

Mr. GUNDERMAN. The dried eggs will cost you about 75 cents.

Senator CURTIS. What do eggs cost you by the dozen?

Mr. GUNDERMAN. The shell eggs cost about 50 cents.

Senator CURTIS. A dozen?

Mr. GUNDERMAN. Yes, sir.

Senator SUTHERLAND. Do you refer to imported eggs?

Mr. GUNDERMAN. No, sir; the State eggs, domestic eggs.

Senator CURTIS. How much do your imported eggs cost you?

Mr. GUNDERMAN. I do not know what the imported shell eggs cost.

Senator WALSH. Do you get eggs from Canada?

Mr. GUNDERMAN. Yes, sir; some. They run about the same price as the domestic eggs, as a rule. They are a little smaller eggs.

BRIEF OF ADOLPH J. GUNDERMAN, REPRESENTING THE NEW YORK STATE ASSOCIATION OF MASTER BAKERS.

On behalf of the retail bakers of the Eastern States, the New York State Association of Master Bakers, and all affiliated bodies, we hereby desire to enter a protest against any change in the tariff schedule, particularly paragraphs 713–756, relating to eggs, coconuts, almonds, walnuts, and filberts, on the ground that any increase in the tariff on these goods would reflect from the wholesaler to the retail baker and naturally to the consumer, and we feel that the day of high prices is at an end, and for economic reasons which you well know we feel that you ought to leave the matter stand as it is.

STATEMENT OF JOHN M. HARTLEY, REPRESENTING RETAIL BAKERS' ASSOCIATION OF AMERICA, CHICAGO, ILL.

Mr. HARTLEY. The retail bakers collect from the ultimate consumer. We are in a position to estimate how any increase in the price of raw material will be received by the consumer. It is in the last transaction over the counter where all customs or duties are received, and passed back from there to reimburse those who have already paid. That is why I believe you who have the burden of finding approximate justice from the apparently conflicting claims of these many witnesses should hear the view of the small baker.

Eggs are part of our daily material. Besides being used in cookies, pie fillings, coffee cakes, and other sweet yeast doughs, they are used most heavily in cakes, carrying from 25 per cent of the material value of the cheaper cakes to 75 per cent of the value of sponge cake, angel food, and sunshine cake. Eggs have always been our most variable cost factor. Not until the development of frozen eggs, and later of powdered eggs, has it been possible for the smaller bakers to carry a fixed egg cost through a season. Even now when we use shelled eggs a considerable variance occurs in the price. But the tendency is for a better spring price and a lower midwinter price. I submit that these modern methods of caring for our egg wants has taken considerable speculation out of the egg business. No one would venture to suggest to return to the old method of cheap eggs in spring and a prohibitive price in winter.

Following cold storage, freezing and dehydrating have added to the ability of civilization to spread the egg harvest over the lean productive months. A duty too high will restrict these modern methods. Any restriction at all will reflect mostly to the speculative market. Neither production nor consumption will profit, as the gain in the last selling price will accrue to the handling agencies and be absorbed before it reaches back to the egg producer. That is commercial history. Although the housewife uses neither the frozen eggs nor the powdered eggs, her interest in the household supplies can easily be affected if our manufacturing classes are seriously shortened.

I believe we are about the only ones who use dehydrated, powdered, and frozen eggs.

Directly, as almond nuts, and indirectly, as almond paste, we small bakers are large users of these nuts. Irrespective of the claims of the domestic growers, we do not, and in many instances can not, use the California almonds. In fact, the limited supply of the California nuts hinders them from being a regular trade commodity with us, as are the known varieties of imported nuts that we use. Domestic production is always welcome with our trade when it comes with merit and a reasonable assurance of standarized quality and a permanence of supply. We fail to find any reasonable assurance of supply to fit commercial needs in the future of California production of almonds. If what I suspect is true, the chief gainer in the prohibitive duty asked by the growers will be the land promoter. In very few sections are they a sure-fire crop, a point not always emphasized by the land sellers. The high duty that you gentlemen will be urged to extend to this commodity will act merely as a subsidy to some very enthusiastic but very questionable promotion schemes. I will submit a series of display advertising that run last winter in a Chicago Sunday paper. They then offered wonderful returns on investment without high tariff—or perhaps in answer to anticipation. I will do this if I can possibly secure copies. I remembered that they had appeared, and I looked through the files of the Tribune in the Washington office last night, and I found a series of display advertisements from Paso Robles, Calif., but we will not talk about that now.

Walnuts are also of daily use with us and have been a profitable crop with the walnut growers along the coast. Without a prohibitive tariff they are an inviting investment where they will thrive. With a prohibitive tariff against import competition, they won't thrive any better on lands or in districts not suited to their culture.

Filberts are not grown to any extent in this country, so it is likely that you will be allowed to use your judgment peacefully in finding a fair revenue duty.

Coconuts in various forms are a big thing with us and have brought much revenue to the Government through quantity. I think quantity usage will serve a useful revenue purpose, and having always carried some duty, and not interfering with domestic production, it is possible that you will be able to find a rate that will hold quantity usage and return good revenue to the Government.

As a small merchant and coming in contact with the public, I take care of the store every Saturday night, and I know the public. We find out quite a few things. You gentlemen here will hear more of the details, but this is one of the things we have found out:

The capacity of people to do without has never fully been measured. We who are doing business over the 2-foot counter know how they can discipline any trade, any line, or any one article that they feel is being sold beyond its value. Value is largely a matter of tradition; what they paid yesterday or paid last year. In 1916 the housewives broke the egg market in Chicago by refusing to buy. Last crop year it is estimated that about 10,000,000 barrels less of flour was consumed in this country.

Flour was higher traditionally than potatoes; potatoes were cheap. Ability to do without and the capability of finding a replacement article will upset all schemes and theories however good. This human element is what will make your decisions either successful or unsuccessful both in the eyes of the people and in your Treasury Department. All down the line from producer and importer, through manufacturer or handler to baker, we are all of small moment. The real boss is on the other side of my counter, and it does not pay to forget that she is there.

Gentlemen, I can not offer you—I am not capable—any suggestions. I just merely wish in thinking of this not to allow sectionalism to put a tremendous weight on the rest of the country.

Senator McCumber. I wish it were possible for you to give us a concrete case. A cake, say, will weigh 3 pounds; give us the pounds of the material that is used in that, and what you sell it for to the retail trade, or give us some idea of the relation between the material in the product on the cost to the consumer.

I know there are so many different kinds of cakes in which you use eggs in these days, and I could not, not being a baker, give you the contents of one cake and ask you what it cost you and what you sell it for, and so I would be glad if you could give us some idea along that line.

Mr. HARTLEY. I can. I could to a small extent from memory now, but if you gentlemen would like I will submit to you our costs on the regular retail lines.

Senator McCUMBER. I often have to go down here to a baker and buy a cake, maybe in order to have one for Sunday. I do not know how much it would weigh, but it cost a matter of $1.50 to $2. Knowing something about flour, I would say it contained 5 cents' worth of flour, maybe 10 cents' worth of eggs, and 3 cents' worth of sugar; and I can not give you the rest, but there is a good deal of difference between $2 selling price and 25 cents' worth of material.

Mr. HARTLEY. Well, Senator, let me say, I do not do that class of trade. I am in an apartment-house district. Our two-layer cakes sell for 50 cents, and we always figure in our line that the material cost is roughly on the full line 50 per cent of the selling price. Another 50 per cent is the labor cost, the overhead, rent, and these other things; and I will be very glad to submit you a real, outright statement of how that works out. Then you can submit it to the gentlemen in the Bureau of Standards to check up.

Take, for instance, angel food. Angel food is nearly all white of egg. There is a heavy labor cost involved in making such cakes. I am not a cake maker myself, and I can not give you the exact figures, but there are the items of labor, sugar, and a little flavoring. That is absolutely all there is in that angel cake. In some kinds of cakes the whole egg is used. For layer cakes there is a different recipe entirely. Fat also enters into that, but the cheapest cake you can make, if it sells for $1 in an ordinary district—I am not talking about a very high-class place—but in the ordinary district where the big bulk of the 30,000 or more bakers of this country do business—the general cost is 50 per cent of the raw material. If you pay 50 cents for a cake, if it is larger and of a cheaper quality, you may be sure that one-fourth of the material cost will be in eggs. If it is sunshine cake, you may be sure that 75 per cent of the material cost will be in the eggs, because eggs always are our highest and most variable cost factor. This spring they have been cheaper than they have been for a long while.

The small baker has no means of contracting for storage eggs. Since frozen eggs have come in—I do not say that I use them, for I am too small a baker to use them—but since frozen eggs and powdered eggs have come in, we find the storage people are more ready to contract with us, for, say, 25 cases of eggs at $2 down for the winter months, and then permit me to pay the balance at 5 cents a dozen carrying charge as they are withdrawn from cold storage. Of course, we can not raise our price very well. We figure on a level price. There is nothing that disturbs business more than fluctuation in prices. In winter, if we get caught, we have to stand for it. We paid as high as 70 cents last year, during the winter, we little fellows that did not have much stock, whereas the men who could use 30 tons of the frozen eggs would have had those contracted in the spring for 33 cents. Of course, they can buy cheaper in the spring in the shelled eggs.

Gentlemen, this is a point I want to emphasize: I believe that the revenue will come to you more through usage than it will through restriction of usage on anything that you wish to take up.

STATEMENT OF C. GORDON WILSON, SECRETARY EGG PRODUCTS ASSOCIATION OF AMERICA.

Senator McCUMBER. Mr. Wilson, you are going to discuss the same subject, eggs, are you?

Mr. WILSON. I am, Mr. Chairman, with your permission. I represent the Egg Products Association of America, which is an association of importers of egg products. I am myself connected with Henry W. Peabody & Co., who are international merchants, exporters and importers.

As importers, we are not going to fall into the natural path of asking free tariff on egg products. On the contrary, we would like to bring about the highest possible duty that these eggs can stand, so that the Government can get the most revenue. We do not say that from any philanthropic motives whatever. The duty is simply a part of our cost, like freight or finance. It is simply added to the other costs and the public has it to pay. There is a danger of getting that duty so high that the public will balk and refuse to buy our commodity. In that case the Government will not receive any revenue from the importations, as we will stop importing. So I think I might say that our viewpoint is analagous to that of the Government, as we are perfectly willing to stand all the traffic will bear, but the minute you have too high a tariff we will lose our commission.

The quality of these eggs has been spoken of before the House Ways and Means Committee, and I wish to say something in regard to that. These dried eggs are nothing more or less than eggs with the moisture driven out through a dehydrating and heating process. They are pure, clean eggs.

Senator CURTIS. Many of those dried eggs are made from the cracked eggs that are not fit for the market but yet are perfect eggs. Is not that true? For instance, the wholesale egg dealer gets in a case of eggs. He finds among them a dozen cracked eggs. Those cracked eggs are good but he can not sell them to the market, and he dries or freezes those eggs.

Mr. WILSON. I should be very reluctant to contradict any statement you make, Senator.

Senator CURTIS. I do not ask you to contradict me. I asked you whether or not that is a fact.

Mr. WILSON. No; it is not a fact. The people who dry these eggs have their agents go out into the interior of the country and buy them. It is probable that some of them may become cracked, and they still use them. But I mean to say that they buy all the eggs they can get their hands on, good, bad, and indifferent.

Senator CURTIS. I know that; but what I am saying also is that the egg dealer sells to the trade these cracked eggs at a lower price.

Mr. WILSON. I am not equipped to give information on that point.

Senator CURTIS. And if he does not sell cracked eggs at a lower price, and finds that he can not get rid of them, he dries or freezes them, if he has the apparatus with which to do that; and if he can not do that, he turns them over to some one who can.

Mr. WILSON. To the best of my knowledge, there are no plants in this country for dehydrating eggs.

Senator CURTIS. They all come from China?

Mr. WILSON. To the best of my knowledge, they do. There were some small plants here, but they have been discontinued; they were found to be unprofitable. These dried eggs are taken to the Department of Agriculture immediately on their arrival here; and we, as importers, have to put up a bond which secures us from running away with these eggs before the Government is through with them. The department takes them and analyzes them in order to make sure that there is no injurious matter contained in them and that they are fit for human consumption. After they are through with them, they release them to us, and we can dispose of them in any way we see fit. If they do not find them proper eggs, we can not bring them in.

Those eggs are not even cold-storage eggs. The cold-storage facilities in China amount to practically nothing. They have not any arrangements for carrying cold-storage eggs. They could not use spoiled eggs. The minute you put one in a run of eggs, it would not make any difference after the eggs were dehydrated; you could still detect it very distinctly from the odor, if from nothing else. The percentage of bacteria would be increased to such an extent that any chemist could recognize it immediately.

The principal users in this country are the bakers and the manufacturing confectioners. The uses for other purposes are so small that the amount used would be negligible. The small baker uses these eggs primarily. The small baker has no facility for preserving eggs and, therefore, if he buys shell eggs he must lose a big percentage because of the fact that they go bad before he can use them, particularly this time of the year. I know that they will keep at least two years without having changed one particle.

Then the confectioner uses the whites of eggs almost entirely. If he buys shell eggs, he has to throw away the yolks. He can buy albumen dried separately. So he has no loss whatever; he has them in the same convenient form so he can keep them indefinitely.

We believe that the home industry should be protected. They can not compete with the cheap Chinese labor. Now, who would be protected if you put on a high tariff? The egg producer of this country gets most of his eggs in the spring and summer months; in fact, the supply of eggs during the spring and summer months by far exceeds the demand, to such an extent that the public can not possibly take over all the supply.

Senator CURTIS. April and May, you mean?

Mr. WILSON. It runs into June sometimes. It varies according to the season.

Senator CURTIS. I come from an egg country.

Mr. WILSON. Well, you are better equipped to speak of that than I. But there is a period of the year when the majority of the eggs are produced. At that time the public can not consume all of them. The small baker has not the capital with which to buy his eggs at one time. He could not preserve them if he did that. He can only buy his immediate demands from day to day. The same thing is true with respect to the householder. Of course, some of them do, to a small extent, and put down eggs in water glass, etc. The only people in this country who are able to take up this excess supply of eggs when they are very cheap are the packers. The packers buy these eggs as cheaply as they can get them. They are buying them this year at 20 cents. They hold them in cold storage until the market goes up, when the fowls are not laying eggs any more. Then they sell them at a fair margin of profit; I believe not profiteering, probably, but at a healthy profit.

Senator SMOOT. What rate do you want? This bill provides 15 cents; the Underwood bill provided 10 cents per pound. What do you want?

Mr. WILSON. There are three forms of eggs: Dried albumen, dried yolk, and dried whole eggs. The present law provides 3 cents, 10 cents, and 10 cents.

Senator SMOOT. You want 15 cents per pound and 10 cents?

Mr. WILSON. No, sir; I was speaking of the existing tariff. What I was about to suggest was that the yolks be fixed at 7 cents per pound, that the whole dried egg be fixed at 10 cents per pound, and the albumen be fixed at 12 cents per pound. That is figuring it out at an advance of 25 per cent on the present tariff.

Senator SMOOT. Dried eggs how much?

Mr. WILSON. Ten cents.

Senator CURTIS. Do you import shell eggs?

Mr. WILSON. No, sir. When anyone has imported shell eggs he has met with a financial catastrophe. There have been tremendous losses experienced in that.

Senator CURTIS. I do not see how you account for that. In 1914 they imported eggs from China and sold them in Kansas City at 18 cents a dozen and made money.

Mr. WILSON. How much did they cost?

Senator CURTIS. I do not know.

Mr. WILSON. The man sold them in Kansas City, but I am speaking purely of the importer. My margin of profit is from 1½ to 2 per cent. That is what the importer gets.

The only danger is in getting it too high, so that the public will not buy. We believe if you go much above this mark, you will have reached that dangerous point.

It has been stated that it takes three and a half dozen eggs to make a pound of dried eggs; and that is true. But when you have converted them back, you have destroyed certain properties. Certain physical properties have been broken down, so you have lost a great degree of efficiency, estimated from 20 to 50 per cent.

I think that is all I have to say, Mr. Chairman. With your permission, I would like to file a brief.

Senator McCUMBER. You may do so.

BRIEF OF C. GORDON WILSON, REPRESENTING EGG PRODUCTS ASSOCIATION OF AMERICA.

The interests which I have the honor to represent are primarily and almost solely importers. From this statement you will assume that I am going to ask that desiccated egg products be put on the free list, or, failing that, that they be taxed as small a duty as possible—that I believe is the general request from importers. But to the contrary, believing that it is necessary for the Government to raise revenues through import duties, and also believing that there are certain industries in this country that can not successfully compete with foreign industries of the same general nature, I am going to ask that the duty be placed at such a rate that the Government may realize the greatest possible return in the way of revenue through duties on desiccated egg products imported in this country and at the same time give ample protection to the domestic producers in this country. I make this statement from a sense of patriotic duty. From a standpoint of the business it does not make a particle of difference to the interests I represent how high the duty on desiccated egg is put, so long as it is not put so high as to exclude its import, and in this I think that the Government is in accord, as should the duty be raised so high as to exclude its import the Government would then be defeating its own purpose, as there could be no revenue derived from such a tariff if there were no imports. We all purchase our desiccated-egg products in China, to which cost we have to add the freight to this country, the marine insurance premium, and the cost of financing and the duty then existing. In this way we arrive at our costs and add our commissions, and so arrive at the price which the public shall have to pay. Now, if the duty is so great that the selling price amounts to more than the public is willing to pay, then there is no sale, and if there is no sale we will not import, and if we do not import then the Government will not collect any revenue so far as the duty on this commodity is concerned. If I have made my point clear, you will then realize that the Government interests and the interests I represent are analogous, i. e., we both want the highest duty possible without curtailing the import. and therefore I am anxious to throw all the light possible on this question and lend every possible assistance to the end that a fair and equitable duty may be levied.

In the first place, the desiccated eggs, which we import solely from China, are simply strictly fresh hen eggs with the moisture driven off. It is not possible to manufacture from anything else but strictly fresh eggs, there being no cold-storage facilities available for preserving eggs in China, and if a single bad egg should be used it would spoil an entire run, as it would be easily detected even after the egg was desiccated. The Department of Agriculture holds for inspection every shipment that arrives in the United States and will not release any shipment until a rigid examination is made and the eggs determined fit for human consumption. This in itself is guarantee that the desiccated egg offered by the importers for sale in this country are desirable as a food commodity, notwithstanding all that has been said to the contrary.

The desiccated egg is used primarily by the bakers and to a small extent by the confectioners. Other than these two uses, the uses are so small as to be negligible. The bakers who use the desiccated egg are for the most part the small bakers who have no facilities for the keeping of shell eggs such as cold storage, and if they are forced by a prohibitive price, which can only come about through too high a duty being levied, to use shell eggs it will mean that they will have a serious loss to face through the fact that they will have to lose a good portion of the eggs which they buy through the eggs spoiling before they can use them, which loss is of course simply figured in the cost of production and is passed along to the public, resulting in the disappearance of the cheap cake from the market, or the use of an egg substitute which has no nutriment.

As to the confectioners, they use only the albumen, or whites of the egg. If they have to use shell eggs it will mean that they have to throw away the yolk, while if they can get the desiccated product they can buy the albumen separated. Right here is a big saving caused not by the cheapness of desiccated albumen, but simply by the form it is in. Albumen, by the way, is not cheap and does not find a market through the fact that it is cheap, but by virtue of its form.

From this you will see that there is a danger of putting on such a high duty that the bakers and confectioners can not use the desiccated-egg products, which will result in the importation of desiccated eggs being discontinued, and the Government being deprived of the revenue.

As for the protective phase of the subject, let us consider who it is that a high tariff will protect. The poultry farmer gets the bulk of the eggs in the spring and summer months, at which time the egg markets are down, due to the fact that the supply at this time of year exceeds the demand. The small bakers throughout the country are not able to buy up eggs at this time for anything more than their immediate demands. So they benefit very little by the low prices. The poultry dealer can not keep them himself, as he is not equipped to carry eggs over until the markets go up, and consequently is compelled to sell at the then prevailing low prices. The packers then come into the market and buy the eggs at the cheap prices and store them in their cold-storage warehouses and hold them until the winter months, when the supply of fresh eggs is far less than the demand, with the consequent high prices, of which the packers are the sole beneficiaries, not the poultry producers. Who, then, would a high duty on egg products protect? Government statistics show that the number of eggs exported exceed the number imported. On the whole, I think that I am justified in stating that the protection to home industries phase of the question is negligible and might well be ignored without damage to the poultry producers, there being absolutely no manufacturers of desiccated eggs in this country. The question, therefore, resolves itself down to how much duty the dried eggs can stand without stopping the importation altogether, and thereby depriving the Government of an appreciable amount of revenue derived from the moneys collected as duty on desiccated-egg products.

In order to determine the maximum of duty that desiccated-egg products will stand, it must be considered entirely on the basis of a separate commodity absolutely isolated from the shell egg, as its form is so different, the processes which it has to be put through before it can be used by the consumers, the bakers, and its efficiency as compared with shell egg, that it really can not be considered on the basis of a competing commodity with shell egg. If the desiccated egg is put out of the market through too high a tariff, the bakers will use cheap egg substitutes made from starch rather than shell eggs. While it takes about three to three and one-half dozen shell eggs to manufacture a pound of desiccated egg, it does not follow that one pound of desiccated egg will make three dozen eggs. The desiccating of the egg destroys certain properties of the egg which makes it less efficient than it was in its original form. Again the efficiency of the desiccated egg varies so widely that it is not possible to make a parallel with shell eggs. The only basis for determining the amount of duty that can be levied without making the importation prohibitive is a practical basis. It is the consensus of opinion that the present price without the duty on whole desiccated egg of 35 cents per pound and on desiccated yolk 25 cents per pound and on desiccated albumen 50 cents per pound is about normal. The ocean freight is about as low as can be expected and exchange is about normal, which makes to-day's prices about normal. Add to to-day's prices the duty of 7 cents per pound on dried yolks, 10 cents per pound on dried whole eggs, and 12 cents per pound on dried albumen and you have about the maximum prices on desiccated-egg products that the consumer will pay or can afford to pay. This is a tremendous advance over the present duty, roughly 250 per cent, but we are willing that this advance be put in effect, as the business will stand it and the Government needs it. If it is put higher it will injure the business and curtail the imports, if not cut the imports off altogether, and in turn deprive the Government of revenue that it would otherwise receive, and in addition the public would be deprived of wholesome food at a reasonable price.

In conclusion, I beg to state that should the duty be raised above the figures above mentioned the result would be that the price would then be prohibitive to the public, the interests which I represent will simply sell our stocks, which are already in the country and duty paid, at a handsome profit and discontinue the business, as we all of us have plenty of other business, this desiccated-egg business being only a small part of our business, but, of course, we would have to forego the commissions we now obtain from this particular commodity and the Government would also lose the duties which it enjoys from the importation of desiccated eggs.

STATEMENT OF EUGENE H. HICKOK, NEW YORK CITY, REPRESENTING THE AMERICAN ASSOCIATION OF THE BAKING INDUSTRY.

Mr. HICKOK. Mr. Chairman and gentlemen, I am Eugene H. Hickok, representing the American Association of the Baking Industry. Senator Curtis raised a very important point in the egg-preservation question. The baking industry has been built up in the last 10 years to $60,000,000 or over invested in large cake-baking plants, to say nothing of the smaller cake-baking plants. That has developed on the use of eggs that have been damaged in the packing.

When the egg comes into the egg-packing plant it is sold by the farmer as a perfect egg, and in the handling it is checked or cracked—a percentage of about 3½ to 5 per cent. The farmer is not interested in those checked or cracked eggs; he has sold them; that is the packer's business. The bakers buy those eggs because they are just as good for baking as the fresh western eggs, and they get them at about 3 cents per pound, or 3 cents a dozen, which is the same thing, cheaper than they can get the fresh western eggs.

Frozen eggs are contracted for the whole year, because the baker has to know where he is driving to and he has to know where he is going to be able to get these eggs.

Several years ago when breaking stock began to get scarce, on account of the growth of the baking business, Americans went abroad and established factories there for the manufacture of frozen eggs from Chinese eggs to supply the bakers. In other words, it was the baker who did not want to compete with the housewife for the fresh western eggs who started egg freezing in China. It was started as a conservation measure and has resulted in expansion into China under American standards for the benefit of the baker and the consuming public.

Senator McCUMBER. The baker did not want to compete with the housewife?

Mr. HICKOK. He did not want to pay the price.

Senator McCUMBER. But he was perfectly willing to compete with the housewife of the farmer?

Mr. HICKOK. No; I think not. He was perfectly willing to compete with the packers, because the farmer, who had sold his eggs to the packers, had lost all interest in them.

To show you that the packer is the one that will be benefited, to the detriment of the baker, I will quote from the Federal Trade Commission's report, Part IV, on the meat-packing industry, page 139, published on June 30, 1919:

> The five big packers are the dominant factor in the wholesale handling of dressed poultry and eggs. Estimates by individual members of the trade on the extent to which their firms or localities have suffered in recent years at the hands of the packers run from 60 to 90 per cent, and frequently include the expression that for the firm's locality they have substantial control. For the country as a whole, trade estimates place the quantities of dressed poultry and eggs shipped by the packers in 1917 at over 65 per cent of the total shipped from producing areas to consuming centers.

Senator SMOOT. Will you tell me just what you are requesting in this? Is it the same as that requested by the previous speaker?

Mr. HICKOK. Yes. We are requesting that the frozen-egg tariff be not increased——

Senator SMOOT. You mean the Underwood tariff rates?

Mr. HICKOK. No; that they be not increased more than 100 per cent on mixed frozen eggs and on frozen yolks, and that they be not increased more than 400 per cent on frozen albumen over the Underwood bill rates.

Senator CALDER. How much does this bill increase frozen albumen?

Mr. HICKOK. That is just what it does. The present bill passed by the House does just exactly that thing.

Senator SMOOT. Then, you are satisfied with that increase?

Mr. HICKOK. I am satisfied with that as the last thing that we can stand.

Senator SMOOT. In other words, you do not want these rates increased?

Mr. HICKOK. I do not want them increased.

Senator SMOOT. You are satisfied with them as they are?

Mr. HICKOK. I am satisfied with them as they are on frozen eggs; yes, sir.

Continuing in regard to the packers' control of this industry, and to further show that the housewife is not interested, and that if a large tariff is placed on frozen eggs it will merely mean that many millions of dollars will be taken out of the baking industry and the consuming public and paid over to the packers if a high tariff is placed on these eggs——

Senator LA FOLLETTE. Well, do you not call 400 per cent a high tariff?

Mr. HICKOK. I call that high but equitable. In other words, that makes the frozen-egg rate 4 cents per pound. That is what the Fordney bill has it.

Senator CALDER. What is the rate under the present law?

Mr. HICKOK. Under the present law it is 1 cent on albumen, frozen albumen; 10 per cent ad valorem on yolks; and 2 cents on mixed.

Continuing with the Federal Trade Commission's report, page 140:

> Throughout the country, however, but especially in the great consuming markets of New England and elsewhere in the East, there are many concerns conducted under names other than those of the big packer companies which are not directly subsidiary to those companies, but which are owned or controlled by members of families controlling those companies. These concerns do not secure all their supplies through the big packer companies or their subsidiaries, but purchase also from independent packers and candlers of dressed poultry and eggs.

The farmer is out of it; he has sold his eggs; and the packer is protected by a high tariff. And if a high tariff is placed on the importation of Chinese eggs, it will merely mean that the level of the checked and cracked eggs will be brought up to the same point as the fresh western eggs during the packing season. Therefore the packers will get about 3 cents a pound more for their cracked eggs, because after they are broken for freezing they are just exactly as good as perfect eggs.

Senator McCUMBER. You say the farmer is not interested; that the only benefit that will accrue at all will be to the packers?

Mr. HICKOK. Yes, sir.

Senator McCUMBER. You assume, then, that knowledge that any quantity of eggs may come in at a low rate of tariff will have no effect whatever upon the price that the farmer receives for his product at the time that he sells it?

Mr. HICKOK. Yes, sir.

Senator McCUMBER. It will have no effect on him?

Mr. HICKOK. You probably have heard that the egg market was broken by the Chinese eggs this spring. I wish to say that during the year 1920, of the total production in the United States, only one shell egg was imported for every thousand that were produced; and that for every thousand that were produced, 15 eggs were exported.

Senator McCUMBER. You say shell eggs. What was the entire importation of all of the eggs, both the frozen and the dried eggs—because they all affect market—what were the importations? State their equivalent in dozens or any unit you see fit to use.

Mr. HICKOK. I should say probably 3 per cent. These shelled and dried eggs do not compete with the farmers' eggs because not one of them is used as a table egg. It is merely a baker's material, and the only interests involved here, as I see it, are the bakers, who reflect through the consumers, and the packers' interests.

The importation of shell eggs amounts to almost nothing. What broke the market was that the hen out in the country began to lay, and we had an early spring. There were twice as many eggs came into the New York market, and they did not come from China, either; they came from the farms, during the spring months, twice as many as came in the year before, and that is why the market was broken.

Senator GERRY. Do you contend that the only people competing in the importation of eggs from China are the packers?

Mr. HICKOK. Yes, sir.

Senator GERRY. And that, therefore, this raise in duty will only help the packers?

Mr. HICKOK. Yes, sir.

Senator GERRY. And, therefore, it is to his advantage and to the advantage of nobody else?

Mr. HICKOK. Yes, sir.

BRIEF OF EUGENE H. HICKOK, REPRESENTING THE AMERICAN ASSOCIATION OF THE BAKING INDUSTRY AND RETAIL BAKERS' ASSOCIATION OF AMERICA.

DEVELOPMENT OF AMERICAN CAKE INDUSTRY.

Commercial cake manufactured in the bake shops of America is consumed by all classes; in fact, the art of cake making in the bakeries has developed in the past few years to such an extent that home cake baking has been materially reduced. Cake is a staple necessary food. It has become an important item in the daily diet of more than 20,000,000 people. Workers in the offices, professional people, and shop workers make it an important part of their lunch and dinner meals. This is not a condition of long standing, but has developed in the past decade for the reason that egg products have become standardized, so that the baker can use them on a large scale in the production of cake and get the required richness into the cake to make it both palatable and nutritious.

Cake is not a luxury. It is a necessity. If we are to consider that sugar, milk, eggs, and butter are necessities, then we shall have to consider also that cake is a necessity. Bearing upon this point, there is submitted below for consideration the affidavit of Dr. Harry E. Barnard, director of the American Institute of Baking at Minneapolis, Minn.

"I, Harry E. Barnard, being director of the American Institute of Baking at Minneapolis, Minn., Federal food administrator for the State of Indiana, late State food and drug commissioner of the State Board of Health of Indiana, director of the American Chemical Society, member of the American Public Health Association, member of the American Association of Chemical Industry and numerous learned and scientific societies—late associate editor of the food department of the New York Evening Mail, author of many special papers, dealing with the subject of food and nutrition, do make affidavit as follows:

"I am by experience, both in the manufacture and chemical analysis of cake, familiar with its composition and nutritive value.

"Cake is a well-known article of diet, prepared from simple basic food materials and generally served as a dessert, or to complete the meal. Cake consists of a mixture of varying amounts of flour, sugar, butter, and eggs, with or without additional flavors, colors, and secondary ingredients such as fruits, nuts, etc.

"The food value of cake is determined by the amount of flour, sugar, butter, and egg incorporated in the loaf. There is no difference in the food value of flour as used in cake from that of a similar amount of flour used in the manufacture of bread. The food value of the sugar is likewise the same, whether it be used in cake or other foodstuffs. This is also true of the butter and egg. Each of the several ingredients used in the manufacture of cake is a staple food. The flour, sugar, butter, and egg, which, when compounded, produce cake, are most important food materials, and furnish the necessary food essentials, such as carbohydrates, fat, and protein, in proper form for easy and complete assimilation at minimum cost.

"The difference between bread and cake lies first in the greater quantity of sugar used in cake. Second, in the use of butter as a shortening material instead of lard or vegetable oils, and third, in the use of egg instead of yeast, as a leavening agent. The use of additional quantities of sugar, as a frosting or icing, still further increases the food value and furnishes the sweet so commonly desired at the close of a meal. The increasing use of cake is due in part to the fact that it appeals to the palate of the consumer—but still more to the fact that it supplies in such palatable form the food essentials the body requires.

"Cake is composed of ingredients of high food value and is a concentrated food, furnishing more calories or energy-producing units than bread or more simple compounds of cereals.

"It is not a luxury, for its ingredients are staple foods, constantly used in other forms on every table. The mixture of these staples in the manufacture of cake does not remove the product from the list of staples, nor does the use of these staples in the form of cake warrant the conclusion that cake is an unessential food or a food which should be denied the masses of consumers. On the contrary, the use of cake is conducive to the well-being of the consumer, since it furnishes essential and necessary food materials in a desirable, attractive, and pleasing form.

"Any increase in the cost of the raw material entering into the manufacture of cake, or of labor, or of the cost of transportation and distribution is an added burden on the family purse and an increase in the cost of living.

"HARRY E. BARNARD.

"Subscribed and sworn to before me this 16th day of June, 1920.

"JOHN M. BARBER, *Notary Public*."

The ingredients that enter into cake constitute a more balanced ration than almost any other food placed upon the table. The ingredients are all recognized as wholesome food. Up until the time that eggs were prepared in dried and frozen forms bakers were greatly handicapped by reason of work required in breaking out the eggs from the shell and the fact that they were not at all standard in quality. Musty eggs would get in and spoil the whole batch of cake dough. The egg stock which is used in preparing domestic frozen eggs is not in general the same as appears upon our breakfast tables. In the handling of eggs it is impossible to prevent breakage, and about 3 to 5 per cent of all the eggs brought into the market become checked or cracked in handling. They would not keep in storage nor could they be consumed to advantage upon the table as first-class eggs. It is mostly from these eggs, having checked or cracked shells,[1] that frozen eggs are prepared in the United States. They are not discovered to be damaged until they reach the egg-packing plants, and when they are sorted over those that are cracked or checked are separated and used to manufacture frozen eggs for the bakers.

Up to a few years ago the cake business had not developed so as to consume these checked and cracked eggs, and large quantities of them were wasted. Cake sales depend upon quality. The bakers have found that when they put sufficient eggs into their cake to make it attractive people will buy it, and that has been responsible to a great extent for the growth of the cake industry. As the bakery cake has become more and more in demand, the supply of cracked and broken eggs from the egg-packing plants of the United States has become insufficient to produce all the frozen eggs required in the baking of bakery cake and pastry and it has in recent years been found necessary to prepare frozen eggs in China to supplement this bakery material.

The product is entirely wholesome whether prepared in the United States or China. The United States Agricultural Department has said in Bulletin No. 729, published in 1918, that frozen eggs are perfectly wholesome up to two years from the time of freezing.

Some of the plants established in China for manufacture of frozen eggs are under the supervision of Americans who have been sent over there to prepare frozen eggs for the American bakers. Several of the same firms who manufacture frozen eggs in the United States operate in China also. The same high sanitary conditions are maintained whether manufacture is carried on in the United States or in China. (See

[1] Includes also eggs having soiled shells, undersized eggs, etc.

extract from Report of Commissioner of Agriculture Benson, of Washington State, Appendix 1 of this brief.)

The bakeries of the United States consume from forty to fifty million pounds of dried and frozen eggs per year. Of this the cracked and checked eggs from the egg-packing plants of the United States have in recent years furnished about one-half.

Frozen and dried eggs from a commercial standpoint are purely a bakery-shop material. They are in the same category with sugar, flour, butter, and milk. Egg substance constitutes probably the most important ingredient; therefore, the maintenance and the expansion of the cake-baking industry depends upon securing an adequate supply of frozen and dried eggs at a reasonable price. If the price of ingredients becomes too high, the resultant increase in the selling price of the cake makes it too expensive for general consumption; in other words, people will not buy the cake if it costs too much. Of course, there have been numerous so-called egg substitutes upon the market, which some of the bakers have used to a considerable extent, but nothing has been found to take the place of eggs in baking cake.

If the bakers are forced to abandon the use of imported frozen and dried eggs in the manufacture of cake and pastry by reason of increased tariff, it will mean higher cost for wholesome food to the consumer, decreased production for the bakers, and no revenue for the United States Treasury. Unless we can make wholesome and palatable cake at a low cost, we can not expect to keep up the production which we have built up by great effort and the expenditure of upward of $50,000,000 in bakeries and equipment.

CORRECTION OF FALSE STATISTICAL INFORMATION.

There is so much false information being put before Congress by the Pacific coast poultry associations and others that we deem it worth while to review some of the fallacies.

The United States Department of Agriculture has estimated that 1,957,000,000 dozen eggs were produced in the United States in 1919, according to Agricultural Department Yearbook for 1919. The importation to the United States during the whole of 1920 was only 1,708,701 dozen. This, you will observe, was less than one-tenth of 1 per cent of the total egg production. It can hardly be said that one-tenth of 1 per cent of any commodity would be sufficient to materially affect the market. In other words, it is a long stretch of imagination to arrive at the conclusion that 1 egg imported for each 1,000 produced would affect the market, especially in view of the fact that fifteen times as many shell eggs were exported as were imported.

The following table shows the importation of shell eggs by months for the year 1920 and the first two months of 1921:

Imports of eggs into the United States, by months and countries, for the year 1920 and January and February, 1921, expressed in quantity.

[Statement prepared by United States Foreign Market Service, Bureau of Markets.]

Countries from which imported.	1920							
	January.	February.	March.	April.	May.	June.	July.	August.
	Dozen.	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*
England				7		31		
Canada	13,843	1,116	1,855	6,147	8,978	7,862	5,707	8,186
Argentina								
China	174,091	150,042	144,600	102,755	51,300		3,125	
British Indies		300						38
Hongkong	31,999	16,891	15,251	28,728	27,134	20,979	23,588	17,982
Japan	15,000	6,000	1,250		25	70		
Australia	37,800							
Total	272,733	174,349	162,956	137,637	87,446	28,942	32,420	26,206

Imports of eggs into the United States, by months and countries, for the year 1920 and January and February, 1921, expressed in quantity—Continued.

Countries from which imported.	1920—Continued.					1921	
	September.	October.	November.	December.	Total.	January.	February.
	Dozen.	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*	*Dozen.*
England	....	....	30	....	68	....	....
Canada	25,093	49,300	51,394	96,902	276,392	221,176	249,843
Argentina	....	....	21,000	....	21,000	219,540	51,000
China	....	300	3,000	217,650	846,863	532,195	203,770
British Indies	....	....	....	....	338	....	....
Hongkong	7,463	27,026	24,458	28,068	269,567	160,095	26,704
Japan	....	....	250	62,160	84,755	132,677	98,260
Australia	750	70,422	49,710	51,036	209,718	30	100
Total	33,306	147,048	149,842	455,816	1,708,701	1,265,713	629,677

It will be observed that more shell eggs were imported in January, 1921, than during any previous month covered by the table. This is quite logical, as it is the tendency of all commodities to follow the best markets, and with the higher grades of eggs selling at more than a dollar per dozen in January, at New York, and lower grades selling in proportion, it is not at all strange that eggs from Canada and from China should seek market in the United States.

It can not be said that this quantity of eggs imported in January had any appreciable effect upon the breaking of the market. When the weather came on warm in January the hens began to lay, and this produced eggs upon our farms in such quantity that it more than supplied the demand for high-priced eggs and they continued to flow in from the farms until the market was entirely broken. In New York the market was effectively broken in February, when the receipts were 487,209 cases or 14,616,270 dozen for the month. This was the greatest egg receipts for February in many years.

Notwithstanding the fact that prime shell eggs were selling throughout the United States in January at something over $1 per dozen, frozen eggs were selling at a lower price than at any time during the previous year; namely, about 30 cents per pound. Shell eggs can be substituted and used by bakers for frozen eggs, but involves a considerable expense, but frozen eggs can not be substituted or fill the demand for shell eggs. In other words, frozen eggs are not generally used upon the table and are used almost exclusively as a baker's material. If frozen eggs could have been used to take the place of shell eggs, they would have been used this past year to replace shell eggs, which were selling at about $1 per dozen while frozen eggs were selling at 30 cents per pound, representing the substance of approximately a dozen shell eggs.

Much stress has been laid by advocates of high egg tariff upon the importation of shell eggs from China, but it will be seen that during the month of February, in which month the market was broken, more shell eggs were imported from Canada to the United States than from China to the United States.

The careful student of the situation would also note that during the year 1920 the United States exported 26,841,772 dozens of eggs and imported 1,708,701 dozen. In other words, our exports were about fifteen times the amount of our imports, the imports being less than one-tenth of 1 per cent of eggs gathered. All the eggs produced in the United States upon farms, henneries, etc., embracing the total eggs gathered in the United States are increased only to the extent of one-tenth of 1 per cent by the total shell eggs imported, and after using all shell eggs needed in the United States we still have for export fifteen times our total imports.

The one factor which influences prices of shell eggs in the United States is the weather. If the weather is warm early in the spring, the hens will lay enough eggs to break the market, which is exactly what they did this spring.

The receipts in New York market during March, 1921, amounted to 979,513 cases, which is nearly double the New York receipts for March of last year.

In this connection it appears that we should examine rather closely the apparent effect, or rather lack of it, which a tariff has had upon egg prices during the past 25 years. At the very best, Chinese shell eggs can compete with storage eggs only, for by the time they get over here from China they are themselves storage eggs, having been in storage for several months.

Below is submitted a tabulation of monthly average egg prices in New York City for the better grades for the past 25 years, showing also the tariff rates which were in effect:

Year.	Receipts, New York.	Western finest.	Western regular, packed, first.	Refrigerator, first to finest.	Tariff rates.	Imports.[1]
	Cases.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Dozens.*
1896	2,594,992	....	15¼	15.00	3	....
1897	2,751,833	....	15¼	13¾	3	....
1898	2,642,252	....	16¼	15¾	5	....
1899	2,714,602	....	19.00	16.75	5	....
1900	2,911,818	17.20	17.70	15.00	5	....
1901	2,964,849	18.00	17.50	17.80	5	....
1902	2,869,269	22.34	20.85	20.97	5	....
1903	3,108,534	....	21.02	20.17	5	....
1904	3,363,630	26.49	22.66	22.02	5	....
1905	3,581,631	....	22.22	22.30	5	....
1906	4,086,151	22.00	21.03	19.70	5	....
1907	4,426,614	22.95	21.74	20.49	5	....
1908	4,116,269	....	22.19	22.27	5	....
1909	4,256,320	....	25.03	....	5	....
1910	4,377,700	27.00	25.30	25.22	5	....
1911	5,016,721	23.24	21.50	20.42	5	....
1912	4,723,558	27.82	25.19	25.00	5	....
1913	4,666,117	26.48	24.83	23.61	[2] 5	1,701,153
1914	4,762,176	28.23	26.64	26.01	([3])	5,668,398
1915	4,582,218	27.72	25.88	23.47	([3])	1,872,852
1916	4,864,343	31.09	29.41	28.30	([3])	759,673
1917	4,357,061	42.07	40.26	37.71	([3])	1,179,047
1918	4,983,351	50.77	48.45	44.76	([3])	1,244,826
1919	5,915,684	55.58	53.16	49.22	([3])	1,247,355
1920	5,229,451	59.93	57.14	54.66	([3])	1,708,701

[1] From statement prepared by Department of Agriculture, Bureau of Markets, Apr. 11, 1921.
[2] And free.
[3] Free.

It will be noted that during most of the years in which the high prices prevailed on shell eggs there was no duty on them. It is a mistaken idea to believe under these statistical facts that importation or tariff on shell eggs could have any probable influence upon the price.

The interest of the baking industry require that Congress be not misled by impossible statements of facts even though they be honest errors.

The foremost statistician in the egg industry is Mr. Frank G. Urner, of the Urner-Barry Co., 173 Chambers Street, New York City, editor and publisher of the New York Produce Review and American Creamery.

Realizing that the statements presented to Congress by those who are requesting prohibitive tariff are not founded upon knowledge of the situation, but are mere guesses leading to fallacious conclusions, Mr. Urner has in his publication of April 6, 1921, pointed out some of the fallacies in a rather exhaustive article, from which we have quoted in appendix 3 of this brief.

Conclusions have been reached by those advocating high tariff without weighing economic causes. Influenced by erroneous statistics, the poultry associations have sent two men traveling over the country presenting their contentions, as to the tariff matter, to agricultural conventions throughout the Middle West and have secured by false representations, probably without knowing that they were false, resolutions calling for prohibitive tariff on Chinese eggs. They are including frozen and dried eggs in their campaign for no reason at all, and seem to lose sight of the fact that frozen and dried eggs do not compete with shell eggs and can not be used as substitute for shell eggs, being purely a bakers' material.

In trade papers Mr. H. W. Kerrigan, secretary to the Petaluma (Calif.) Chamber of Commerce, is reported as saying at Peoria, Ill., on March 3, at the convention of the Illinois Poultry Association, as follows:

"In 1914 eggs imported principally from China amounted to $1,000,000. During the war Chinese eggs went principally to Europe. In 1920 the imports of the United States increased $16,255,000 over 1914. Since January, 1921, up to the present week they figure up to $10,000,000, and it looks like they will reach $50,000,000 for 1921."

In order that the interests of the bakers and the consumers of bakery products may not suffer by impression created by erroneous statements, we feel it our duty to point out the real status of these imports.

The total importations in 1920 of shell eggs from China was 846,863 dozen, which were appraised by the United States customhouse officials at $228,371, instead of $17,255,000 as stated by Kerrigan. Continuing, then, Mr. Kerrigan's statement that since January 1, 1921, to March 1, the imports had amounted to $10,000,000 and would probably reach $50,000,000 before the end of 1921, it appears from Government statistics (see table below) that the shell-egg importation from China amounted to $138,825 in January and $48,242 in February, and that not a pound of frozen or dried eggs were imported from China to the United States in January, and that 295,616 pounds, valued at $52,544, were imported in February. In other words, the total importations of eggs and egg products for January and February, 1921, from China to the United States, including shell eggs, frozen eggs, and dried eggs, amounted to the sum of $239,611, instead of $10,000,000 as stated by Mr. Kerrigan, an exaggeration of something more than 4,000 per cent.

The following table compiled from Government statistics is hereby submitted:

Value of eggs, shell, dried, and frozen, imported from China in January and February, 1921.

[Statistics furnished by Bureau of Markets, U. S. Department of Agriculture. Prepared March, 1921.]

	Shell.		Dried and frozen.		Total value shell, dried, and frozen.
	Dozen.	Value.	Pounds.	Value.	
January	532,195	$138,825	....	....	$138,825
February	203,770	48,242	295,616	$52,544	100,786
Total	735,965	176,067	295,616	52,544	239,611

WHERE IS THE REAL INTEREST IN HIGH TARIFF ON FROZEN AND DRIED EGGS?

A farmer does not produce dried or frozen eggs, and a high tariff on eggs in these forms would not benefit him. When he sells his eggs to the market, he sells them all as shell eggs; in fact, he does not sell checked or cracked eggs to the market, but these imperfections develop in handling. A large part of the cracked eggs from which frozen eggs are manufactured are the property of the big Chicago packing interests. Damaged shells develop at the egg-packing plants, and possibly the Chicago packers are interested in having high tariff on frozen and dried eggs. It would increase the price that they could secure for breaking and freezing stock; in fact, it would entirely exhaust this class of eggs and make a small added demand for first Western eggs at low prices during the spring when eggs are at their cheapest, but not enough to affect the market. The Chicago packing houses would on account of high tariff secure nearly as much for their checked and cracked eggs as the market price for undamaged eggs. This would work off from the market also the checked and cracked eggs which now finally reach the households in the poorer residential sections of the cities at a low price during the spring months, and would take from the poorer classes of city consumers the opportunity to get underpriced eggs.

As conditions now exist, about one-half of the supply of frozen eggs used by the bakers are imported from China. The rest are manufactured in the United States mostly from eggs with damaged shells.

Notwithstanding the many arguments which have been advanced by those in favor of a prohibitive tariff upon eggs and egg products, the bakers of the country feel that we should have certain fixed definite rights, which should not be taken away from us by mistaken sentimental considerations. The total importation of frozen and dried eggs in the United States for the year 1920 was 29,022,572 pounds. The total eggs gathered in the United States is estimated for 1919, by the Agricultural Department, to be 1,957,000,000 dozen and in 1920 more than 2,000,000,000 dozen. Approximately a dozen eggs make a pound of eggs frozen. Therefore, the total frozen and dried eggs imported in the United States in 1920, which was somewhat more than previous years on account of growth of the cake-baking industry, amounted to less than 1½ per cent of the total egg production of the United States. Yet this is what the cake-baking industry relies upon for its life. These frozen and dried eggs, amounting to only 1½ per cent of our egg production, are imported to supplement the supply to bakers at the same price that they pay for domestic frozen eggs which are manufactured largely from cracked or checked eggs from the large packing warehouses of the country. If a prohibitive tariff is placed upon frozen eggs it will mean that fresh western eggs would have to be broken to help out the supply to the bakers, and just as soon as any great proportion of fresh western eggs are broken for freezing purposes it will mean that all of the domestic cracked and checked eggs will assume practically the same price level as fresh western eggs. Upon consultation with the best authorities in the baking industry upon the economics of the situation, it is contended by some that egg substitutes made of cornstarch, gum arabic, etc., would be used quite extensively as a substitute for eggs in cake baking in case the higher price levels of frozen and dried eggs should be forced by a prohibitive tariff.

People will pay only about so much for a cake, and when you get above that price level they will not eat it. The cake-baking industry has been developed up to a magnitude of total cake production in the United States in 1920 estimated at 300,000,000 pounds, valued approximately at $100,000,000. This industry in itself if segregated from all other manufacture would furnish employment to more than 20,000 persons, which is probably 100 per cent more than were employed in the baking of cake 10 years ago. This growth is the result of progress which the bakers have made during the past few years by reason of better quality. This has been induced by the ability of the bakers to get a free flow of frozen and dried eggs the year round at a level price, and it would have been absolutely impossible to have developed this industry without the importation of Chinese frozen and dried eggs. The economic point of unrestrictive production is quite sensitive, and an addition of even a small percentage in the cost of production of cake, reflected in selling price, is immediately followed by decreased consumption. Therefore, instead of continuing our line of progress, by which we have in the past few years doubled the consumption of bakery cakes, if the tariff on frozen and dried eggs is unduly increased, we shall find that the industry on account of economic conditions is retarding instead of progressing. This in turn will decrease the number of employees necessary and will also decrease the consumption of flour, butter, and milk, in all of which our American farmers are much interested.

It will also detract from the nutritive quality of the food which our office and factory workers will consume for their noonday lunches and dinners. One feature which is outstanding is the fact that in China the eggs used for breaking and drying purposes are not eggs of damaged shells. The natives eat these, and, contrary to our American custom, the eggs of damaged shells are the first to be consumed in China. This is because there are no public cold-storage plants in China and the eggs are brought in perfect condition direct to the egg-freezing plants. Therefore, in reality, the competition is between the fresh "run of the lay" eggs of China and the eggs of damaged shells which develop in the egg-packing plants of the United States.

Since the cracked or checked eggs used for freezing in the United States develop in the egg-packing warehouses, it becomes of interest to ascertain who would be benefited by the creation of an artificial demand for them by a high tariff. I quote from report of the Federal Trade Commission on the Meat-Packing Industry, Part IV, published June 30, 1919, page 133.

"POULTRY PRODUCTS.

"*Section 1. Buying and selling operations of the five greater packers.*—The five greater meat packers, with their affiliated and allied companies, engage in every phase of the poultry products trade. Their operations cover practically every section of the United States and reach even into foreign countries.

"*Buying operations.*—They secure a large part of their poultry products through the poultry and egg buying stations and packing plants which they control. The commission located 102 poultry and egg packing plants which are controlled by them and 247 buying stations through which these plants secure their supplies.

These buying stations and packing plants are located largely in the Middle West, principally in the States of Iowa, Missouri, and Kansas. Some of them are operated by the meat-packing companies direct, and some of them are operated by subsidiary, affiliated, or allied companies. For example, a great number of the Swift buying stations and plants are operated by subsidiary and affiliated companies of W. F. Priebe Co., a Swift subsidiary, whereas many of the Armour stations and plants are operated by the Kentucky Creameries, Aaron Poultry & Egg Co., A. S. Kininmonth Produce Co., and Nicholson Ice & Produce Co., Armour concerns.

"The locations of the 102 controlled poultry and egg packing plants and the 247 buying stations through which supplies are purchased, with the names under which they are operated and their exact relations to the packers, are given in Exhibit VII.[1]

"The following table is a summary of that exhibit:

[1] Exhibit VII is contained in Appendix 2 of this brief.

"TABLE 36.—*Number big packer poultry and egg packing plants and buying stations, grouped by States, 1918.*

State.	Swift & Co.		Armour & Co.		Morris & Co.		Wilson & Co. (Inc.).		The Cudahy Packing Co.		Total, big packers.	
	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.	Plants.	Buying stations.
Massachusetts	1	......	......	......	......	......	......	......	......	......	1	......
New York	......	......	1	......	......	......	......	......	1	......	2	......
New Jersey	......	......	......	......	......	......	......	......	1	......	1	......
Pennsylvania	......	......	......	......	......	......	......	......	1	......	1	......
District of Columbia	......	......	......	......	......	......	......	......	1	......	1	......
Ohio	1	1	......	......	2	3	......	......	......	......	3	4
Indiana	2	4	1	16	1	3	......	......	......	......	4	23
Illinois	11	31	......	......	......	......	1	1	......	......	12	32
Michigan	2	9	1	......	......	......	......	......	......	......	3	9
Wisconsin	1	6	1	3	......	......	......	......	......	......	2	9
Minnesota	2	6	2	......	1	2	1	......	3	......	9	8
Iowa	15	71	3	3	......	1	3	......	2	1	23	76
Missouri	6	24	4	6	......	......	......	......	1	......	11	30
South Dakota	......	......	......	......	......	......	......	......	1	......	1	......
Nebraska	2	19	1	......	......	......	......	......	......	1	3	20
Kansas	3	3	6	8	......	......	......	......	......	......	9	11
Kentucky	......	......	1	5	......	......	......	......	......	......	1	5
Tennessee	......	......	......	......	......	......	1	1	......	......	1	1
Texas	1	1	......	......	......	......	......	......	......	......	1	1
Oklahoma	......	1	4	......	......	......	1	1	......	......	5	2
Colorado	1	......	......	......	......	......	......	......	......	......	1	......
Utah	......	......	......	......	......	......	......	......	1	......	1	......
Washington	......	1	......	......	......	......	......	......	1	......	1	1
Oregon	1	12	......	......	......	......	......	......	1	......	2	12
California	1	3	......	......	......	......	......	......	2	......	3	3
Total	50	192	25	41	4	9	7	3	16	2	102	247

"It will be seen from the exhibit that in many cases poultry and egg packing plants are not given as having any buying stations. In some cases this may be due to the fact that the buying stations for the plants were not returned to the commission. It is often due to the fact that the plants have no buying stations as such, but buy regularly from certain country dealers. In many instances these country dealers sell all of their products to the packer's plants, and in some cases these dealers are financed by the packer plant, and in other cases they buy from producers and sell to the packer plants on a commission basis. So the packers' plants in reality have a larger number of buying stations than is indicated by this exhibit.

"The packer buying stations buy most of their poultry products directly from the producers. Many of them also buy from country collectors and local grocers who have bought from the producers, and some of them also buy from local poultry and egg shippers.

"In addition to buying poultry products through their controlled poultry and egg packing plants and buying stations, they also buy as well as sell through their regular branch houses and slaughtering plants. This is particularly true in the Southern States and on the Pacific coast, where they have few specialized poultry agencies. The branch houses, like the poultry-packing plants and buying stations, buy from producers, country collectors, local grocers, and local dealers.

* * * * * * *

"*Section 2. Position of the five greater packers in the poultry-products trade.*—The five big packers are the dominant factor in the wholesale handling of dressed poultry and eggs. Estimates by individual members of the trade on the extent to which their own firms or localities have suffered in recent years at the hands of the packers run from 60 to 90 per cent and frequently include the expression that for the firm's locality they have substantial control. For the country as a whole, trade estimates place the quantities of dressed poultry and eggs shipped by the packers in 1917 at over 65 per cent of the total shipped from producing areas to consuming centers. * * * Throughout the country, however, but especially in the great consuming markets of New England and elsewhere in the East, there are many concerns conducted under names other than those of the big packer companies which are not directly subsidiary to those companies, but which are owned or controlled by members of families controlling those companies. These concerns do not secure all their supplies through the big packer companies or their subsidiaries, but purchase also from independent packers and handlers of dressed poultry and eggs."

If these recent reports of the Federal Trade Commission are to be taken as authentic, we must concede that the chief beneficiaries in a high tariff on frozen and dried eggs would be the five big packers mentioned in the above quoted report.

The principal losers would be the bakers of the country and the consumers, and if importation were practically cut off the United States Treasury would also be a loser. It is quite likely that our foreign trade would be a loser, for if we are to provide a market for our goods in China we must provide also a market for their goods in the United States.

WHAT THE BAKERS OF THE UNITED STATES WANT.

The baking industry has been developed to the extent that it is now among the leading industries of the United States in the value of products manufactured. Up to a few years ago the cake-baking industry was not such an important part as it has now grown to be, but we believe that Congress should think very carefully before it tears down the development which the cake bakers of the country have made during the past few years and which has been contributed to largely by their ability to secure frozen eggs from China. One might say, "Why not freeze all the eggs necessary in the United States?" The answer is that the traffic will not bear the use of domestic perfect shelled eggs at the prices which they command upon the market. In order that the bakers may keep cake upon the market at a price at which the people will buy it, they must be able to get their eggs at the price commanded by the checked and cracked eggs used in the manufacture of frozen eggs in the United States, and they must be able to supplement this supply by importation of frozen and dried eggs from China.

We are willing, and we believe that the country at large is willing, to meet this tariff problem upon the economic basis of the equalized difference between the cost of production in the United States of frozen eggs under present conditions and the cost of importing frozen eggs from China. As heretofore stated, there is not half enough eggs with damaged shells available from the egg-packing plants of the United States to manufacture the frozen eggs used by bakers. If you cut off the opportunity of the bakers to have this supply supplemented by importation at an equal cost, including tariff, you are retarding the cake-baking business to a very large degree and you are also taking away from the poorer people the opportunity to get wholesome nutrition in the form of wholesome bakers' cake. The farmers will not be benefited, for the real interested parties are the egg-packing companies and not the farmers.

It is our understanding that the policy of the administration is to impose such a tariff that the cost of production and importation of foreign products shall be equal to the cost of production in the United States.

The bakers of the country do not feel that Congress would be helping the farmer if it should take millions of dollars out of the development of the cake-baking business and also from the tables of the consumer to increase the price at which the big packers might sell their cracked and broken eggs, and hence their profits.

Let us meet this question squarely regardless of prejudice. Many exaggerations have been put out by the representatives of the poultry associations. These are recognized as exaggerations by those who follow the egg business, and when they are pointed out to Congress they should cease to be a factor in determining the real basis of an equitable tariff. In the first place, it is our understanding that Congress does not wish to exclude or place an embargo upon the importation of articles which are necessary to supply the raw materials used extensively in American manufacture, and, in the second place, we believe that Congress desires to fix the tariff at such a rate that some revenue may be derived.

In arriving at the relative cost of producing Chinese and American frozen eggs the following figures have been gathered by reconciling figures submitted by several large importers of Chinese frozen eggs:

Additional cost of production in China.

	Cents per pound.
Overhead[1]	1½
Additional cost of packing[2]	1
Chinese export duty	½
Ocean freight	2
Additional freight charges in United States from Pacific coast to Atlantic coast	1¼
Longer storage carry 3 to 4 months	¾
Special hazards[3]	1
Friendly preference of buyers for domestic stock	½
Present tariff on mixed eggs	2
Total[4]	10½

Thus it will be seen that with the present tariff of 2 cents per pound there is a natural advantage which domestic freezers of eggs enjoy, amounting to 10 cents per pound and this has to be absorbed in the difference in price between American breaking stock and Chinese. At the present time (April) the raw breaking stock is selling throughout the Middle West, where the chief egg-freezing plants are located, at about 15 cents per pound. Therefore, applying the above differential of 10 cents per pound to this price would bring the necessary equalizing cost in China, under the present tariff, to 5 cents per pound representing 1 dozen eggs. My information is that in China eggs are now selling at 7 cents. Therefore under present conditions American producers have an advantage of 2 cents per pound, and yet eggs must be frozen in China to get sufficient supply for American bakers.

The market in China is influenced by the world market, for Japan, England, and other countries also buy eggs in China. Prices in the inland of China are very low, but the expense of getting eggs to sea coast is considerable. Therefore when prices are given in Consular Reports, etc., at 3 or 4 cents per dozen, it means at inland stations. Commissioner Benson's report (see Appendix 1) gives the price when he was there in 1920 at 20 cents per dozen, but at the same time breaking stock in the United States was selling at 30 cents per pound representing 1 dozen eggs. This shows that the natural differential in favor of American freezers of eggs with the present tariff of 2 cents per pound was just equalized by the difference between the American cost and the cost in China.

The egg-freezing industry in America is nothing in comparison with the American cake-baking industry. Very little labor is employed in breaking out and freezing eggs, probably not more than one-fiftieth the number employed in cake baking, and anyway it is impossible to expand the egg-freezing industry in America, because practically the entire supply of breaking stock is now consumed by the bakers and by the supply of underpriced eggs shipped to the poorer residential centers of the large cities.

There are no dried or powdered eggs produced in the United States, and therefore the protection of home industry does not enter in the question of tariff. Three and one-half pounds of raw eggs make 1 pound of dried or powdered eggs. The dehydrating process takes away much of the efficiency of the egg, and a pound of dried whole eggs will perform the duty of only about 2½ pounds of raw eggs. Much more of the moisture is evaporated from the albumen, or white of the egg, than from the yolk.

The dried albumen and dried yolk are to a great extent imported separately and mixed in the United States. The cost of performing the process of mixing in the United States is about 2½ cents per pound. The present duty on dried albumen is about 3 cents per pound, the same as under the Payne-Aldrich bill. The present duty on dried egg yolk is 10 per cent ad valorem, which amounts to about 4 or 5 cents per pound. The tariff bill that recently passed the House makes the rate 15 cents on all dried eggs, whether albumen, yolk, or mixed. This is an increase of 500 per cent on albumen and about 350 per cent on yolks. Of course under the present tariff law shell eggs come in free, but based upon the relative efficiency of dried eggs to raw eggs, assuming the tariff on shell eggs the same as under the Payne-

[1] This includes extra salary required to send American supervisory help to China and keep them there and larger proportional number of supervisors required to superintend Chinese labor.

[2] Heavier tin cans for packing required for ocean transportation.

[3] Hazards due to silver market, contracts refrigerated space ocean shipments, military operations in China, lack of public cold-storage facilities in China, danger of damage in transportation, selling part of each year's pack in next year's market, etc.

[4] The above does not include a differential in operating costs in favor of Chinese production on account of cheaper labor amounting to about one-half cent per pound, and should be deducted from the above making a total of 10 cents differential.

Aldrich bill, namely, 5 cents per dozen, the really equitable tariff on dried eggs, taking into consideration the cost of mixing in the United States, would be 12 cents per pound on dried albumen, 7 cents per pound on dried egg yolks, and 10 cents per pound on dried mixed eggs. Just at the present time powdered eggs are selling in the United States at prices much less than the cost of production, like many other food products. As there is no domestic dried-egg industry, no one is injured except the importers, and the gainers are the bakers and the public consuming bakers' products. This, however, is an unusual condition and will adjust itself when the supply and demand become adjusted.

In the first place, let it be understood that the cake bakers of America care nothing about shell eggs, and if Congress should see fit to impose a prohibitive tariff on shell eggs we do not think that it would be detrimental to the interests of the bakers. While many small bakers use shell eggs, we do not think that the exclusion of Canadian, Australian, and Chinese shell eggs would influence the market. But we do respectfully ask Congress to preserve the bakers' opportunity to supplement our domestic supply by importation of frozen and dried eggs from China. Factories have been established in China by Americans to take care of American bakers' requirements, and to impose more than an equalizing tariff between the cost of domestic breaking stock (checked and cracked eggs) plus the cost of manufacture and transportation to the cake and pastry bakeries and the cost of manufacture of frozen and dried eggs in China plus the cost of transportation to the American cake and pastry bakeries would work an irreparable damage to our industry. It would tend to detract from the nutrition of bakers' cake and pastry, to the detriment of the consumers, decrease output, and hence the number of persons employed, and decrease revenue for the United States Treasury.

The farmers or egg producers would not be benefited by a prohibitive tariff, for they do not sell breaking stock, and the chief beneficiaries would be the big Chicago packing interests, which could command nearly the same price for breaking stock as the market price of perfect shelled eggs.

APPENDIX 1.

[Extract of report of E. F. Benson, commissioner of agriculture, State of Washington, covering trip to China in 1920 to investigate Chinese egg importation.]

Through the efforts of the American consul at Shanghai and the courtesy of the manager of one of the factories I was given permission to inspect their plant, upon the assurance that I was not making an "official inspection" but only a personal visit. Much regret was expressed that this invitation could not include the other members of our party. Probably the reason for such rigid secrecy is a desire to keep their processes of manufacture secret and prevent competitors from acquiring their methods. This was unquestionably the reason in the factory I visited, for the manager said to me, "If it were not against the strict rules of this company I should like very much to invite some Shanghai people to inspect our operations and see the cleanly and sanitary conditions here. As it is now I presume they think we are a factory putting out bad eggs in some camouflaged form so as to deceive the public, and I wish it were possible for me to show them just what we are doing."

Some of the care shown in this place to put out a clean and sanitary product suggests the dangers that may lie in the output of a less careful concern, and especially the small native factories.

1. The eggs are first candled and all bad ones are returned to the shipper at his expense. A new idea to me; but why not penalize the seller of bad eggs or any other bad product of farm or factory?

2. Of the 300 to 400 employees of this place, about one-half were girls. Ten or 12 at each table broke the eggs—only two into one cup; so if one was bad only two eggs were lost. Each girl looked at and smelled the eggs and passed the cup to No. 1 girl at head of table, who judged the cup and dumped it into a big can holding about 5 or 6 gallons. Then a higher inspector carefully examined and inspected the can before it was finally accepted.

3. The health and cleanliness of each of these girls is assured by a constant supervision of factory employees and weekly examination by physician. To illustrate: One table was called up for inspection. The girls lined up quickly and as I passed by showed both sides of both hands and arms above elbows, opened their mouths and showed their tongues and teeth, indicating that they were frequently called upon to go through this performance.

In an upstairs room, where some girls were sewing sacks, one girl was pointed out as being one of the expert egg inspectors, but owing to a scratch on her hand she could not work in the egg room. No one could work handling the eggs who had any abrasion of the skin or a pimple or any indication of uncleanliness or unhealthfulness. The sanitary provisions, such as lavatories and toilets, were all that could be desired in any factory at home. I wonder if any native factories are that careful as to help and equipment. As to the other foreign factories, I have no information. These girls work long days—10 or 12 hours—and receive "big wages," more than double the wages they could get elsewhere, in order that the factory should get the best help and keep them. These wages were $12 to $15 a month.

Egg prices now are 20 cents per dozen in Shanghai for fresh eggs. This unusually high figure is because of the Japanese demand this year. At several retail stores I priced them and found the price generally 15 cents per dozen. At interior points, where shipping facilities do not bring them into competition with factory prices, eggs now sell at 5 cents per dozen—Shanghai dollar (silver). In our money that would now be a little less than 4 cents per dozen. So the factories are gradually raising the price of eggs in China. At Hankow, the most important egg market in China, the average price for eggs in 1919 was 7 to 10 cents per dozen (Mexican), laid down at the factory wholesale.

APPENDIX 2.

[From report of Federal Trade Commission on the meat-packing industry, Vol. IV, pages 310-319, published June 30, 1919.]

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918.

[Products reported as bought by stations are designated by letters: C.=cream; Ch.=cheese; P.=poultry; B.=butter; E.=eggs.]

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations.	
				Location, and name under which operated.	Products bought.
			MAINE, NEW HAMPSHIRE, VERMONT.		
			Massachusetts.		
Swift	H. L. Handy Co	60 per cent owned by Swift & Co	Springfield[1]	Quincy, Ill. (Davis-Cleaver Produce Co.).	E., B.
			RHODE ISLAND, CONNECTICUT.		
			New York.		
Armour	Cortland Beef Co	Trade name of Armour & Co	Cortland		
Cudahy	The Cudahy Packing Co		New York City		
			New Jersey.		
Do	do		Jersey City		
			Pennsylvania.		
Do	do		Philadelphia		
			DELAWARE, MARYLAND, VIRGINIA.		
			District of Columbia.		
Do	do		Washington		

			WEST VIRGINIA, NORTH CAROLINA, SOUTH CAROLINA, GEORGIA, FLORIDA.		
			Ohio.		
Swift	Swift & Co.		Defiance	Napoleon [2]	P., E., B.
Morris	The Gray & White Co.	16 per cent of voting stock owned by Morris & Co.	Tiffin	Forest [2]	([3])
				North Baltimore [2]	([3])
				Clyde [2]	([3])
			Kenton		
			Indiana.		
Swift	Swift & Co.		Kokomo		
			Marion	Alexandria (C. W. Casper)	C., P., E.
				Wabash (J. W. Helmet)	C., P., E.
				Hartford City (W. H. Clingenpeel)	C., P., E.
				Gaston (Earl Jackson)	C., P., E.
Armour	Armour & Co.		Rochester	Akron [4]	B., C., E., P.
				Mentone [4]	B., C., E., P.
				North Manchester [4]	B., C., E., P.
				Rochester [4]	B., C., E., P.
				Warsaw [4]	B., C., E., P.
				Bourbon [4]	B., C., E., P.
				Denver [4]	B., C., E., P.
				Fulton [4]	C., P., E., B.
				Kewanno [4]	C., P., E., B.
				Milford [4]	C., P., E., B.
				New Paris [4]	C., P., E., B.
				Talma [4]	C., P., E., B.
				Tippecanoe [4]	C., P., E., B.
				Lipton [4]	C., P., E., B.
				Walkerton [4]	C., P., E., B.
Morris	Sherman White & Co.	52 per cent of voting stock owned by Morris & Co.	Fort Wayne	Peru (Sherman White & Co.)	B., C., E.
				Warsaw (Sherman White & Co.)	P., B., E., C.
				Pennville (F. M. Whisler)	P., E., B.
			Illinois.		
Swift	Swift & Co.		Decatur	Mount Vernon (O. J. Hollowell)	C., P. E.
	W. H. Schreitling	Trade name of W. F. Priebe Co.	Monmouth	Alpha (W. H. Schreitling)	P., E., B.
	Martin Schulze	do	Bushnell	Adair (E. Juneman)	P., E., B.
				Havana (G. W. Murphy)	P., E., B.
				Vermont (Guy Corbett)	P., E., B.
	W. A. Schwartz Produce Co.	do	Lanark	Milledgeville (W. A. Schwartz Produce Co.).	P., E., B.
				Polo (W. A. Schwartz Produce Co.)	P., E., B.
				Stockton (W. A. Schwartz Produce Co.)	P., E., B.

[1] Swift & Co. reported this company as operating a general produce plant.
[2] Name of operating agency not reported.
[3] Products purchased through buying stations not reported.
[4] Names of operating agencies for the stations of the Rochester plant not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations.	
				Location, and name under which operated.	Products bought.
			Illinois—Continued.		
Swift	T. D. Winders	Trade name of W. F. Priebe Co.	Aledo	Keithsburg (T. D. Winders)	P., E., B.
	Frank Grampp & Co.	do	Princeton	Manlius (Fred Roake)	P., E., B.
				Neponset (E. L. Mear)	P., E., B.
				Tiskilwa (Chas. Blessing)	P., E., B.
	L. G. Grampp Produce Co.	do	Sterling	Amboy [1]	P., E., B.
				Dixon [1]	P., E., B.
				Franklin Grove [1]	P., E., B.
				Hooppole [1]	P., E., B.
				Tampico [1]	P., E., B.
				Walnut [1]	P., E., B.
				Rochelle [1]	P., E., B.
	Centralia Butter Co.	Bulk of butter sold through W. F. Priebe Co.	Centralia	Wayne City (H. C. Garner)	C., P.
				Bluford (Harry Snodsmith)	C., P.
				Sparta (Chas. Yehling)	C., P.
				Oakdale (R. P. Kirkpatrick)	C., P.
				Evansville (Otto Heck)	C., P.
				Flora (A. M. Bradsher)	C., P.
				Bridgeport (W. C. Green)	C., P.
				Keenes (W. W. Door)	C., P.
				Walsh (Adam Muir)	C., P.
	Morrison Produce Co.	Output sold under contract to W. F. Priebe Co.	Morrison		
	Patterson & Plunkett	do	New Windsor		
			Viola	Preemption (B. David)	P.
Wilson	Altamont Produce & Packing Co.	Operated by Wilson & Co. (Inc.)	Altamont	St. Peter (St. Peter Produce Co.)	P., E., B.
			Michigan.		
Swift	Swift & Co.		Alma	Merrill (P. J. Haley)	C., P., E., B.
				Owasso (F. A. Patch)	C., P., E., B.
				St. Louis (Geo. Gray)	C., P., E., B.
				Edmore (Geo. Wager)	C., P., E., B.
				Elsie (H. R. Hayes)	C., P., E., B.
			Cadillac	East Jordon (F. H. Bennett)	E., C.
				Lake City (Swift & Co.)	P., E., C.
				McBain (Joe Martz)	E., C.
				Stanwood (A. Cooley)	P., E., C
Armour	Armour & Co.		Owasso		

			Wisconsin.		
Swift	Pauly & Pauly Cheese Co.	About 80 per cent of its cheese sold to Swift & Co. in 1917.	Manitowoc	Green Bay [1]	Ch., E.
				Marathon [1]	Ch., E.
				Edgar [1]	Ch., E.
				Sturgeon Bay [1]	Ch., E.
Armour	C. E. Blodgett Cheese, Butter & Egg Co.	51 per cent owned by Armour & Co.	Marshfield	Sawyer [1]	Ch., E.
				Grand Rapids [1]	Ch., E.
				Osceola [1]	Ch., E.
				New Richmond [1]	Ch., E.
			Minnesota.		
Swift	Swift & Co.		South St. Paul [2]	Montgomery [1]	(3)
				Cannon Falls [1]	(3)
				Sauk Center [1]	(3)
				Brooten [1]	(3)
				Kenyon [1]	(3)
	W. F. Priebe Co.	100 per cent owned by Swift & Co.	Waseca		
Armour	Armour & Co.		Duluth		
			Mankato		
Morris	Smith-Wright Co.	67.5 per cent owned by Morris & Co.	Albert Lea	Waldorf [1]	P., E.
				Mattawan [1]	P., E.
				Northwood, Iowa [1]	P., E.
Wilson	Wilson & Co. (Inc.)		Red Wing		
Cudahy	The Cudahy Packing Co.		Duluth		
			Minneapolis		
			St. Paul		
			Iowa.		
Swift	Swift & Co.		Dubuque	Bellevue (Geo. Koeneman)	C., P., E.
				Caledonia, Minn. (Solberg & Gran)	C., P., E.
				Dyersville (C. H. Westermeyer)	C., P., E.
				Harpers Ferry (Geo. F. Cota)	C., P., E.
				McIntire (B. C. Diffenbaugh)	C., P., E.
				Readstown, Wis. (J. G. Jardon)	C., P., E.
			Keokuk	Douds (Fred Huston)	C., P., E.
				Donnellson (E. M. Hennies)	P., B., E.
			Ottumwa	Fairfield (C. B. McPeak)	B., C., P., E.
				North English (R. A. Brawner)	B., C., P., E.
			Clarinda	Coin (M. H. Eberle)	C., P., E., B.
				Ellston (M. O. Marker)	C., P., E., B.
				Elmo, Mo. (Carl Shelton)	C., P., E., B.
				Essex (Russel England)	C., P., E., B.
				Shenandoah (E. N. Gardner)	C., P., E., B.
				Skidmore, Mo. (W. K. Zook)	C., P., E., B.
				Shambaugh (J. S. Kinney)	P., B., E.

[1] Name of operating agency not reported.
[2] Swift & Co. reported this company as operating a general produce plant.
[3] Products purchased through buying stations not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations.	
				Location, and name under which operated.	Products bought.
			Iowa—Continued.		
Swift	Swift & Co.		Iowa Falls	Ackley (E. W. Meyer)	C., E.
				Barnum (Jno. Morrison)	C., E.
				Bode (Swift & Co.)	C., E.
				Blairsburg (E. E. Ashpole)	C., E., P.
				Buffalo Center (Fred Miller)	C., E.
				Eldora (Swift & Co.)	C., E., P.
				Fonda (C. H. Phelps)	C., E., P.
				Iowa Falls (Swift & Co.)	C., E., P.
				Owassa (A. H. Gatton)	C., E., P.
				Radcliffe (O. Rorom)	C., E., P.
				Williams (Swift & Co.)	C., E., P.
			Clinton	Chelsea (J. E. Prusha)	P., E., B., C.
				Center Point (J. A. Featherkile)	P., E., B., C.
				Erie, Ill. (H. E. Wolover)	P., E., B., C.
				Guernsey (C. Sutphin)	P., E., B., C.
				Hartwich (P. S. Warnick)	P., E., B., C.
				Keystone (Peter Hansen)	P., E., B., C.
				Wheatland (A. J. Meiers)	P., E., B., C.
			Creston	Spaulding (Mrs. B. E. Livingston)	C., E., P.
				Greenfield (R. G. Jones)	C., E., P.
				Fontanelle (Albert Chew)	C., E., P.
				Bridgewater (E. B. Charles)	C., E., P.
				Massena (I. D. Carnett)	C., E., P.
				Cumberland (H. H. Howell)	C., E., P.
				Macksburg (Ross & Lillard)	C., E., P.
				Zion (G. W. McCrackin)	C., E., P.
				Cumberland (Wm. Waters)	C., E., P.
				Osceola (John Cook)	C., E., P.
				Afton (Harbour & Son)	C., E., P.
				Bedford (H. W. Little & Co.)	C., E., P.
				Pickering, Mo. (Walters Mercantile Co).	C., E., P.
				Maryville, Mo. (Henry Cook)	C., E., P.
				Arkoe, Mo. (R. R. Smith)	C., E., P.
				Barnard, Mo. (A. J. Price)	C., E., P.
				Fillmore, Mo. (T. F. Lilley)	C., E., P.
				Rosendale, Mo. (J. S. Alldredge)	C., E., P.
				Conway (J. E. Watkins)	C., E., P.

				Prescott (Prescott Produce Co.)	C., E., P.
				Corning (Swift & Co.)	C., E., P.
				Nodaway (C. E. Bontrager)	C., E., P.
				Stanton (E. E. Mallenhoff)	C., E., P.
				Stanton (J. E. Bridges)	C., E., P.
				Red Oak (F. D. McClure)	C., E., P.
				Elliott (Frank Tuttle)	C., E., P.
				Villisca (Lewis Bros.)	C., E., P.
				Nevinville (F. C. Bartlett)	C., E., P.
				Creston (Bassett & Roberts)	C., E., P.
	W. F. Priebe Co	100 per cent owned by Swift & Co	Humboldt	Algona [1]	P., E., B.
				Burt [1]	P., E., B.
				Lake Mills [1]	P., E., B.
			Hampton		
	Atlantic Produce Co	Trade name of W. F. Priebe Co	Atlantic	Audubon (Audubon Produce Co.)	P., E., B.
				Casey (Atlantic Produce Co.)	P., E., B.
				Earlham (Earlham Produce Co.)	P., E., B.
				Harlan (Harlan Produce Co.)	P., E., B.
				Stuart (Atlantic Produce Co.)	P., E., B.
	Manning Produce Co	do	Manning	Jefferson (W. B. Parrott Co.)	P., E., B.
				Ute (Ute Produce Co.)	P., E., B.
	W. B. Parrott Co	do	Carroll	Onawa (W. B. Parrott Co.)	P., E., B.
	W. F. Priebe Co	100 per cent owned by Swift & Co	Muscatine	Wilton [1]	P., E., B.
	Sac City Produce Co	Output sold to W. F. Priebe Co	Sac City		
	Western Packing Co	Branch of W. F. Priebe Co	Spirit Lake	Milford (J. M. George)	C., E.
				Montgomery (Mrs. Gergenson)	C., E.
				Harris (Alex King)	C., E.
				Worthington (J. W. Shut)	C., E.
				Sanborn (A. E. Crandell)	C., E.
Armour	Aaron Poultry & Egg Co	50 per cent owned by Armour & Co	Creston		
			Leon		
	Nicholson Ice & Produce Co		Denison	Denison (Berndt & Lorenzon)	C., E.
				Buck Grove (R. Docherty)	P., E., C., B.
				Ida Grove (A. D. Saunders)	C., E.
Wilson	Wilson & Co. (Inc.)		Ottumwa		
			Cedar Rapids		
			Mason City		
Cudahy	Sunlight Produce Co	100 per cent owned by The Cudahy Packing Co.	Sioux City	Norfolk, Nebr.[1]	P., E., B.
			Winfield	Mount Pleasant [1]	P., E., B.
			Missouri.		
Swift	F. M. Stamper Co	54 per cent owned by W. F. Priebe Co.	Moberly	Orrick (F. M. Stamper Co.)	E., P.
				Hardin (W. A. Templeton & Co.)	C., E., P.
				Norborne (Norborne Produce Co.)	P., E., C.
				Moulton, Iowa (Harley Horn)	C., E., P.
			Carrollton	Carrollton (M. C. Haughn)	P., E.
	H. E. Stone	Branch of F. M. Stamper Co	Centralia	Columbia (N. W. Burton)	P., E.
				Sturgeon (W. F. Keith)	P., E.

[1] Name of operating agency not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations	
				Location, and name under which operated.	Products bought.
			Missouri—Continued.		
Swift	L. W. Brockman & Co	Branch of F. M. Stamper Co	Fayette	Boonville (A. J. Bozarth)	P., E.
	Marshall Produce Co	do	Marshall	Slater (Slater Produce Co.)	P., E.
	A. B. Cole & Sons	Output sold to W. F. Priebe Co	California	Versailles [1]	P., E., B.
				Tipton [1]	P., E., B.
				Clarksburg [1]	P., E., B.
				Lohman [1]	P., E., B.
				Russelville [1]	P., E., B.
				Enon [1]	P., E., B.
				Eldon [1]	P., E., B.
				Bagnell [1]	P., E., B.
Armour	Armour & Co		Boonville	Fayette [1]	P., E., B.
				Marshall [1]	P., E., B.
			Clinton	Eldorado Springs [1]	P., E., B.
			Springfield	Exeter [1]	P., E., B.
				Seligman [1]	P., E., B.
				Mountain Grove [1]	P., E., B.
	Aaron Poultry & Egg Co	50 per cent owned by Armour & Co	Kansas City		
Cudahy	The Cudahy Packing Co		St. Louis		
			NORTH DAKOTA.		
			South Dakota.		
Do	do		Deadwood		
			Nebraska.		
Swift	Swift & Co		Lincoln	Bennet (Farmers' Union)	C., P., E.
				Cambridge (F. Grandstaff)	C., P., E.
				Creston (J. Hamling)	C., P., E.
				Crab Orchard (W. F. Madden)	C., P., E.
				Dorchester (Farmer Supply Co.)	C., P., E.
				Elmwood (I. M Liston)	C., P., E
				Fairmont (P. N. Frame)	C., P., E.
				Firth (H. Obbink)	C., P., E.
				Farwell (G. A. Dills)	C., P., E.
				Filley (J. J. White)	C., P., E.
				Fairbury (T. Thompson)	C., P., E.

				Genoa (J. C. Johnson)	C., P., E.
				Humboldt (C. Mann)	C., P., E.
				Johnson (Johnson Produce Co.)	C., P., E.
				Murphy (Lee Lewis)	C., P., E.
				Osceola (Farmers' Union)	C., P., E
				Union (J. J. Richardson)	C., P., E
				Western (J. E. Nickel)	C., P., E
			Columbus		
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Fremont		
			Kansas.		
Swift	Swift & Co.		Sabetha		
			Wichita	Kiowa (Chas. Erskine)	P., C.
				Milton (A. D. Wood)	P., C.
				Woodward, Okla. (H. R. Brockelman)	P., C.
			Hutchinson	Kingman (Swift & Co.)	P., E., B., C.
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Fredonia		
			Hutchinson		
			Kiowa		
			Wellington		
			Wichita		
	A. S. Kininmonth Produce Co.	do	Winfield	Argonia (Jim Copeland)	C., E., P.
				Burden (J. E. Galyon)	C., E., P.
				Conway Springs (L. J. Barnum)	C., E., P.
				Cambridge (J. E. Davis)	C., E., P.
				Douglas (C. A. Carlman)	C., E., P.
				Isabel (N. J. Bentley)	C., E., P.
				Rock (R. E. Kunkel)	C., E., P.
				Winfield (Cairns & Baugh)	C., E., P.
			Kentucky.		
Do	Kentucky Creameries	Trade name of Armour & Co.	Louisville	Pleasureville (Kentucky Creameries)	P., E., B., C.
				Shelbyville (Kentucky Creameries)	P., E., B., C.
				La Grange (Kentucky Creameries)	P., E., B., C.
				Elizabethtown (Kentucky Creameries)	P., E., B., C.
				Taylorsville (Kentucky Creameries)	P., E., B., C.
				New Albany, Ind. (Kentucky Creameries).	P., E., B., C.
			Tennessee.		
Wilson	Wilson & Co. (Inc.)		Nashville	Portland [1]	P., E., B.
			ALABAMA, MISSISSIPPI, LOUISIANA.		
			Texas.		
Swift	Swift & Co.		Fort Worth	Amarillo [1]	P., E., B.

[1] Name of operating agency not reported.

Big packers' poultry and egg packing plants, names of companies operated under, relation of companies to packers, locations of plants by State groupings, and buying stations, 1918—Continued.

Packer interest.	Name of company under which operated.	Relation of company to packer.	Location of plant by State groupings.	Buying stations.	
				Location, and name under which operated.	Products bought.
			Oklahoma.		
Armour	Aaron Poultry & Egg Co.	50 per cent owned by Armour & Co.	Chickasha		
			Enid		
			Woodward		
	Enid Poultry & Egg Co.	50 per cent owned by Aaron Poultry & Egg Co.	Enid		
Wilson	Wilson & Co. (Inc.)		Oklahoma City	Altus [1]	P., E., B.
			ARKANSAS, MONTANA, WYOMING.		
			Colorado.		
Swift	Swift & Co.		Denver	Stratton, Nebr. (E. L. Strayer)	E., B., C.
			NEW MEXICO, ARIZONA.		
			Utah.		
Cudahy	The Cudahy Packing Co.		North Salt Lake		
			NEVADA, IDAHO.		
			Washington.		
Do.	do.		Seattle		
			Oregon.		
Swift	Union Meat Co.	100 per cent owned by Swift & Co.	Portland	Junction City (W. F. Nielson)	B., E., P., C.
				Aurora (P. S. Will)	B., E., P., C.
				Yoncalla (C. H. Burkholder)	B., E., P., C.
				McMinnville (D. C. Robbins)	B., E., P., C.
				Silverton (F. C. Dunlap)	B., E., P., C.
				Sheridan (C. H. Hauser)	B., E., P., C.
				Woodburn (C. V. Coynyne)	B., E., P., C.
				Willamina (J. H. Robison)	B., E., P., C.
				Amity (R. R. Massey)	B., E., P., C.
				Halsey (L. M. Byerly)	B., E., P., C.

				Goshen (M. D. Capenhauer)	B., E., P., C.
				Dayton (R. W. Kreitz)	B., E., P., C.
				Goldendale, Wash. (Tibbs & Lawler)	B., E., P., C.
Cudahy	The Cudahy Packing Co		do		
			California.		
Swift	Western Meat Co	78.7 per cent owned by Big Five: Swift, 44.5 per cent; Armour, 2.6 per cent; Morris, 29.9 per cent; Wilson, 1.5 per cent; Cudahy, 0.2 per cent.	San Francisco	Patterson [1]	P., E.
				Penngrove [1]	E.
				Valley Ford [1]	E.
Cudahy	The Cudahy Packing Co		do		
			Los Angeles		

[1] Name of operating agency not reported.

APPENDIX 3.

[Quotations from an article published in the New York Produce Review and American Creamery, by Frank G. Urner, foremost egg statistician of America, under date of Apr. 6, 1921.]

TARIFF ON POULTRY AND EGGS—A CONSIDERATION OF CERTAIN STATEMENTS MADE IN THE PLEAS FOR HIGH IMPORT DUTIES.

A vast amount of labor has been expended by representatives of the poultry and egg producing interests of the United States in the collection of data bearing upon the industry for the purpose of preparation and dissemination of arguments for the imposition of high import duties on these products when imported from foreign countries. In considering some of the statements made as a basis for these arguments New York Produce Review does so solely in the interest of truth and without consideration, at this time, of the merits or demerits of the plea for tariff taxation for the benefit of the poultry industry or of the effectiveness of the means to the end sought. The Review believes that the consideration of the matter should be based upon facts and not upon fallacies, and regrets to find in the propaganda matter, and even in the briefs prepared for congressional use, some erroneous statements and unwarranted deductions.

Before taking up a consideration of these, attention may be called to rather a curious assumption of unity of interest, in respect to high import duties, among the States and Canadian membership of the American Poultry Association in a "Statement of the situation" issued by that body. In this, after enumerating important contributions by the association to the welfare of the poultry industry of the United States and Canada, it is stated that the association is now confronted with an equally important opportunity for promoting and protecting that industry in both countries by influencing legislation, in part to secure a tariff on poultry and eggs entering the United States from abroad. It would be interesting to know how the association can group together the interests of its Canadian and State membership in this way. It is true that we do not ordinarily import many eggs from Canada, as we did years ago before they were shut out by the McKinley tariff, as Canada's needs have grown faster than her production and she buys large quantities of eggs from us. But she does, at times, ship us a good deal of live poultry, and if it is deemed wise to shut this out by a suggested tax of 4 cents a pound the association might better undertake the propaganda frankly as regardless of its Canadian membership, rather than make the specious claim that it is done to "promote the poultry industry of the United States and Canada."

In a brief prepared by Arthur M. Geary, attorney for Pacific Cooperative Poultry Producers, it is made to appear that egg markets in the eastern part of the United States were demoralized by the quantity of Chinese eggs sent to the Atlantic seaboard last winter after importation at Vancouver. Mention is made particularly of two shipments, one of 28 cars and one of 31 cars (a total of about 30,000 cases). In support of the declaration as to the demoralizing effect of these shipments press items are quoted from various parts of the country, reporting egg prices having fallen earl · in February to the lowest point for several years. Some of the statements quoted are erroneous, but it is a fact that egg prices have fallen this year, during the early part of the flush season, to a point lower than at any time since 1916, when the abnormal rise incident to the war began. The fallacy consists chiefly in attributing this fact to importations of Chinese or any other foreign eggs. As a matter of fact, the (approximately) 30,000 cases of Chinese eggs referred to (and a few thousand more) were scattered at various eastern markets, but at New York the total importations of shell eggs from China, Japan, and Argentina last January and February reached about 34,000 cases. During this period New York received and consumed nearly 800,000 cases of eggs in addition to about 135,000 cases of storage eggs carried over from 1920, so that the total quantity of foreign shell eggs received in the city during that time was only a little over 3½ per cent of the total and about the quantity needed for two days' average distribution. Moreover, the foreign eggs were nearly all of qualities that did not compete with any but undergrade storage stock, and to intimate that the radical decline in prices—which was really due to unusually heavy winter production of domestic eggs and to a general shrinkage of all food values—was the result of these comparatively trivial importations is evidently fallacious.

The brief says: "The shipments of Chinese eggs demoralize the eastern markets where the surplus of the eggs from the Pacific coast is marketed," and goes on to state that "the weekly sales of Pacific coast eggs in New York City amount, during this season of the year (February), to 15 to 25 carloads a week."

It is worth while, perhaps, to compare the addition to New York's egg supply from the Pacific coast with that from foreign countries. Only four years ago New York's receipts from the Pacific coast were trifling; in January and February this year they amounted to 110,000 cases of high-grade eggs, competing for the best classes of trade.

Yet Mr. Geary attributes to some 30,000 cases of foreign eggs received at New York during this period the "demoralization" of values. But really it was not even the growth of supply from the Pacific coast in the New York market that led to the radically lower price levels; their total quantity in January and February was only about 12 per cent of New York's supply. As a matter of fact, egg prices fell in all parts of the country proportionately—or as nearly so as usual. New York, or any other sectional market, can not be forced by importations or any other cause, except temporarily, below a parity with values at its chief sources of supply, and the total importations of foreign shell eggs into the United States in January and February of this year could not have been more than a small fraction of 1 per cent of our national egg supply; the effect upon price levels must have been insignificant.

The brief of Mr. Geary devotes many figures to the cost of egg production on a typical commercial poultry farm in Oregon, arriving at a calculated average cost of 40 cents a dozen. If that is the true cost or an approximation of it, on the poultry farms of the Pacific coast which have grown to such importance during the past few years of relatively high prices, it will take more than an exclusion of foreign eggs to maintain a profitable and substantial foundation for the development. In the period 1900 to 1916 the latter year being the last before the United States entered the war, the highest average value of eggs at New York for any year was estimated at 26 cents a dozen in 1916. The average value of fancy qualities, such as the product of specialized poultry farms should be, was higher than that by perhaps 2 or 3 cents. But if the egg product of diversified farming, which provides a very large majority of our egg supply—perhaps as much as 90 per cent of it—at a cost of production which, prior to the war, sustained it to an extent equal to the needs of the people without considerable importations at average annual wholesale prices in terminal markets ranging 26 cents downward, the specialized poultry farms will as we approach final readjustment of values find hard sledding unless they can get their costs far below the present calculations, even if imports should be totally excluded.

The Review points out fallacious statements contained in "A Brief Favoring a Tariff on Eggs, Egg Products, and Poultry," by members of a subcommittee of the committee on defense of the poultry industry of American Poultry Association, of which committee Prof. James E. Rice, of the College of Agriculture at Ithaca, N. Y., is chairman.

In regard to paragraph 12 of the summary the statements do not agree with the evidence given by men experienced in the Chinese egg trade. Although it is true that China occupies practically the same degrees of latitude as the United States, we have never received any importations of Chinese shell eggs except those that left China in the late fall and winter, reaching this country between December and early March.

The statement that eggs are produced in China from "scavenger hens" is denied by egg men who have been in China and observed the matter. Hens are more or less "scavengers" anywhere if they are allowed to be.

STATEMENT OF RALPH D. WARD, NEW YORK, N. Y., REPRESENTING WARD BAKING CO.

Senator WALSH. Please state your full name.

Mr. WARD. Ralph D. Ward.

Senator WALSH. What is your position with the Ward Baking Co.?

Mr. WARD. I am second vice president of the Ward Baking Co., New York City. Our product is bread and cake.

Senator WALSH. Your company has many factories and is engaged in what line of business?

Mr. WARD. Our company has 16 different factories and we are manufacturers of bread and cake. It is in relation to our cake business that I desire to speak, with particular reference to the proposed tariff on frozen eggs.

Senator CALDER. Mr. Ward, please put into the record the different cities where you manufacture.

Mr. WARD. I will do that. The Ward Baking Co. manufacturing plants are located in Boston, Providence, New York, Brooklyn, Newark, Pittsburgh, Cleveland, Columbus, Baltimore, and Chicago.

With particular reference to the cake business, I desire to speak on the proposed tariff on imported eggs.

Senator WALSH. Your product is well known all over the East and distributed in all directions into every city and nearly all towns in the East daily?

Mr. WARD. I should say, Senator, to about 60 per cent of the population of the United States.

Senator WALSH. What is your output?

Mr. WARD. We produce in excess of 1,000,000 loaves of bread a day and at least a half million cakes a day on the average. That business fluctuates, but we are by far the largest manufacturers of cake in the world, of the particular kind of cake that we make, and we use a large part of the imported eggs that come into this country.

The CHAIRMAN. Mostly dried eggs?

Mr. WARD. No, sir; we do not use dried eggs. They are frozen eggs.

The CHAIRMAN. Where do these frozen eggs come from?

Mr. WARD. The frozen eggs come from China and United States, and the new tariff proposed an increase in the rate, which increase has been suggested by the California association, upon the present rate, of 2 cents to 8 cents per pound. This is excessive and really entirely uncalled for, because the frozen eggs imported from China are not at all in competition with the shell eggs or the amount of frozen eggs handled in this country. The eggs that are frozen in China are prepared and refrigerated in establishments operated by Americans there. It is an American enterprise in China, a greater part of which, by the way, has been prompted through our suggestion and our cooperation with the American egg companies who have gone to China and set up these very large factories.

Senator MCCUMBER. What is the imported price of those eggs?

Mr. WARD. The imported price of those eggs is practically the same as the American price, about 25 cents a pound.

Senator MCCUMBER. That makes about a dozen.

Mr. WARD. That makes about a dozen, 25 cents per dozen. The American price is about the price of the Chinese egg, and the addition of this tariff to the cost of Chinese eggs would practically wipe out China as a source of supply and would not be of benefit to the American market, because that will be absorbed by the packers of the United States. That is proven by the fact that domestic and foreign eggs are kept at a price level. The eggs that come into this country from China are just as perfect as American eggs, perhaps a trifle better, because they are packed from whole fresh eggs, while the American frozen eggs come largely from eggs slightly cracked. The packing houses lay aside those slightly cracked, so that if anything the imported eggs are better, and you have a little more assurance that they are in perfect condition for the cake manufacturer. Cake has grown to be a staple product and not considered a luxury. Through the tremendous volume that we are able to handle we are able to give the public a cost price which makes it very attractive, and it has subtracted from the American household in a big way a lot of domestic work and has relieved the women of a large burden, and so has created an industry which is well worth recognition.

Now, we use frozen eggs exclusively in our manufacture. We do not decry other forms of eggs, but it is a more accurate and a more certain ingredient than any other type of egg which we can use. If we were to endeavor to handle fresh eggs and cracked eggs there would be a great quantity of other ingredients spoiled through musty and spoiled eggs, which can not be detected until they actually get into the cake dough that is being mixed. As you start the mixture going the musty egg is detected. In that way this method we have of using frozen eggs places that responsibility entirely on the manufacturers of frozen eggs and relieves us of that.

The total importation of eggs into the United States, which are used exclusively by bakers, is less than 1 per cent of the egg production of the United States.

Senator CALDER. You are speaking now of frozen eggs?

Mr. WARD. Yes; of frozen eggs.

Senator McCUMBER. You mean, the importation of frozen eggs amounts to about 1 per cent of the frozen eggs produced in the United States?

Mr. WARD. No. One per cent of all eggs laid in the United States. Frozen eggs are not competitive with any other form of eggs in the country. They are used entirely by bakers and do not compete with any fresh shell eggs.

In the California association, or any other representative body of producers of eggs, they have places where they can send cracked eggs to be frozen and packed in American freezing establishments, just as they do in China; but they are not able to supply the needs, and freezing offers a means of preservation for eggs which are broken in the handling of them in the ordinary market in the United States by an American industry. So that this incoming of Chinese or other foreign imported eggs simply supplements a gap which has not yet been filled in the American industry, and it is not at all competitive with ordinary eggs, because they are used entirely by baking establishments. In our own company we use about 9,000,000 pounds annually, which naturally makes it a selfish interest; but aside from that there is no real justifiable reason for the tariff proposed, so we strongly urge that the rates be maintained by making a 2-cent specific rate. To raise the cost of imported frozen eggs by a tariff of 8 cents would shut out frozen eggs, and if the tariff were placed at 2 cents per pound it would practically leave them where they are.

Frozen eggs which come into this country come from American enterprise in China, and there seems to be no reason at all that has ever been presented, as far as I can learn, why this duty should be raised.

Senator WALSH. I notice from the table furnished by the Tariff Commission that we export twenty times as many fresh eggs as we import, and do not export any frozen eggs, which would bear out your statement that the domestic supply of frozen eggs is not sufficient.

Mr. WARD. That is correct. That is only about one-half of what we need.

Senator CALDER. What is the present price of frozen eggs?

Mr. WARD. The present price of frozen eggs is about 25 cents per pound.

Senator CALDER. How has that averaged up for the last two years?

Mr. WARD. That has averaged up pretty closely. I should say that was a pretty good average price. I have known the price to run below 20 cents, and I have seen the price when it was up to 40 cents, but I should say that was a fairly average price.

Senator CALDER. Is that what you are paying for them?

Mr. WARD. Yes; 25 cents a pound.

Senator CALDER. What is the price to-day of domestic frozen eggs?

Mr. WARD. The price of domestic frozen eggs is about the same. Those prices are kept exactly at a level. If there is an impost duty on foreign eggs coming into this country, the American industry will just absorb that difference, because it all goes into the Chicago packers. They have the industry in their control, and by adding this amount, you will add just that much to the selling price of American frozen eggs. The American public will not benefit at all, nor will the farmer.

Senator WALSH. Is the Chinese egg of superior food quality?

Mr. WARD. No. The Chinese egg is just the same as the American egg in content of protein and albumen.

Senator CALDER. Is it small or larger?

Mr. WARD. Perhaps a little smaller.

Senator CALDER. But not much?

Mr. WARD. Not much.

Senator SUTHERLAND. Do you prefer the Chinese egg on the ground of superior quality?

Mr. WARD. No, sir. Their qualities are just about the same as the qualities of the American egg.

Senator SUTHERLAND. I thought you said they were preferred.

Mr. WARD. I said they were largely preferred by us because in the Chinese egg-freezing establishment they use whole eggs, and in America they use cracked eggs. There is more certainty of a hundred per cent in the eggs coming from China.

Senator CALDER. Do I understand they are shelled and then frozen; shelled first or shelled afterwards?

Mr. WARD. The egg is first cracked and dropped into a receptacle, the white going into one part and the yolk passing into another part. The labor that does this gets very dextrous. The egg is inspected and if found all right is dropped into a receptacle where the eggs accumulate up to about 30 pounds, in some instances 35 or 40, but in the average 30, and during the time these eggs are being cracked the can into which they are put gets filled up to the top, it begins to freeze, and in a few hours that can is frozen completely and they are put in large refrigerating establishments in China, and then they are sent down on refrigerating barges to the harbors and put in ships and brought over here. In other words, that egg is frozen within an hour from the time it is cracked until it reaches here, and has retained every property of the original egg.

Senator CALDER. And it is kept in refrigerators until used?

Mr. WARD. Absolutely; it is in a frozen state until used.

I would like to submit a brief, which goes a little more into detail than I have had time to do here.

Senator MCCUMBER. All right.

BRIEF OF RALPH D. WARD, REPRESENTING WARD BAKING CO., NEW YORK, N. Y.

Cake is a staple food in the daily diet of more than 20,000,000 people, and the manufacture of commercial cake has been largely developed in America in the past eight years. The Ward Baking Co. is the largest manufacturer of cake in America and has cake bakeries in New York, Brooklyn, Chicago, Boston, Pittsburgh, Baltimore, Cleveland, and Newark.

The Ward Baking Co. began the manufacture of cake upon an extensive scale about eight years ago, and its production of cake has grown every year since that time. Our company has several million dollars invested in cake-baking plants and machinery and we are vitally interested in this tariff on account of its effect upon our investments.

In former years the bakers had to rely upon shell eggs, and this was a great handicap, first, by reason of the fact that the bakers could not rely upon the quality, as musty eggs would get into the dough before they were discovered and spoil the whole batch, thus making a considerable waste. Then, too, when the baker has to rely on shell eggs, he never knows what his cake is going to cost to manufacture, on account of the fact that eggs constitute the most costly ingredient in cake, and prices depend upon the rise and fall of the market. For instance, if the baker had to rely on storage eggs at this time in the manufacture of cake, the price of cake would be much higher than it now is. We sell a fine Ward's cake for your table at about 25 cents per pound, and we maintain that considering its nutritive value, with the possible exception of bread, it is the very best food that so small an amount of money will buy. It is far from a luxury. Its food value is determined by the amount of eggs, butter, sugar, and flour used in making it, and you would not consider any of these as luxuries, nor could you consider cake a luxury; it is an every-day household food.

We use frozen eggs exclusively in the manufacture of our cake. Some of this is frozen in the United States and some in China. That which is frozen in the United States is prepared from checked and cracked eggs, which imperfections develop at the egg-packing plant. Those frozen in China are made from the regular perfect-shell frozen eggs, which are brought in to the egg-freezing plant in Shanghai and frozen and prepared under the most careful sanitary conditions, with American supervision. These plants have weekly physical inspection of all employees by physicians.

When our cake business had begun to grow, about 1915 and 1916, H. J. Keith & Co., of Boston, who had supplied a large part of our requirements from domestic breaking stock, informed us that there was getting to be a scarcity of these checked and cracked eggs in the United States for the manufacture of frozen eggs. We therefore realized that it would be to our advantage to lend our cooperation by buying part of our requirements from the foreign packed frozen eggs to supplement the supply available in America. Accordingly the Keith Co. went to Shanghai and established an egg-freezing plant to care for a part of our requirements. Then, too, we had to know from year to year about what our eggs were going to cost us, for the reason that we make our business plans considerably in advance, and the business will not stand sudden changes in prices, etc. Our egg contracts are made in the spring and cover the egg requirements of our company for the coming year, therefore in this way we are able to calculate our costs for some time in advance.

It is my understanding that during the past season it was much more economical, even under the present tariff of 2 cents per pound, to manufacture frozen eggs in the United States than to manufacture and import them from China. We must have a supply of breaking stock available in the United States supplemented by importation at a reasonable price. If the baker is to keep cake upon the market at a price at which people will buy it, he must be able to get his frozen eggs at the price commanded by checked and cracked eggs used in the manufacture of frozen eggs in the United States. He can not sell low priced cake and pay high prices for eggs. There are not half enough eggs with damaged shells available from the egg-packing plants in the United States to manufacture the frozen eggs used by bakers. A raise in the duty of frozen eggs means a raise in the price of cake, decreased production, and a decrease in the employment of men.

The total importation of frozen eggs into the United States which is used exclusively by the bakers is less than 1 per cent of the total egg production in the United States. The frozen egg is purely a baker's material and can not be used in competition with shell eggs. The importation of frozen eggs does not affect the price of shell eggs for the reason that frozen eggs and shell eggs do not compete. For instance, right at this time when shell eggs are selling on the market as high as $1 a dozen, frozen eggs are selling as low as 25 cents. It takes a dozen of shell eggs to make a pound of frozen eggs. If the baker had to rely upon shell eggs to-day, he would be out of business and unless you let the bakers supplement his supply of frozen eggs by importation, you are going to make him pay such a price for his frozen eggs in America that it will kill the business.

People will pay only about so much for commercial cake and when you get above that price level they will not buy.

While it may be true that eggs have been selling very cheap in China early the past spring, during the breaking season, they were also selling at a low price in America at that time. In 1920 they were selling at 20 cents per dozen in China, but I understand that there is about 10 cents additional in the cost of packing and importing which has to be added to the China product on account of added costs of production and importation from China before you can compare the Chinese cost to the cost of production in America. Therefore, any addition to the present tariff of 2 cents will, I understand, shut out frozen eggs and in that way make the price of frozen eggs higher in America and decrease the manuafcture of cake. To be exact the present tariff of 1 cent per pound on frozen albumen and 10 per cent ad valorem on frozen yolks and 2 cents per pound on frozen mixed eggs.

The total importation of frozen eggs is about 18,000,000 pounds. Ward Baking Co. alone uses about 9,000,000 pounds per year, some of which are frozen in America and some abroad.

Therefore, gentlemen, I wish to ask you in the interest of the cake baking industry to allow the tariff on frozen eggs to be placed at 2 cents per pound, which is somewhat higher on the whole than the present rate but very much lower than is being asked by the California Poultry Association. We hope that this committee will not be influenced by extravagant statements of the poultry association which do not realize that frozen eggs do not compete with shell eggs.

STATEMENT OF C. E. RICHARDSON, WASHINGTON, D. C., REPRESENTING DEALERS IN FROZEN AND DRIED EGGS.

Senator McCUMBER. Please state whom you represent.

Mr. RICHARDSON. Mr. Chairman, I represent the dealers in frozen and dried eggs in the United States.

Senator McLEAN. We went all over that this morning. Was not that gentleman who spoke speaking for your industry?

Senator McCUMBER. He spoke for the other side.

Mr. RICHARDSON. He spoke for the bakers.

Senator McCUMBER. He covered that all very thoroughly, but I understand Mr. Richardson will be very brief.

Mr. RICHARDSON. Yes; I will be very brief. It is assumed with us you will in your next tariff bill put a duty upon shell eggs, and it is upon that assumption that we are recommending certain rates which the traffic will bear. We are not asking for a reduction of the present rate, but we are asking that a rate of 7 cents a pound be put upon dried eggs, and all the component parts, including yolks and albumen, each, and 2 cents a pound on frozen eggs, and all their component parts, and that means a little increase over the present rates, where the different parts are separated.

The rates, however, in the Fordney bill, are 50 per cent to 400 per cent increases over the Underwood bill rate. The western bloc rates, the rates recommended by the witnesses of the so-called western bloc recently, are from 140 to 700 per cent increases over the present rates, and that would make the importation of frozen and dried eggs absolutely prohibitive.

Senator WATSON. You represent the importers?

Mr. RICHARDSON. Yes, sir. The business of providing frozen and dried eggs is not strictly competitive. Those products do not compete with the shell egg of the domestic producer, because they are sold only to manufacturers of cakes and pastry and such things. The frozen eggs go largely into cake, and the dried eggs are used in pie and in some kinds of confectionery. They have not displaced the local product of shell eggs, the domestic eggs, because they have simply gone into manufactures as raw material and have permitted the bakers to increase their line of industry, and to that extent they served to make cake and pastry cheaper and to provide the consumer with what was formerly considered a luxury but has now become a necessity. This increase of production has of course been of aid to American labor and has resulted in the employment of a great many more men and women and automobiles and horses. These products are not sold even in the same market as shell eggs. They have different channels of trade. They are sold directly to the consumer, the manufacturer, as a raw material, and they do not go into the market.

Senator WALSH. If they did not import frozen eggs would they not have to use the shell eggs?

Mr. RICHARDSON. They could not.

Senator WALSH. Why?

Mr. RICHARDSON. I will reach that, Senator, in just a minute. In fact, the tremendous present bake-shop industry is due to the importation of frozen and dried eggs into this country, and it has created an industry that did not exist before. These products are essential for bakers, first, because the quality is uniform. It is the same the year round. The supply is uniform. The baker knows that he can get his eggs whenever he requires them. He has a contract which is made annually, and he knows to an absolute certainty that that supply is ready for him and at a uniform price that is made the year round. It is not affected by the ordinary fluctuations, and in fact, it does not fluctuate much from year to year.

The bakers require these goods because of their convenience. As Mr. Ward said this morning, they could not conveniently have a department established for breaking out these eggs. I heard Mr. Ward's father say before a congressional committee a year ago that it would be impossible for them to establish such a department as part of their business, because it would mean so much detail that they simply could not give it attention.

The establishments where this is done are ventilated by fans, so that if they ever run across a poor egg the entire establishment is quickly and thoroughly ventilated, and every implement that has been used in that respect, or in the establishment, which has come in contact with even a musty egg, is immediately sterilized, and the American baker can not have any such establishment as that. If he could not get the frozen eggs and the dried eggs at a reasonable rate, he would simply have to reduce his output and deprive consumers of the cakes and pies to which they have become accustomed. He would simply have to draw in this line of his business and cut out certain features which are now very important.

In closing, Mr. Chairman, I would like to suggest that any tariff that is put upon these commodities should be exclusive of the containers. Frozen eggs come in tin cans, American made, and before the contents are removed the cans are destroyed for any other use. The top is cut off, because those eggs are frozen solid.

The dried eggs come in wooden boxes that are tin lined, and the tin lining is made in the United States, and that lining has to be destroyed before the contents can be used.

One thing more is that it should be a specific duty, because in importing these articles from the Orient it is difficult to establish the value in the country of origin. That has led to a good deal of injustice. There is one other point, that all the parts of the egg should be at the same rate of duty. Otherwise it is possible for unprincipled importers to import goods called yolks of eggs, and still have them accompanied by enough albumen so that they can be placed in the market as entire eggs, which is an imposition upon people who would like to conduct an honorable business and could not compete with that sort of thing.

Senator WALSH. Have you prepared an amendment showing what you want? Perhaps that would be more likely to get results.

Mr. RICHARDSON. I shall do that in my brief.

Senator McLEAN. I read in the newspaper the other day that all these dried eggs were unwholesome; that dried eggs imported from China were unwholesome, because in the drying process some metal was used, and that the egg absorbed some metallic substance. That was a very long article in the newspaper, condemning dried eggs imported from China.

Mr. RICHARDSON. I doubt if that can be substantiated in any way, because those eggs are inspected by United States inspectors on each importation, and they are given absolute care in the process of evaporation. The Department of Agriculture has expressed itself frequently as being entirely satisfied with the quality.

STATEMENT OF THE NATIONAL BAKERS' EGG CO., NEW YORK CITY.

The present import duties upon the products under consideration are as follows: Evaporated egg whites, or albumen, 3 per cent per pound; evaporated egg yolk, 10 per cent ad valorem; evaporated eggs, 10 per cent per pound. The bill now under consideration proposes a straight tax of 15 per cent per pound on any of these products.

Eggs in the shell are not at present taxed; and unless a tariff duty is levied upon that commodity it would be unjust and inconsistent to ask producers of the evaporated product to pay. If, however, it is the will of Congress to tax imports of eggs of all kinds, we have the honor to recommend the following amendment:

Paragraph 713, line 5, strike out "15 cents per pound" and substitute "7 cents per pound net." This will increase the revenue from whites and yolks, although slightly decreasing that from the entire eggs, but it is a very fair compromise of the three and will increase the revenue, while it will also prevent the evasions whereby the Government has been tricked under the present law.

It is difficult to understand why such a wide distinction has been heretofore made between the egg and its component parts. An egg is made up of equal parts of white and yolk, and their separation does not change their nature nor their relation to commerce. In preparing the yolk it is a physical impossibility to rid it entirely of albumen, and it is, of course, possible to allow more and more of the albumen to adhere to the yolk, so that nearly the entire egg can be imported as yolk, and the Government is thereby defrauded of revenue, while honest importers are handicapped by unprincipled competitors.

It was stated before your committee by Mr. Harry Lewis, November 10, 1921, that the dried-egg industry in this country has been ruined by the importation of Chinese eggs in various forms. This, however, is misleading, for the cause was not as stated. As a matter of fact, meat packers of this country practically control the entire situation, even to the prices obtained by American farmers. There was one evaporating establishment in this country, but the packers' control became so absolute that this concern discontinued its operations. However, our company is able to secure and to furnish the evaporated product to American consumers at prices low enough to enable them to increase the volume of goods manufactured without perceptibly affecting the local market for domestic shell eggs. Our trade is, therefore, supplied with wholesome materials for their industry without interference from the so-called "meat trust." A high tariff duty on evaporated eggs would not help the farmer, but it would help the meat packer. A reasonable tariff will permit us to continue in business; it will at least reduce the packer control to a point where competition is possible. The alternative would prohibit further importations, and leave the manufacturing bakers and the consuming public more than ever at the mercy of the packers.

Testimony offered before your committee November 10 contained slurring references to the quality of evaporated foreign eggs? As is well known to every member of Congress and the entire reading public, it is impossible to import foodstuffs into this country without thorough inspection and a certificate from the Department of Agriculture, giving abundant assurance that the imported commodity strictly conforms to the high standards of excellence required in this country. This should absolutely refute such scurrilous insinuations, without further argument; but we could present facts in detail if it were necessary.

The Fordney bill now pending seeks to increase the rate on dried whole egg 50 per cent, on yolks nearly 400 per cent, and on whites 500 per cent. We believe such increases are without the slightest justification. The need of revenue is recognized, and we believe that our proposed amendment will yield more income than that proposed by the Ways and Means Committee. As hereinbefore stated, our proposed advance in rates on whites and yolks justifies the small reduction on whole eggs, and the uniform specific rate will simplify the administering of the law.

There can be no advantage gained by a reckless increase of import duties on raw materials used in American manufactures of food products. It is shown by the testimony of Mr. Ward and of Mr. Richardson, submitted to your committee on December 13, that evaporated eggs and frozen eggs are not sold in the ordinary channels of trade and that they are noncompetitive with American products. Excessive duties on these commodities can only result in the advance of prices to be paid by the consumer to the trust, without any corresponding advantage to the farmer; and the rates proposed by some of the interested parties before your committee November 10 would destroy the entire industry of which we are a part and eliminate all revenue from this source, besides depriving the public of this defense against extortionate prices now afforded (in a measure) by imported eggs.

As an aid to American industry the evaporated egg has performed a valuable service, and can further serve in that capacity by furnishing work for American hands and in the extension of American enterprise. Evaporated eggs are used by bakers and confectioners in making pies and some types of candy. So dependent are these manufacturers upon this product that many of them would be put out of business if the supply were withdrawn. The supply is uniform, the quality always perfect, and the price subject to little or no fluctuation. Were our customers obliged to depend upon domestic shell eggs many of their lines would have to be abandoned, their business would be seriously hampered, and the quality of their products would be unhappily changed. Most of us can still remember the time when, before evaporated eggs were in the market, many of the bakers' products tasted principally of musty eggs and had to be overseasoned with sugar, vanilla, nutmeg, and other condiments to disguise the unavoidable consequences of using eggs drawn from the ordinary sources.

The evaporated-egg products to which this discussion relates are produced exclusively in foreign countries and form a part of that commerce which the United States is striving to build up with China. It is especially desirable that our commerce should draw from China as many as possible of the noncompetitive commodities in exchange for the big trade that we hope to enjoy in the Chinese market.

As to classification, we would recommend that "dried egg albumen" be eliminated from Schedule 1 or given the same rate as in Schedule 7, for it is identical with what is known as "whites of eggs." As to the administrative features, we believe that only specific duties should be placed on egg products. The foreign value of these commodities can only be approximated, no fair basis for an ad valorem duty being available. Fraud and deceit are very possible under an ad valorem duty, and they have undoubtedly been practiced in the past.

STATEMENT OF THE JOHN LAYTON CO. (INC.), NEW YORK, N. Y.

We are engaged in the business of importing frozen eggs, frozen egg yolk, and frozen egg albumen.

Eggs in the shell are admitted duty free, but the following duties are imposed upon frozen-egg products: Frozen eggs, 2 cents per pound, plus weight of container; frozen egg yolk 10 per cent ad valorem; frozen egg albumen, 1 cent per pound.

The bill now pending before your committee proposes a duty of 4 cents per pound on all three of these products, including the container. We have the honor to recommend that this bill be amended as follows: Strike out of paragraph 713 "4 cents per pound," and substitute "2 cents per pound net."

This recommendation is offered under the assumption that a duty will be laid upon shell eggs; but, otherwise, frozen eggs should be admitted free, as the latter, being raw material for use in manufactures, have a better claim to a place on the free list than the shell eggs which actually compete with the domestic product. We ask that any rate imposed be upon the net pound, because the containers are usually of material exported from the United States, and they have to be destroyed in order to remove the contents.

The present duty of 10 per cent ad valorem upon egg yolks is incongruous, as its value, upon which to base an ad valorem duty, is problematical, and any such basis might lead to innocent undervaluation or invite fraudulent misrepresentation. It is needless to remind your committee that the penalty is practically the same in either case. In addition to that, we submit that egg yolk is a part of an egg and should be treated the same. The proportions of white and yolk in an entire egg are approximately 50–50.

Egg whites, or albumen, now taxed at 1 cent per pound, should also be rated the same as the entire egg, as its source, preparation, shipment, and sale are in no wise different from the mixed ingredients. Further, it is pointed out, it is possible to include much of the albumen with the commodity imported as yolks, and to thereby violate the spirit of the law. Hence a specific rate of duty upon net weights of all three of the egg products is recommended as a just requirement, as a preventive of fraud, and as a safeguard against innocent error; provided, of course, that shell eggs are also taxed.

The rate proposed by the Ways and Means Committee of 4 cents per pound on all three classes of egg products would mean an advance of 100 to 300 per cent; and if allowed to stand will seriously curtail the importation and sale of these commodities and result in reduced revenues to the Government, with unnecessarily increased cost to the baking industry.

The witnesses produced by the so-called "western bloc" asked for a rate of 8 cents per pound on each of the three classes. We have no hesitation in saying that this rate would be absolutely prohibitive and would stop all importations of these commodities into the United States, as well as eliminate all revenue to the Government from this source. It would also curtail much of the present baking industry in the United States and seriously affect the quality of many products of that trade. Reference is made to the testimony before your committee of Messrs. George Ward and C. E. Richardson as to the necessity for frozen-egg products in the manufacture of certain commodities which have become necessary articles of American diet.

There appeared before your committee a gentleman from the Petaluma Association, who quoted a report from Paris that Chinese eggs are not suitable articles of food. We take the liberty of quoting below an article which appeared in the October number of Health Notes (London), published by the Institute of Hygiene, which absolutely refutes the slanders that have from time to time been industriously circulated by interested parties, as follows:

"FROZEN EGGS AND THEIR CHARACTER.

"A statement, originating from Paris, has been circulated throughout France, where protective interests are very strong, that Chinese eggs, which are imported into Europe packed in kegs and in a frozen condition, are dangerous and contain large numbers of bacteria. The statement has appeared in English journals under such alarmist headlines as '36,000 microbes in a spoonful,' and is evidently calculated to deal a mortal blow to European importers of frozen eggs and thereby benefit local farmers. Frozen eggs are used to such a large extent in industry, in the making of cakes and biscuits, that it would have been a very serious matter, indeed, from a public health point of view had it been proved correct that they are harmful. We have recently, however, conducted a very careful and stringent bacteriological examination of Chinese frozen eggs and, for the purpose of comparison, examined ordinary shop-sold 'new laid' eggs simultaneously and on the same lines. The new-laid eggs were sound, of good size, and are classed in the trade as first grade. The results of our examinations proved without the possibility of doubt that the frozen eggs were not only as good as the new laid, but were actually very much freer from bacteria when opened, and even up to 24 hours after opening. It is, perhaps, not usually appreciated that eggshells are porous, permitting of the passage of bacteria. Figures in bacteriology, also, do not mean much to the man in the street, but just a few details of our comparative examination will indicate the nature of the results. The frozen eggs when opened in a room temperature of 20° C. contained 5,200 bacteria per gram, while the initial number in the new-laid eggs was 4,200,000. After 24 hours the frozen eggs contained 830,000, while the new laid contained 48,000,000 bacteria per gram. At a temperature of 37° C. the results were equally satisfactory and likewise in favor of the frozen eggs. A number of bacteria in eggs are probably rendered ineffective during the process of baking. In any case, however, we have proved that the statement issued from France is altogether unreliable and misleading, and that frozen eggs are not only safer to use than commercial eggs, but safer, also, than guaranteed new-laid eggs bought in the open market.

As a further guaranty of the purity of our products, we beg to call attention to the fact that all eggs and egg products imported into the United States are inspected and passed by the Department of Agriculture before being allowed to go into interstate commerce.

Egg products imported by us and our competitors are of the highest grade; they are prepared from selected eggs, scientifically graded by operatives who have been skillfully trained in the work. These products have been in use by the largest and best bakers in the United States for the 12 years last past.

A very large portion of the entire baking industry relies upon the imported egg products, which are better adapted to bakery uses than shell eggs. They are safer, more convenient for use, and of unvarying high quality; the supply is regular at all times of the year, and the price is less susceptible of fluctuation than in the case of shell eggs.

This commodity not only furnishes bakers a ready-to-use material for use in manufacturing, but it leads to the production of larger quantities and numerous varieties of cakes, which are sold at popular prices to people of all classes, some of whom were deprived of this luxury before the frozen-egg industry brought cake into its present general circulation.

Not only does the imported frozen egg aid in furnishing employment in a commendable industry, but it releases for table use the shell egg of domestic origin without unduly depressing or enhancing the price of the latter.

The bakers in the large commercial centers are the sole users of imported frozen eggs, and the growth in the use of that commodity in this country has been marked by an active extension of the bakery business, whereby more men, women, horses, and trucks are employed; and we are justified in believing that we are constructively aiding American industry without any of the compensatory national losses that usually accrue to the importation of a competitive product.

This brings us to the question of competition, upon which import duties often depend. Our prices are more nearly level than are those of the domestic produce dealer, and as they are at some periods of the year above those of shell eggs and lower at other times, the question of competition is not considerable. At any rate, it will be observed that, while the use of frozen eggs has been on the increase for the past year or two, and the importation has necessarily increased, the value and cost of domestic shell eggs have not been visibly affected thereby.

The only suggestions that we can offer as to changes in the phraseology or administration of the law have already been made, i. e., that all three of the frozen-egg products be given the same rating, and that a net rate of specific duty be substituted for all ad valorem adjustments now required.

BLACK AND SILVER FOXES.

[Paragraphs 715 and 1507.]

STATEMENT OF F. E. MUZZY, REPRESENTING LIVE SILVER AND BLACK FOX GROWING INDUSTRY, SPRINGFIELD, MASS.

Senator WALSH. What is your business?

Mr. MUZZY. Fur farming.

Senator WALSH. You were not heard before the Ways and Means Committee of the House?

Mr. MUZZY. No, sir; I think I am the only one to report on paragraph 715, although we could have had seventy times seven, and I could talk to you seven hours if you had the time and the patience. But if you will give me seven minutes to supplement a brief which I have prepared, which is very clear and short, I would appreciate it.

Senator WALSH. Proceed.

Senator LA FOLLETTE. You will get the time.

Mr. MUZZY. Inasmuch as high-quality breeding stock, such as horses, cattle, sheep, swine, etc., have been admitted into this country free of duty for many years, the fox raisers did not for a moment think the silver black or the black foxes would be made an exception of, hence did not appear before the House committee as a body when this section of the tariff was under consideration.

A very few, through ignorance or misrepresentation, presented data to the House committee which was so warped, and not denied, that the subcommittee proposed a duty of $350 per head on all foxes imported into this country.

Senator McCUMBER. Will you explain why they assessed such an enormous figure on the poor little fox?

Senator LA FOLLETTE. Possibly in the interest of another fox.

Mr. MUZZY. Yes, sir; because of a very few who wanted to fix the price so high, and there is a scarcity of foxes in this country—they are raised in captivity, you know; it is the captive fox—that it would stimulate the price of their own raising, $350 per fox or $700 a pair.

Senator WALSH. I think if you will allow him to proceed with his statement——

Mr. MUZZY. I have that all covered here.

Senator McCUMBER. I had not noticed that big figure before, and it was surprising to me.

Senator WALSH. Silver foxes are luxuries.

Mr. MUZZY. Among the statements made was that Canada imposed a duty of 25 per cent on all foxes shipped from this country into Canada, while it is a fact no duty is or ever has been required, but foxes can be shipped from the United States into Canada free of duty.

They also stated that 90 per cent of the fox breeders in the United States were in favor of this duty, and I honestly believe that 75 per cent of the fox breeders of the United States do not want the present tariff disturbed—it is to-day 10 per cent ad valorem.

What the honest and up-to-date fox breeders want is to improve the quality of the present stock and be permitted to procure high quality breeding stock for breeding purposes and prohibit the importation of inferior stock for breeders.

Senator SMOOT. What do you pay for silver foxes?

Mr. MUZZY. They range all the way from $500 a pair—they sell in pairs—up to $3,000 a pair, according to quality, just as cattle. You buy a cow according to quality. The average price is about a thousand dollars a pair.

There are two fox breeders' associations in the United States, one at Boston and one at Muskegon, Mich. I belong to them both and never heard anything of the proposed tariff until too late to appear before the House committee, hence my request to appear before you to-day.

A very few fox men got together and to serve their own selfish interests thought a $700 per pair duty on foxes would enhance the value of their stock, some of which is of a very inferior quality, and shut out Canadian importation.

Senator WALSH. What do you mean by "foxes"?

Mr. MUZZY. Foxes for breeders. All honest leading fox breeders know and admit that Canada has, as a whole, very much superior animals to those in the United States. Take, for instance, Prince

Edward Island, Canada. They have been raising silver foxes in captivity on this island for some 30 years, have been culling out the poorer animals until they have to-day the best average quality of silver foxes of any group of ranchers of the world.

In the United States it is an infant industry, and to bring up the quality of the American foxes it is necessary to improve quality breeders and these are needed in the United States to-day.

Foxes are raised for their pelts, which sell all the way from $100 to $1,000 per pelt. It costs practically as much to raise and feed the $100 pelt fox as it does the $500 or the $1,000 pelt fox, and it is the "quality" fox that the American wants, and why give this growing industry a knock-out blow in its infancy?

As to the revenue for the Government, the quality of foxes imported or exported will never cut any figure. As statistics show, approximately 1,000 foxes were imported in 1920, on which a duty of 10 per cent was paid.

Three hundred and fifty dollars duty per fox would cut the importation down to not over 200 animals, which would mean not to exceed $70,000 revenue.

They are not a prolific animal, and the records on Prince Edward Island show for the past five years an average of a trifle less than two pups growing to maturity per pair foxes for the year.

What the leading fox men of this country want to-day is to amalgamate the two associations into one organization and unite with Canada on a standard that will be accepted by both Governments, and admit high quality animals for breeding and show purposes free of duty, and this can and will be done if you do not disturb the present tariff and allow the fox men to work out their own salvation, which they will do if you let them alone, and not handicap the majority by acting on the request of a very small minority.

There is not enough quality stock in the United States to supply the demand for breeding purposes. Canada had this needed stock of high quality breeders, and to put a high tariff on the importation of breeding stock will give a knock-out blow to a young and fast-growing industry that we should encourage and not discourage, for a raise of duty would prevent the prospective rancher from going into business and only temporarily help a few to the disadvantage of the many.

There is not a surplus of foxes in the United States and Canada at the present time. If they were all pelted, the pelts would not glut the markets of the world, hence I beg of you not to do this industry an injustice and seriously injure it when it is just getting on a healthy foundation in the United States, and it would not add to our revenue.

The worst feature of the whole subject is paragraph 1507, which admits all breeding stock into the United States free of duty "except black or silver foxes."

The Bureau of Animal Industry has put into effect a quarantine order which prevents unhealthy or diseased foxes from coming into our country. They can also put restrictions on the importation of inferior animals, as Canada now has a fox studbook, and the honest fox breeders of both the United States and Canada are anxious to have healthy quality foxes given free access to and from both countries.

There are to-day many prospective ranchers who want to enter this new industry in the States of Pennsylvania, Ohio, Wisconsin, Michigan, and Illinois, as well as all the northern States, such as Minnesota, North Dakota, Montana, Idaho, Washington, and Oregon.

In this proposed bill, paragraph 715 discourages them and paragraph 1507 would absolutely prohibit the importation of breeding foxes and handicap the new rancher from starting in this new business.

Paragraph 1507 makes a specific exception of silver-black foxes, which means an embargo on the importing of even high-grade quality foxes which we so badly need to-day.

Senator SMOOT. You only import breeding stock?

Mr. MUZZY. Only import breeding stock.

Senator SMOOT. What you want is in paragraph 1507, on page 174, the exceptions taken out of that paragraph?

Mr. MUZZY. That is all.

Senator SMOOT. So as to strike out "except black or silver foxes?"

Mr. MUZZY. Yes.

Senator SMOOT. In other words, to come in here free under this law, but the exception is made in paragraph 1507 of "black or silver foxes," and that is what you want stricken out?

Mr. MUZZY. Paragraph 715 discourages them and paragraph 1507 would absolutely make a specific exception.

Senator SMOOT. That is what I said.

Senator LA FOLLETTE. These words were slipped in?

Senator SMOOT. That is what you want out?

Mr. MUZZY. Yes. As paragraph 716 raises the duty on foxes from 10 per cent ad valorem to 15 per cent ad valorem or an advance of 50 per cent, this advance should be sufficient to satisfy the most radical. Hence I beg of you to cut out paragraph 715 entirely and eliminate from paragraph 1507 the words "except black and silver foxes," as the Bureau of Animal Industry have already placed ample protection against the importing of inferior foxes.

Senator WALSH. And eliminate the paragraph?

Mr. MUZZY. Eliminate the words "silver and black foxes."

Senator MCCUMBER. Then why should we have a tariff at all on foxes that are imported for breeding purposes any more than we should on cattle and horses, and those animals have all been free for the purpose of improving our stock?

Mr. MUZZY. That is just our position.

Senator MCCUMBER. I can not quite understand, then, why we should follow a practice so different in the matter of improving the character of our stock of foxes.

Senator SMOOT. You do not mean to say that you want foxes to come in here free?

Mr. MUZZY. Yes, sir.

Senator SMOOT. You want breeding foxes, but you do not want the general foxes?

Mr. MUZZY. Oh, no; I want them for breeding purposes.

Senator SMOOT. Then you do not want to strike out 715; 15 per cent ad valorem would fall in that paragraph.

Mr. MUZZEY. We want 715 cut out entirely and 1507 cut out where it excepts from all other animals silver and black foxes?

Senator WALSH. How many foxes are brought in a year?

Mr. MUZZY. About 1,000 were brought in last year.

Senator WALSH. For pelts?

Mr. MUZZY. For breeding purposes.

Senator WATSON. Where is this industry located?

Mr. MUZZY. It extends all over the northern part of the United States. Michigan is one having the most ranches of any State of the Union. All northern States have them. It is a young, growing industry, and they are raising the foxes in captivity. The demand for them has increased ever since I remember and the supply is on the decrease.

Senator MCLEAN. What is the tariff on the pelts?

Mr. MUZZY. There is no tariff on raw furs.

Senator WATSON. Those foxes are kept in captivity?

Mr. MUZZY. In captivity entirely. I beg to submit a digest of tariff of 1913 and 1921 applying to foxes, with comparison. I would like also to submit copy of letter from James S. Hanson, president of the Hanson Silver Fox Co., of Penacook, N. H., submitted to the subcommittee of the House on Ways and Means; also my letter to Hon. W. C. Hawley, chairman of the subcommittee of the Committee on Ways and Means, indorsing Mr. Hanson's letter.

Mr. C. T. Dryz, of Eagle River, Wis., a large fox breeder of Wisconsin and a director of the National Fox Breeders' Association, of Muskegon, Mich., was to appear before you to-day, but was unavoidably detained, and has requested that I submit his brief, which especially refers to paragraphs 715 and 1507.

(The matter above referred to follows:)

TARIFF ACT 1913 (H. R. 3321) AND TARIFF ACT 1921 (H. R. 7456), APPLICABLE TO FOXES IMPORTED FROM CANADA.

TARIFF ACT OF OCTOBER 3, 1913.

Schedule G.—Dutiable list.—PAR. 187. All live animals not specially provided for in this section, 10 per centum ad valorem.

Schedule G.—Free list.—PAR. 397. Any animal imported by a citizen of the United States, specially for breeding purposes, shall be admitted free, whether intended to be used by the importer himself or for sale for such purposes: *Provided*, etc.

PAR. 398. Animals brought into the United States temporarily for a period not exceeding six months, for the purpose of breeding, exhibition, or competition for prizes offered by any agricultural, polo, or racing association, etc.

NEW TARIFF ACT, 1921 (H. R. 7456).

Schedule 7.—Dutiable list.—PAR. 715. Black or silver foxes, $350 per head.

PAR. 716. Live animals, vertebrate and invertebrate, not specially provided for, 15 per centum ad valorem.

Schedule 7.—Free list.—PAR. 1507. Any animal imported by a citizen of the United States, specially for breeding purposes, shall be admitted free, whether intended to be used by the importer himself or for sale for such purposes, except black or silver foxes: *Provided*, etc.

PAR. 1508. Animals brought into the United States temporarily for a period not exceeding six months, for the purpose of breeding, exhibition, for competition for prizes, etc.

COMPARISON.

Paragraph 715 of the new tariff act (H. R. 7456), placing a duty of $350 per head on black or silver foxes, is entirely new and is practically prohibitive as to foxes imported from Canada.

Paragraph 716 of the new tariff act (H. R. 7456) corresponds to paragraph 187 of the tariff act of October 3, 1913, except that it makes the rate of duty 15 per cent ad valorem instead of 10 per cent ad valorem, an increase of 50 per cent in the duty on "live animals not specially provided for."

Paragraph 1507 of the new tariff act (H. R. 7456) corresponds exactly to paragraph 397 of the tariff act of October 3, 1913, except that after the word "purposes" in the fourth line of said paragraph 397 the words "except black or silver foxes" are inserted.

Paragraph 398 of the tariff act of October 3, 1913, is copied exactly in paragraph 1508 of the new tariff act (H. R. 7456), and refers to animals imported for show purposes.

SUGGESTED CHANGES.

(1) In paragraph 715 (H. R. 7456), Senate bill, July 27, 1921, change the amount of the duty from "$350" to "$200."

(2) In paragraph 1507 (H. R. 7456), Senate bill, July 27, 1921, cut out the words "except black or silver foxes" in lines 22 and 23, page 174, leaving the paragraph exactly the same as paragraph 397 of the act of October 3, 1913, which provides for the free importation of high-bred, registered animals for breeding purposes.

FREE LIST, TARIFF ACT OF OCTOBER 3, 1913.

PAR. 397. Any animal imported by a citizen of the United States, specially for breeding purposes, shall be admitted free, whether intended to be used by the importer himself or for sale for such purposes: *Provided*, That no such animal shall be admitted free unless pure-bred of a recognized breed, and duly registered in a book of record recognized by the Secretary of Agriculture for that breed: *And provided further*, That the certificate of such record and pedigree of such animal shall be produced and submitted to the Department of Agriculture, duly authenticated by the proper custodian of such book of record, together with an affidavit of the owner, agent, or importer that the animal imported is the identical animal described in said certificate of record and pedigree. The Secretary of Agriculture may prescribe such regulations as may be required for determining the purity of breeding and the identity of such animal: *And provided further*, That the collectors of customs shall require a certificate from the Department of Agriculture stating that such animal is pure-bred of a recognized breed and duly registered in a book of record recognized by the Secretary of Agriculture for that breed.

The Secretary of the Treasury may prescribe such additional regulations as may be required for the strict enforcement of this provision.

Horses, mules, and asses straying across the boundary line into any foreign country, or driven across such boundary line by the owner for temporary pasturage purposes only, together with their offspring, shall be dutiable unless brought back to the United States within six months, in which case they shall be free of duty, under regulations to be prescribed by the Secretary of the Treasury: *And provided further*, That the provisions of this act shall apply to all such animals as have been imported and are in quarantine or otherwise in the custody of customs or other officers of the United States at the date of the taking effect of this act.

PENACOOK, N. H., *July 7, 1921*.

Hon. W. C. HAWLEY,
Chairman Subcommittee on Schedule G,
Committee on Ways and Means, House of Representatives, Washington, D. C.

SIR: There has just come to our notice a copy of a brief submitted to you by Mr. A. L. Williams, of Muskegon Mich., on behalf of the National Silver Fox Breeders' Association of America, and Mr. J. S. Sterling, of Plattsburg, N. Y., on behalf of the American Fox Breeders' Association, of Boston, Mass., in which is advocated a specific duty of $350 per head on black or silver foxes coming into this country from Canada or other foreign countries.

We desire to take issue with a number of the statements set forth in said brief and to call your attention to the fact that, in our opinion, a most unjust and discriminating tariff is proposed and one that, instead of helping the fox industry in the United States, will do said industry a great injury and have the effect of retarding its development very materially.

MAJORITY OF FOX BREEDERS AGAINST DUTY.

First. We deny the statement that "95 per cent of all the progressive silver fox breeders of the United States" are in favor of the excessive duty proposed; and we assert that a very small proportion of said breeders are in favor of such a duty, that very few of them knew that their associations were recommending to Congress such a duty, and that said duty had not been fully discussed.

CANADA CHARGES NO DUTY ON FOXES.

Second. We deny absolutely the statement made that a "Canadian duty on American silver and black foxes of 25 per cent ad valorem" is in effect. It is a matter of fact that no such duty is being charged by the Canadian Government. The commissioner of customs of Canada, under date of June 11, 1921, under the caption, "Subject: Tariff status of live foxes," says:

"You are advised that foxes and other wild animals for breeding purposes or show purposes have been classified by the department as free of customs duty under tariff item 701."

This fact certainly nullifies the argument which has been stressed before your committee that a duty to offset the alleged Canadian duty should be written into the new tariff bill.

PROPOSED HIGH TARIFF NOT BENEFICIAL.

Third. We do not agree with the argument of Dr. E. W. Nelson, Chief of the Bureau of Biological Survey, that "This high tariff will be beneficial in assisting American breeders in building up the quality of the breeding stock in the country and thus materially benefit this new industry."

On the contrary, we feel sure that the said duty of $350 per head, which is excessive and practically prohibitive, will be of great detriment to the fox industry and will shut out a great many of the best breeding foxes from Canada, which fox raisers in this country so much need in the development of the business in the United States. We assert, without fear of successful contradiction, that there are not at the present time in this country enough high-grade breeding foxes among the ranches to supply the legitimate demand for the next few years.

PRESENT QUARANTINE REGULATIONS SUFFICIENT.

Fourth. On June 1, 1921, there became effective a new quarantine order of the Department of Agriculture regulating the inspection and the shipment into this country of Canadian foxes that, in our judgment, fully meets the present needs as to the question of inferior or diseased or infected foxes that may be offered at United States ports of entry.

PROHIBITIVE AS TO CANADA.

Following close on the heels of this new quarantine order, the placing of a duty of $350 per head on live foxes shipped in from Canada would seem like piling it on, and practically says to Canada and Canadian fox breeders, "Keep out—we do not want your foxes at all."

AD VALOREM DUTY OF 10 PER CENT NOW IN FORCE.

Fifth. In the statement on sheet 3 of the Williams-Sterling brief, under the head of "Revision of present tariff necessary," is the misleading assertion that, "The present tariff schedules provide for the "free" importation of animals for breeding purposes. An exception should be made in the case of silver or black foxes."

It is the fact that the present tariff schedules do not provide for the free importation of foxes for breeding purposes, but an ad valorem tax of 10 per cent is now charged by the United States on such foxes. We maintain that this present tax of 10 per cent ad valorem or an equivalent specific tax, is quite sufficient to protect the fox industry in this country.

NO 25 PER CENT TARIFF IMPOSED BY CANADA.

Again, we call your attention to the misstatement at the bottom of sheet 4 of the Williams-Sterling brief, which says: "Canada, practically a free trade country, where fox farms started and with six to seven times as many silver foxes in captivity as in the United States ranches, impose a 25 per cent ad valorem tariff on American silver foxes."

STORM OF PROTEST AGAINST DUTY.

Since the Ways and Means Committee submitted the new tariff bill to the House of Representatives on June 29, 1921, and the proposed $350 duty has become known to the fox raisers of the United States, a storm of protest is going up against such an excessive duty, which would be in effect practically prohibitive. It is asserted by many that the proposed tariff is in the direct interest of a few large fox ranchers in the United States who want to shut out Canadian competition and force their fellow countrymen to purchase from said ranchers.

A NEW AND TRAVELING INDUSTRY—LET IT ALONE.

We do not believe that the silver and black fox industry has yet reached the stage of development in this country when legislation should be passed in the interests of the few as against the interests of the many connected with it.

In many of the Northwestern States, like Ohio, Illinois, Iowa, Wisconsin, Minnesota, the Dakotas, Washington and Oregon, there are many people who are just learning about this wonderful industry and who want to have an opportunity to do as earlier fox raisers in the United States have done, buy selected, high-grade animals of the first quality from Canadian ranches without having to pay such a high duty as is proposed in the present tariff bill.

We trust and believe that a careful review of the true facts in connection with this matter, all of which we feel sure have not been presented to your committee, will cause you to favor an elimination of the proposed duty, or at least a reduction of same to a specific amount not more than the present 10 per cent ad valorem duty.

Respectfully submitted.

JAS. S. HANSON.

SPRINGFIELD, MASS., *July 14, 1921.*

Hon. W. C. HAWLEY,
Chairman Subcommittee on Schedule G,
Committee on Ways and Means, House of Representatives, Washington, D. C.

SIR: I have before me copy of "Tariff Information, 1921," "Specific Tariff on Live Silver or Black Foxes," also the reply of Mr. Jas. S. Hanson, one of the large fox ranchers of the United States, with ranches at Penacook, N. H., and I indorse Mr. Hanson's reply entire, although he has not placed it as strong as the facts warrant.

The fox raisers as a whole did not for a moment think that an exception would be made to foxes imported for breeding purposes, as from time immemorial high-grade breeding stock such as horses, cattle, swine, etc., have been imported practically free of duty, to improve the strain in the United States. To-day every fox rancher in the United States considers it a valuable asset to state that his original stock came from Prince Edward Island, and the infant industry in the United States needs high-grade stock to improve the present quality of foxes, which are very much inferior to the average foxes in Canada, for in Canada they have been raising foxes in captivity for some thirty-odd years, while in the States the older ranches are not more than 10 years old and in some of the northern States the industry is less than five years old.

There are a few good foxes in the States, and it is the few that will be benefited, but not the great majority, nor the prospective rancher who desires to enter this new industry.

Furthermore, the facts presented to you by the few breeders state that "95 per cent of all fox breeders in the United States" are in favor of this excessive proposed duty, while I believe the reverse is true, that 95 per cent of the fox breeders are opposed to this duty, and also the statement that Canada imposes a 25 per cent duty on the importation of foxes into that country is absolutely wrong, and so on, through the article that was placed before you.

It would not mean any additional revenue to the Government, as the statistics show that approximately 1,000 silver and black foxes were imported into the United States during the past year, and with a $350 duty on each fox but very few foxes would be imported. Hence it would be far better, from a Government standpoint, to let the duty remain as it is, 10 per cent on breeders, or—what would be still better—absolutely free, because if fox breeders need the high-grade foxes to improve the quality of the foxes they have to-day, a low duty, or no duty at all, would be decidedly to the advantage of a great majority of fox breeders, at least 90 per cent of them.

The reason Congressmen have taken little interest in this measure is because very little is known about the industry by the average citizen of the United States or by Congressmen in general. Hence this bill was "slipped over on you" to the detriment of the majority of the people because so little was known about it.

It is one of the leading industries of Prince Edward Island, and can be made a very important industry in the United States if not given a "knock-out blow" in its infancy.

I am inclosing you a letter which was published in the Black Fox Magazine in June, before I knew of the $350 proposed duty, which I believe is worthy of your serious consideration.

As I believe you are absolutely fair minded, and intend to do what is best for the majority, I trust you will see that the specific duty of $350 per fox is killed, and the matter rests largely in your hands.

I can not be too emphatic in my positive statement, knowing the fox industry as well as I do, that the proposed duty would work a decided injury on the industry and be a benefit to but a very few of the ranchers who have high-grade quality foxes, and it would retard the industry for years to come.

At the last international fox show at Boston, where foxes were inspected and graded, Prince Edward Island carried off the first prize for having the best quality of foxes at this exhibit, and there were but very few Prince Edward Island foxes exhibited, the great majority being from the United States.

It is a well-known fact that Prince Edward Island has quality foxes that the United States needs, and it seems almost a crime to handicap an infant industry in the United States by placing an almost prohibitive tax on breeders.

Trusting that you will pardon the length of this letter and give it the serious consideration that it deserves, and that your good judgment will not allow you to be instrumental in killing so promising an infant industry, I beg to remain,

Most respectfully, yours,

F. E. MUZZY.

BRIEF OF C. T. DRYZ, EAGLE RIVER, WIS.

As one of the largest breeders of and dealers in silver foxes in the United States I am especially interested in the proposed change in our tariff laws, as far as they affect the fox industry.

I am now building a 400-pen ranch at Eagle River, Wis. When this is completed it means practically a half million dollar investment. I am importing most of my foxes from Canada, and if this new tariff goes into effect in its present shape it will practically mean a discontinuance of my operations here on the large scale that I have started. Other ranches are being built in this vicinity which will be similarly affected. One of these is a $100,000 corporation.

If this tariff was revised so as to admit high-grade registered foxes free of duty and the heavy duty put specifically upon poor foxes it would be a good thing, as there are not nearly enough of the best grades of foxes in the United States to meet the present demand.

At present there is a 10 per cent ad valorem duty on silver foxes entering this country. This duty is really all the industry can stand. I believe silver foxes are the only breeding animals imported to-day on which a duty is charged. Why not put silver foxes on an equal footing with other animals? To pass the tariff as recommended by the Ways and Means Committee of the House in H. R. 7456 will, in my judgment, seriously hinder the development of the industry in the United States.

COMPARISON OF TARIFF ACTS OF 1913 AND 1921.

I would first like to call attention to the several paragraphs of the tariff act of October 3, 1913, under which we are now operating, and point out how these paragraphs and the changes made in them in the new tariff act (H. R. 7456) affect foxes and the fox industry of the United States.

Under Schedule G, dutiable list, paragraph 187 (act 1913) provides: "All live animals not specially provided for in this section, 10 per cent ad valorem" duty. Under this paragraph foxes have heretofore been imported from Canada, paying the 10 per cent ad valorem duty, because of the fact that a herd book of Canadian pedigrees had not been accepted and recognized by the United States Department of Agriculture, so as to admit foxes under the free list.

Under the new tariff act (H. R. 7456) the old paragraph 187 is practically repeated as follows:

"PAR. 716. Live animals, vertebrate and invertebrate, not specially provided for, 15 per centum ad valorem."

This paragraph 716, it will be observed, changes the old duty from 10 per cent ad valorem to 15 per cent ad valorem and would seem to cover any desirable advance in the tariff as far as live animals (including foxes) are concerned.

Paragraph 397 of the tariff act of October 3, 1913, provides for the free importation of animals for breeding purposes, subject to very strict regulations and restrictions as to quality, pedigree, etc., which would seem to fully protect anyone importing animals under this section.

Heretofore foxes have not come in under this section because of the absence of any herd book showing pedigrees of foxes acceptable to the Department of Agriculture. Such a herd book is now being prepared, and the Canadian Government is recognizing and backing pedigrees of the best grades of foxes. This registration will doubtless be recognized by the Department of Agriculture of the United States in the near future, and silver-black foxes meeting the requirements will doubtless be admitted free the same as other animals, such as horses, cattle, sheep, etc.

Paragraph 1507 (p. 174, H. R. 7456, Senate bill, July 27, 1921) copies exactly paragraph 397 of the act of October 3, 1913, except that after the word "purposes," in the fourth line of said paragraph 397, the words "except black or silver foxes" are inserted.

This exception will effectually shut out high-grade, pedigreed silver and black foxes from Canada, no matter how closely they might meet the very careful regulation safeguarding the quality of the animal, as set forth in the body of said paragraph 1507. It seems unfair to thus cut out silver black foxes when other classes of animals for breeding purposes are admitted under this paragraph free of duty. The proponents of the change of old paragraph 397 seem to have overlooked the real effect of paragraph 1507 or to have desired to establish an embargo, with a view to shutting out Canadian competition.

I most earnestly urge the Senate committee to change paragraph 1507 by cutting out the words "except black or silver foxes" now appearing in lines 22 and 23, page 174 of the Senate bill, leaving the paragraph exactly the same as paragraph 397 of the act of October 3, 1913, which provides for the free importation of high-bred, registered animals for breeding purposes.

This is really the most important and vital change that should be considered in connection with the subject of silver black foxes, and, indeed, with the important subject of the reciprocal free importation of animals for breeding purposes between the United States and Canada. To make an exception of foxes would seem to invite others to attempt to make exceptions of certain other breeds of cattle, horses, sheep, etc. It is establishing a very bad precedent, besides doing a manifest injustice to fox breeders in the United States who are anxious to have imported free of duty the best grades of foxes which they so much need at the present time in building up this new and thriving industry. I understand that protests have been made by breeders of other classes of live stock against any meddling with old paragraph 397 at the request of a few fox men who seem to be looking only after their own selfish interests, regardless of disturbing present smooth-working relations between this country and Canada.

Paragraph 715 "Black or silver foxes, $350 per head," is entirely new, and the heavy duty suggested again seems to point to a desire on the part of the proponents of said duty to shut out competition, because the same people who proposed the $350 duty in this paragraph also proposed shutting out silver black foxes by the exception of these animals in paragraph 1507.

Since paragraph 716 carries an ad valorem duty of 15 per cent, and supposing that paragraph 1507 should be changed so as to be the same as paragraph 397 of the present law, thus admitting under the free list pedigreed foxes, it would seem that there is no excuse for such a heavy duty or even for any specific duty at all to shut out common grades of foxes. A specific duty of $200, at the very outside, would seem to meet all the requirements of the case.

In conclusion I again earnestly request and urge that paragraph 1507 be changed as I have previously suggested, because I firmly believe that, if it stands as it is now in the present bill, it will be very damaging to the fox industry in this country.

I attach hereto a copy of a communication I sent to the Black Fox Magazine of New York and which appeared in the issue of August, 1921, which sets forth my views in regard to the industry at large and the effects upon said industry of the proposed new tariff regulation.

I do not understand that the Bureau of Animal Industry or the Bureau of Biological Survey favor the drastic exception made in paragraph 1507, where "black or silver foxes" are entirely and specifically shut out, regardless of their quality, breeding, or pedigree, and regardless of how closely they meet the requirements of the very full and complete regulations and restrictions set out in the body of said paragraph 1507, in regard to all animals imported, which would, of course, include foxes as it does horses, cattle, sheep, etc.

What we all want, both officials and fox breeders, is to keep out poor foxes and admit free of duty high-grade foxes under proper restrictions and quarantine regulations such as are now in operation under the supervision of the Bureau of Animal Industry and the Bureau of Biological Survey.

LIVE AND LET LIVE.

[By C. T. Dryz, in The Black Fox Magazine, August, 1921.]

It has been a long time since I have written for any publication, but the conditions of the fox industry just at present date impress me to give my views on the situation which I consider very critical at this time.

You are probably aware of the fact that there is a great tendency on the part of some fox ranchers in the United States to shut out our main source of supply of foxes.

I am afraid these same parties do not realize in any way just what this would mean. True, some of them have a number of good foxes on their ranches that would score high and are good quality, but in general there is no very large number. Their idea seems entirely to be the disposal of their foxes at a high figure. They know it to be a fact that the same quality foxes that they have can be obtained to-day in Canada, which is the main source of supply, at a very reasonable figure.

As I look upon it, if these parties should be successful in having such an exorbitant duty passed as is proposed it would mean that new people who would start now would have to pay a very high price, indeed, for any first-class animals they acquired; far more than the present fur value of the animals is worth.

Do not misunderstand me when I make the above quotations, because personally I would like to see foxes on the same basis as, say, for instance, Holstein cattle are to-day. The good fox will sell at a high price and the poor fox at a low price, based entirely on its heredity. This can only be accomplished by the mutual cooperation of the associations and all ranchers and the Canadian must be seriously considered in this.

Even should this move on the part of a few men be successful, it will not help them nearly as much as they imagine. They will be forced to ask much lower prices than they contemplate for their foxes, because then they will get real competition from Canadian ranchers who will cut to the lowest possible figure in order to undersell the United States ranchers.

Why be selfish? Throw the gates of competition open to the world and let the best man win. That's real business principles.

To prove, further, that this proposed tariff would do considerable damage, it is only necessary to look at my books. I have several hundred customers who contemplate starting ranches in the United States in the next few years, and I do not believe they would pay an excessive tariff in order to start, but would most likely move into Canada and start there. Furthermore, I have just returned from a three weeks' trip, and while on this trip I had to come in contact with quite a few ranchers, and in speaking of the tariff to them they stated that they were in favor of a tariff, but not one as presented. Their idea of a just tariff is that all good foxes be admitted free of charge and a heavy duty placed on poor foxes.

I am sure that if the associations will canvass their members they will find the majority of them are in favor of the duty as I state above and are against the duty as proposed.

Canada charges no duty on foxes and there is no duty on any other pedigreed live stock going between Canada and the United States. I can not understand why foxes should be made an exception of. It would be much better for all concerned if foxes were handled in free trade as other live animals are. This would give the United States ranchers a chance to build up their stock at a normal cost and also give the Canadians a chance to improve their stock, making it harmony and cooperation throughout.

The associations to-day total a membership of practically 20 per cent of the people interested in the silver-fox industry in the United States, and I hope the time is not very far away when they will control a full 100 per cent.

I believe in the motto "Live and let live." I can not understand why anybody should try to squeeze out anyone else. As stated above, I believe in "Letting the best man win," and if more ranchers would put this in their mind I am sure the fox industry would be far more successful than it is to-day. As it is, they all follow in the footsteps of one leader and it is the man that keeps a step ahead of his competitors that will score the biggest success.

Then, let's all shake hands and live and let live.

FRESH AND FROZEN FISH.

[Paragraph 718.]

STATEMENT OF HON. WESLEY L. JONES, SENATOR FROM WASHINGTON.

Senator JONES of Washington. With reference to fish, paragraph 718, our people want a tariff of 2 cents a pound on fresh fish, together with a proviso providing for either a straight 2 cents a pound on fresh fish or, at any rate, a provision that would read something like this:

> All halibut, salmon, swordfish, and sablefish, fresh, frozen, or packed in ice, 2 cents a pound: *Provided*, That no halibut, salmon or sablefish, fresh, frozen, or packed in ice, taken from the north Pacific Ocean or its tributary waters, shall be admitted into the United States through a foreign country, unless same shall be in bond from an American port. All other fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent a pound.

An item similar to that was put into the Simmons-Underwood tariff bill when it passed the Senate. We had quite an extensive discussion of the reasons, especially for the proviso. (Pages 13181 to 13186, part 13, vol. 53, 1st sess., 64th Cong.)

Briefly, I may say this, however, that the Canadian authorities are using every possible method to divert the fish industry to Prince Rupert. They have put all sorts of restrictions and discriminations through their orders in council against American fishermen and American fish, with the avowed purpose of diverting the business to Prince Rupert and then sending the fish over the Grand Trunk Railway to eastern markets.

The purpose of this is to protect and keep under the American flag the ships engaged in the fishing industry in the North Pacific and in Alaska, and also to encourage the transportation of these fish to eastern markets over American railroads.

As I say, I am going to refer to that discussion and give the page. You will not need to print it in the record, but it will make it available. I hope that the matter will be given the very careful consideration of the committee.

I will endeavor to find where Senator Chamberlain made a speech with reference to the matter and discussed it and pointed out these discriminations. They are very clear and very plain. The purpose is openly avowed in the orders in council that were passed. (The reference to Senator Chamberlain's remarks, subsequently submitted by the witness, is as follows: Pages 14024 to 14028, part 13, vol. 53, 1st sess., 64th Cong.)

I want to present for printing in the record the amendment that I spoke about the other day with reference to fish; and I also want to present another amendment covering the same subject, which amendment has been suggested by our people.

I ask, as well, that in connection with the same a telegram and some letters I have here with me be printed, and that, I think, will conclude the matter.

> Insert a new paragraph after paragraph 718:
>
> "Halibut and salmon from the waters of the North Pacific Ocean, fresh, frozen, or prepared, for shipment at or shipped from a foreign port, 3 cents per pound."

SEATTLE, WASH., *January 5, 1922.*

Hon. WESLEY L. JONES,
United States Senate, Washington, D. C.

Since 1915 Canadian ports have gradually absorbed Alaska's fresh-fish business, this through their railways and orders in council. It is imperative that through prohibiting shipment from foreign port or through tariff on fresh or frozen fish prepared for shipment at foreign port this business should be centered in Alaska. If Alaska is to develop we must secure for her her own resources and commerce.

SEATTLE CHAMBER OF COMMERCE, ALASKA BUREAU.

JANUARY 3, 1922.

Hon. W. L. JONES,
United States Senate, Washington, D. C.

DEAR SENATOR: Pacific coast interests have suggested that a duty placed upon fish prepared for shipment at foreign ports would give the fishing industry at American ports the needed protection, and less likely to draw opposition than the measure we have urged, which would entirely prohibit shipments so prepared. It is therefore requested that we work to secure the following as a part of the general tariff bill:

"Halibut and salmon, fresh, frozen, or prepared for shipment at a foreign port, 3 cents per pound. All other fish, fresh, frozen, or prepared for shipment at a foreign port, 1 cent per pound."

A duty on only foreign-caught fish will not correct the conditions now existing at the Canadian Pacific ports. Such a duty would simply encourage Canadian operators to use American bottoms out of their ports. The flag would provide free entry of their product to our markets, though the industry would remain Canadian as completely as it is to-day, for the fishing fleet regardless of flag would be manned, provisioned, and operated from Canadian ports.

The sole object of this tariff measure is to make the Alaska fisheries a resource of American ports, instead of permitting them to be exploited by Canadian interests and a fleet sailing from Canadian ports, the product of which is entirely consumed in the United States. The duty suggested will not affect the price of fish to either producer or consumer; it simply moves the market place of the fishing fleet from Canadian to American soil, making it an American asset which will be highly beneficial to the future growth and prosperity of Alaska.

I wish to call your attention to the attached copy of a resolution passed by the Commercial Club of Ketchikan, Alaska, July 11, 1921.

Respectfully,

H. C. STRONG.

To the Congress of the United States:

Whereas the fresh-fish industry of the Territory of Alaska is one of the great and important resources of the said Territory; and

Whereas the said industry should be encouraged as a means of developing and building up the said Territory of Alaska; and

Whereas, if proper protection is given this industry to prevent the fresh fish caught in the waters of and adjacent to said Territory of Alaska from being packed and prepared in foreign countries for shipment to the markets of the United States, a permanent fishing population will settle in Alaska, improve small homesteads, and aid in the settlement and development of the Territory: Therefore be it

Resolved by the Commercial Club of Ketchikan, Alaska, That the Congress of the United States be, and hereby is, respectfully memorialized and urged to place in any tariff law which may be passed by the Congress a provision reading as follows:

"All fresh or frozen halibut or salmon, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 3 cents per pound; and other deep-sea fish, or products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American Territory, shall be subject to a duty of 1 cent per pound."

Be it further resolved, That a copy hereof be sent to the President of the United States Senate, the Speaker of the United States House of Representatives, the chairman of the Committee on Ways and Means of the United States House of Representatives, the chairman of the Committee on Finance of the United States Senate, and the Delegate to Congress from Alaska.

J. C. BARBER, *President*.

Adopted July 11, 1921.

Attested:

A. G. SHOUP, *Secretary*.

MEMORANDUM SUPPORTING TARIFF ON FRESH AND FROZEN FISH.

The offshore fisheries of Alaska—that is, fish taken from the Pacific Ocean or its tributary waters—is a national resource which should be the means of supporting large, permanent, and prosperous communities in Alaska.

However, to make this a reality, constructive and protective legislation is imperative. Something must be done which will create in Alaska a market for these products, a market which will bring the producer and the representatives of eastern distributors in the United States together at ports in Alaska.

To-day the economical market for the Alaska fisheries is in a foreign port at the terminus of a Canadian railway, and here these fisheries, together with the buyers for the consumers of the United States, are building a big industry. The deep-sea fisheries of Alaska and American markets are jointly supporting a larger population and a greater volume of business at Prince Rupert and Vancouver, British Columbia, than they are doing for all of the coast of Alaska.

Legislation alone will move this market and its benefits from Canadian to American ports in Alaska. Transportation problems in Alaska will solve themselves when this volume of business originates in Alaska instead of at Canadian ports, therefore Congress is petitioned to enact the following tariff measure.

"All fresh or frozen halibut or salmon, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 3 cents per pound; and all other deep-sea fish, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 1 cent per pound."

This tariff measure will bring to Alaska the wholesale market, which is now being maintained in Canada. It will be instrumental in improving our transportation facilities and be the means of bringing thousands of home builders. Alaska will become the permanent home of a large population which is now being supported in Canadian ports by our American fisheries and American markets.

To-day a vessel sails from Prince Rupert; she may be either an American or a Canadian, but she will be outfitted with supplies bought in Canada where all her business is transacted; she proceeds to the fishing banks adjacent to Alaskan shores, fills up with fish and returns to the Canadian port where the fish are sold for shipment to American markets but paid for in Canadian money, the proceeds divided and distributed through various channels in Canada. Canada has thereby gained a valuable asset at Alaska's expense.

The ultimate home of a fishing people will be in or near the port where the fish are unloaded and sold, and should Canada be permitted to continue as the main distributing point of North Pacific fish to the American market, the fishermen engaged in taking these fish will gradually settle in Canada and become Canadian citizens, transferring their vessels to Canadian registry.

Therefore no act of Congress can do more to give Alaska a permanent self-supporting population than the above tariff measure, and it will do so without adding any cost to the consumer and without placing any burden upon the fisherman. It merely moves a market and makes Alaskan ports the trade center for North Pacific fishing products which are going to the United States.

The fish will be discharged at Alaskan ports where they will be paid for in American money and be subject to American inspection and American regulation. We are asking only for such legislation as will insure a condition whereby payments made by the markets of the United States for products taken from the waters adjacent to or within convenient reach of American shores, will be used for the maintenance of an American fishing fleet, the development of American enterprises, and the building of American homes on American soil.

Respectfully submitted.

COMMERCIAL CLUB OF KETCHIKAN,
By J. C. BARBER, *President.*

Amend paragraph 718 to read as follows:

"All fish, fresh, frozen, or packed in ice, not specially provided for, 2 cents per pound: *Provided,* That no salmon or halibut from North Pacific waters shall be admitted into the United States through a foreign country unless the same are shipped in bond from an American port."

STATEMENT OF H. C. STRONG, REPRESENTING THE COMMERCIAL CLUB, KETCHIKAN, ALASKA.

Mr. STRONG. I am here at the request of the Commercial Club of Ketchikan, Alaska, and am a member of its executive board. I wish to file with you a message from the governor of Alaska, also a letter addressed you to-day by Mr. Hoover, our Secretary of Commerce, which requests that you provide relief for the situation which confronts America's interest in the fisheries of the Pacific coast. We have in Alaska a vital point, which has not been made clear to this committee from a truly American standpoint, but owing to the lateness of the hour I must be content with a short statement and the filing of two briefs, one prepared by the Commercial Club of Ketchikan and the other by myself.

Senator MCCUMBER. They will be printed in the record.

Mr. STRONG. At the Department of Commerce there are numerous communications from business houses, commercial associations, and letters from many operators of American fishing vessels which fully explain the hold Canada now has on the fishing industry of the Pacific.

The supply of fish which are found in the waters off Alaska's coast is of the highest quality to be found anywhere in the world, and they are consumed by Americans, the greater portion going to points east of the Rocky Mountains, yet this wonderful resource and market is centered at the Canadian port of Prince Rupert, Canada, which is within 40 miles of Alaska.

This is due to a combination of geographical and commercial conditions, together with the intense interest and support of the Canadian Government in the development of this industry at her ports, this, as compared with the utter lack on the part of our Government up to the present time to pass a simple protective measure which in effect would transfer the market place, the buyers, the shippers, and the headquarters of the fleet fishing for the American consumers from Canada across the international border line into Alaska, making this important resource and industry a support to Alaska instead of Canada.

At Ketchikan, Alaska, which is but 90 miles from Prince Rupert, reached through inside waters navigable every day of the year, and 90 miles closer to the fishing banks, you find better harbor conditions than at the Canadian port. We have many miles of perfectly protected deep-water frontage, which is true of many harbors in southern Alaska, and at Ketchikan we now have constructed wharves and warehouse of sufficient capacity to handle the entire fish business now handled at Prince Rupert. Every facility can and will be provided at Alaska ports to handle the industry, but the business will not be there to handle until our Government passes an act placing a duty on all fish entering the United States which have been iced, boxed, frozen, or otherwise prepared for shipment at other than American ports. Shipments reaching the United States through Canada should be obliged to be in bond from an American port if they are to be admitted free of duty.

Fishing interests at Prince Rupert and Vancouver and those who have represented them in Washington do not object to our Government placing a duty on foreign fish, but they strongly object to the wording of a tariff measure that will give Alaska and American interests the protection needed in this industry. This is the point you should clearly understand. The Canadian institutions are handling American fish which would not be affected by the wording of a usual tariff amendment. During the year of 1920 vessels of American registry to the number of 258 were engaged in fishing operations out of the port of Prince Rupert and 24 from the port of Vancouver. This number and the volume of business has increased during the year 1921 though we have not the exact figures. These vessels of American registry landed in excess of 65 per cent of all the deep-sea fish discharged at Canadian ports. The catch of these vessels, on account of the American registry of the hull, makes them American fish, but they are operated from the Canadian ports, which derive the entire benefit of their production. The value of their catch is there disbursed, entering Canadian channels of trade and the vessels are of the same value to Canadian ports as those of Canadian registry. The Canadian packers and shippers send every pound of it through to the United States, and American consumers through their fish dealers are actually paying Canada for a product taken from the Alaska fishing banks, the industry being of no assistance to American ports.

Canadian ports are now using less than 35 per cent Canadian hulls in their fisheries, and a duty on foreign fish would merely cause them to employ an increased number of American hulls, but Canada would still hold the industry, the fishing population, and all the prosperity that goes with it. The United States would still be paying Canadian ports for the fish taken from Alaskan waters, yet on account of the fish being taken or caught by vessels of American registry they are classed as American fish, and the Canadian firms are shipping them in bond through Canada, entering them in the United States as American fish free of duty, though Canada has received the value of the cargo and the benefits of the industry.

Considering the vast fisheries adjacent to the shores of Alaska, which are not equaled by those of any nation in the world, together with the thousands of miles of Alaska's coast line which I believe will never be settled and developed by other than a fishing population, I sincerely believe you should adopt the amendment:

Provided, That no fresh or frozen fish taken from the North Pacific Ocean or tributary waters shall be admitted into the United States from or through any foreign country except when the same shall be in bond from an American port.

This is the only sure way of giving Alaska and American ports the full benefit of her fisheries. Canadian laws prohibit fish discharged by American vessels at her ports from going into consumption in Canada, not even upon the payment of duty, and American fishing vessels in the Pacific have no market for their fresh and frozen fish except that afforded by the consumers of the United States. So why should we permit Canada to continue to profit by this industry to the great detriment of Alaska and American ports?

The general public has the impression that the only way of getting relief through a tariff bill is by placing a duty on the article desired to protect; thus most of the requests have been that you place a duty upon fish that have been prepared for shipment at a foreign port. Halibut and salmon are high-priced fish, the former often reaching a price in excess of 20 cents per pound paid to the fishermen at the port of discharge on the Pacific coast, and, due to the fact that Canada controls the logical route of travel between our northern fisheries and our markets of the Eastern States, a duty of even 3 cents per pound would still leave Canadian establishments at Prince Rupert in position to greatly embarrass shippers from Alaska who might be using the Canadian route to eastern markets; hence to be absolutely effective we should place an embargo as provided in the above-suggested amendment.

I would suggest that the amendment you adopt to cover this situation be so worded as to take effect on and after 60 days after the passage of the act. This would allow ample time to fully establish the needed transportation connecting Alaska with rail terminals and the adjustment of business connections on the part of those now buying fish for American markets at Prince Rupert from the Canadian port to American ports. American interests have anticipated the need of additional facilities in Alaska to handle the business they believe this legislation is to bring to their Territory, and many thousands of dollars, running into the six figures, are now being expended by Americans to handle this business, which can and will move direct from Alaska upon the passage of this legislation, to greater advantage to America, her fishermen, and consumers alike, for one vessel per day can transport all the fish brought in by the entire fleet at less cost to all and with greater dispatch than is now required by the entire fleet proceeding to the port of Prince Rupert, which is 90 miles farther from the principal fishing banks than is the principal fishing port in Alaska, which is Ketchikan.

(The briefs and other papers referred to are as follows:)

JUNEAU, ALASKA, *November 10, 1920.*

H. C. STRONG,
Hotel Raleigh, Washington, D. C.:

Have telegraphed Senator Smoot requesting that he direct fish tariff matter with you. Suggest you make an appointment with him for Saturday. I am ready to be of any possible service.

BONE, *Governor.*

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, January 9, 1922.

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

SIRS: Some legislation is being urged with a view to protecting American fishery interests on the Pacific coast in a manner that will make this industry a resource of American ports. A large volume of this business is being handled through foreign ports, and I feel that legislation, probably through a reasonable duty, should be enacted which will tend to transfer this business, supported entirely by Americans, to American ports.

Yours, faithfully,
HERBERT HOOVER.

BRIEF OF H. C. STRONG, REPRESENTING THE COMMERCIAL CLUB, KETCHIKAN, ALASKA.

It is respectfully requested that H. R. 7456 be so amended as to assist in establishing at American ports the American fishing industry and fishing fleet, which on the Pacific coast is now centered at Canadian ports. To accomplish this two measures have been suggested, either of which I believe would be helpful. They are as follows:

"All fresh or frozen halibut or salmon, or the products thereof, arriving at an American port, from or through any foreign country, which have been packed or prepared for shipment in other than American territory shall be subject to a duty of 3 cents per pound; and all other deep-sea fish, or products thereof, arriving at an American port, from or through any foreign country, which have been packed or prepared for shipment in other than American territory shall be subject to a duty of 2 cents per pound"; or, "Provided, That no fresh or frozen fish taken from the North Pacific Ocean or tributary waters shall be admitted into the United States from or through any foreign country except when the same shall be in bond from an American port."

The object is to gain and keep the control of our Pacific fishery resources at American ports, making them an asset of our own country. It is a subject most important to America and vital to the future growth and prosperity of Alaska.

The Alaska fishing banks are not exceeded in extent or resourcefulness by any in the world, and the United States is the greatest market for high-grade fishery products; but due to the geographical position of Canada and the interest shown by her Government in fostering the fishing industry, we now see the Alaska fisheries centered at the Canadian port of Prince Rupert.

The distributors of fish in the United States remit to Canada to pay for the fish taken on the Alaska banks. American markets and the Alaska fishing banks are pouring wealth into the Canadian port, where the industry is the mainstay of a growing, prosperous community.

This matter has been discussed on the floor of the Senate by Senator Jones of Washington and Senator Chamberlain of Oregon, and their remarks may be found in the Record of the Sixty-fourth Congress, pages 15024 to 15027, inclusive, and 16598 to 16604, inclusive. These pages contain statistics and reports from our Federal departments, and go into details explaining how Canada has been able to gain control of this industry.

Since that time Canada has made an effort to negotiate a treaty with this country which would bar us from enacting any legislation affecting these fisheries. From a map of the west coast of this continent, I think I shall be able to show you how securely Canada will control our supply of fresh fish from the North Pacific banks until such time as we pass effective legislation. Both from a commercial and geographical standpoint, Canada lies between the source of supply off the coast of Alaska and the markets of our eastern States.

Prince Rupert, British Columbia, at the Pacific terminus of the Grand Trunk Pacific Railway which is close to the border of Alaska, is provided with direct rail connection with all eastern American cities. Here every provision has been made to foster the industry; the Canadian Government has through subsidy and the use of "orders in council" put the Canadian port in absolute control of the fishing industry of the North Pacific.

Canada fully realizes that regardless of national registry of vessels engaged that the port at which the fishing vessels discharge their catch, where the fish are weighed and paid for, iced, and boxed for shipment to the consumers, where the fishermen and crew are paid off, and the vessel is reprovisioned for its next trip has gained the value of the cargo so discharged. The vessel, crew, and industry has become an asset of their port. Their object is to hold the Pacific fishing fleet at their ports, to make it an asset of Canada, though the product is taken from the Alaska banks and American consumers are paying Canada for the same.

The passing or enactment of one of the suggested amendments would correct the condition; it would in no way affect the price of fish to the consumer nor that paid to the fishermen; it would merely transfer the buyer, the market place at which the fishing fleet would center, to American soil, which is closer to the supply of fish. It would result in an economic advantage. The industry supported solely by American consumers would be established on the American side of the international boundary; the fishing fleet would be an asset of Alaska instead of Canada, as it is to-day. It would do more to repopulate the coast of Alaska and give it the needed prosperity than any act Congress could pass.

This is no discrimination against any foreign country; it is merely protecting our own through making it necessary that vessels, regardless of nationality, taking fish from the North Pacific Ocean or tributary waters, when the are to be consumed by Americans, must be discharged at an American port.

Canada has always fostered her fisheries and protected them in every known way, and now she is, through "orders in council" and other means, reaching for and controlling the American fisheries of the Pacific. Under existing conditions, it would be absolute business suicide for an American institution doing business solely at American ports to attempt to handle fresh fish between Alaska and eastern American markets in competition with the industry established at Prince Rupert. We would simply be playing into their hand, for they lie between our supply and market.

To the Congress of the United States:

Whereas the fresh-fish industry of the Territory of Alaska is one of the great and important resources of the said Territory; and

Whereas the said industry should be encouraged as a means of developing and building up the said Territory of Alaska; and

Whereas if proper protection is given this industry to prevent the fresh fish caught in the waters of and adjacent to said Territory of Alaska from being packed and prepared in foreign countries for shipment to the markets of the United States, a permanent fishing population will settle in Alaska, improve small homesteads, and aid in the settlement and development of the Territory: Therefore, be it

Resolved by the Commercial Club of Ketchikan, Alaska, That the Congress of the United States be, and hereby is, respectfully memorialized and urged to place in any tariff law, which may be passed by the Congress, a provision reading as follows:

"All fresh or frozen halibut or salmon or the products thereof arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 3 cents per pound; and other deep-sea fish or products thereof arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 1 cent per pound." Be it further

Resolved, That a copy hereof be sent to the President of the United States Senate, the Speaker of the United States House of Representatives, the chairman of the Committee on Ways and Means of the United States House of Representatives, the chairman of the Committee on Finance of the United States Senate, and the Delegate to Congress from Alaska.

Adopted July 11, 1921.

J. C. BARBER, *President.*

Attest:

A. G. SHOUP, *Secretary.*

MEMORANDUM OF THE COMMERCIAL CLUB OF KETCHIKAN, ALASKA, SUPPORTING THE TARIFF ON FRESH AND FROZEN FISH.

The offshore fisheries of Alaska—that is, fish taken from the Pacific Ocean or its tributary waters—is a national resource, which should be the means of supporting large, permanent, and prosperous communities in Alaska.

However, to make this a reality, constructive and protective legislation is imperative. Something must be done which will create in Alaska a market for these products, a market which will bring the producer and the representatives of eastern distributors in the United States together at ports in Alaska.

To-day the economical market for the Alaska fisheries is in a foreign port at the terminus of a Canadian railway, and here these fisheries, together with the buyers for the consumers of the United States, are building a big industry. The deep-sea fisheries of Alaska and American markets are jointly supporting a larger population and a greater volume of business at Prince Rupert and Vancouver, British Columbia, than they are doing for all of the coast of Alaska.

Legislation alone will move this market and its benefits from Canadian to American ports in Alaska. Transportation problems in Alaska will solve themselves when this volume of business originates in Alaska instead of at Canadian ports. Therefore Congress is petitioned to enact the following tariff measure:

"All fresh or frozen halibut or salmon, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 3 cents per pound; and all other deep-sea fish, or the products thereof, arriving at an American port from or through any foreign country, which have been packed or prepared for shipment in other than American territory, shall be subject to a duty of 1 cent per pound."

This tariff measure will bring to Alaska the wholesale market, which is now being maintained in Canada. It will be instrumental in improving our transportation facilities and be the means of bringing thousands of home builders. Alaska will become the permanent home of a large population which is now being supported in Canadian ports by our American fisheries and American markets.

To-day a vessel sails from Prince Rupert; she may be either an American or a Canadian, but she will be outfitted with supplies bought in Canada, where all her business is transacted. She proceeds to the fishing banks adjacent to Alaskan shores, fills up with fish, and returns to the Canadian port, where the fish are sold for shipment to American markets, but paid for in Canadian money, the proceeds divided and distributed through various channels in Canada. Canada has thereby gained a valuable asset at Alaska's expense.

The ultimate home of a fishing people will be in or near the port where the fish are unloaded and sold, and should Canada be permitted to continue as the main distributing point of north Pacific fish to the American market, the fishermen engaged in taking these fish will gradually settle in Canada and become Canadian citizens, transferring their vessels to Canadian registry.

Therefore no act of Congress can do more to give Alaska a permanent self-supporting population than the above tariff measure, and it will do so without adding any cost to the consumer and without placing any burden upon the fisherman. It merely moves a market and makes Alaskan ports the trade center for north Pacific fishing products which are going to the United States.

The fish will be discharged at Alaskan ports, where they will be paid for in American money and be subject to American inspection and American regulation. We are asking only for such legislation as will insure a condition whereby payments made by the markets of the United States for products taken from the waters adjacent to or within convenient reach of American shores will be used for the maintenance of an American fishing fleet, the development of American enterprises, and the building of American homes on American soil.

Respectfully submitted.

COMMERCIAL CLUB OF KETCHIKAN,
By J. C. BARBER, *President.*

CURED AND PRESERVED FISH.

[Paragraphs 719, 721 and 1645.]

BRIEF OF J. L. FAWSITT, IRISH TRADE COMMISSIONER TO AMERICA.

I appear before your committee representing the interests of the Irish salt-fish curers and exporters.

Taking the returns for the six years 1914–1919, approximately 29,000,000 pounds of fresh mackerel and 27,000,000 pounds of fresh herring were landed annually on the Irish coast.

The average exports over the same period of cured (salt) mackerel amount to 8,000,000 pounds and of cured (salt) herring amount to 7,000,000 pounds annually.

Ireland's department of customs was abolished by the English Government a hundred years back, and, as a consequence, the published returns of Ireland's external trade do not show with what foreign countries Ireland carries on trade relations, nor is there available information as to the character or qualities of her exports to or imports from foreign lands. We have no means of ascertaining, for example, from the official records of our foreign trade, to what countries and in what quantities we ship our cured fish.

The United States' annual trade records show, however, that in the 6-year period quoted above some 1,500,000 pounds of cured mackerel and some 2,100,000 pounds of cured herring reached this country annually from Ireland. Those connected with the fish trade in Ireland know that these figures do not fully represent the quantities of cured fish that enter the American markets every year from Ireland. We believe, indeed, that the great bulk of our cured-fish exports come to this country indirectly through English ports and from English brokers.

In addition to the domestic supply of cured fish, the United States trade returns show that on an average some 18,000,000 pounds of cured mackerel and some 58,000,000 pounds of cured herring are imported for consumption in America every year from foreign countries.

In the year 1919 the largest supplies of salt mackerel came to this country from (and in the order named): England, Canada, Ireland, Norway, Netherlands, and Scotland.

In the same year the largest supplies of salt herring came to this country from (and in the order named): Canada, Labrador, and Newfoundland, Scotland, Netherlands, Ireland, and England. Only in the year 1918 did Canada and Labrador and Newfoundland begin shipping supplies of cured herring to the United States. Both in 1918 and 1919 considerably more than half of the total American imports of cured herring were supplied by Canada and Labrador and Newfoundland.

Ireland, as your returns show, is the third principal supply country of imported mackerel on your markets: she is the fifth principal supply country of imported herring. In 1917, before Canada and Labrador entered the market, Ireland held the third position among foreign countries supplying herring to your people.

It is generally understood that the salt-fish supplies on the American markets are mainly consumed by the working classes in the cities and towns and by agriculturists in interior districts, where this is the only form of sea food suited to the peculiar conditions of living in such districts. To place a tax on imported salt fish would result in increasing the price of this important and nutritious article of diet to these classes of your citizens.

It does not appear that any resultant gain would accrue to your national fisheries from the imposition of such tax.

In the first instance, American supplies of native cured mackerel and herring are admittedly inadequate to meet the large domestic demand for this foodstuff. Your fisheries appear to cater mainly for the fresh-fish market, which is certainly the most profitable branch of the trade.

During the war, when imports of cured mackerel and herring fell off, the native industry did not respond to the opportunity thus afforded by the inadequate supplies coming from Europe at the time to this country. The high prices then offering for this grade of foodstuff did not tempt your fisheries to endeavor to supply the demand. Apparently, the fresh market absorbed the main bulk of their produce and gave them better and quicker returns on their investments. The demand continued unsupplied by your native producers, and Canadian and Newfoundland supplies came forward to fill the want.

Again, in previous administrations when a tariff was imposed on foreign-cured fish entering your markets, such tariffs neither kept out the foreign supplies to any appreciable extent, nor did your native fish-curing industry avail of the opportunity provided by such handicap on foreign imports to secure the home market in salt mackerel and herring for the home-produced article. The tax merely increased the cost of the cured fish, both domestic and foreign, to the working classes in this country, who, as already pointed out, are in the main the chief consumers of this foodstuff. It is quite possible, too, that the increased price demanded, under the tax, for salt fish enabled the fresh-fish vendors to secure increased prices for their daily supplies of fresh fish. Most taxes, where imposed to help a home industry, usually work out after this fashion.

From my knowledge of the fish industry in this country, it appears to me that this industry (when compared with the position of the imported salt-fish trade) now and will always occupy a favored position here by reason of certain facts, knowledge of which is common to all persons interested in the fish business, namely:

(*a*) The American markets can consume all the supplies of fresh fish made available for consumption by American fish-producing companies.

(*b*) The American market is not only at the door of the American fish industry, but the market is at all times responsive to the American product as such.

(*c*) The long oversea haul with incidental heavy freights, insurance, protracted delays resulting in deterioration of quality of fish, financial loss to shipper, etc., constitute a big handicap and a financial tariff against the imported commodity and in favor of the home product.

(*d*) The obsolete amd almost hopeless financing of foreign fish supplies entering the United States markets make the trade practically an unprofitable one for foreign producers.

In my judgment, it would indeed be a very easy matter for American producers of salt mackerel and herring to capture and retain for themselves the native market in this commodity. They could secure the monopoly of the trade, and without asking the United States Government to put a tax on competing imported fish, provided they were in a position to supply the American market steadily with the quantities demanded. This it appears they are not in a position to do, and no tax that your Government can impose on the foreign product will enable the American fish industry to get a hold of this trade in salted mackerel and herring.

POSITION OF THE IRISH INDUSTRY.

The fishing industry in Ireland is a declining one. This is borne out by the fact that there are fewer persons and boats now employed in the industry, and that the annual catch is very much smaller than the catch a decade and more back.

The industry is inadequately financed and in an unorganized condition. Very little attention has been devoted to the industry by the English authorities. It is not even protected from the marauding steam trawlers of neighboring countries. The facilities for marketing the catch are indifferent and constitute a severe handicap to the trade.

The fishing is mainly inshore drift-net and hand-line fishing. There are very few trawlers of Irish ownership employed in the trade. The catch in the main consists of mackerel and herring.

Fishing is the main source of income for the 20,000 persons (with dependents numbering in all about 80,000 souls) employed in the calling.

Owing in the main to the absence of facilities for marketing the fresh catch the curing of the fish is largely followed.

The United States is and has, for a long number of years, been the chief foreign market for the cured supplies of Irish fish.

Whenever the market for salt mackerel and herring is depressed in America the fisherfolk and their families in Ireland are seriously affected in their little incomes. An unresponsive market for Irish cured fish in this country reacts detrimentally upon the industry in Ireland.

The increased cost of living in this country depresses the market for cured fish here. This means not only a drop in prices to the shipper, but it also means that large unsold and unsalable supplies remain on hand at the end of the season.

To place a tax on imported cured fish entering America would mean increasing the cost of living to the poor in this country, and this would tend in turn to depress the market here for Irish salt mackerel and herring.

Just now, when steps are being taken in Ireland to organize and finance the industry adequately by the Irish government, a depression of the market here for Irish supplies would retard such belated development as is contemplated there. We are organizing the fisheries districts along cooperative lines; we are helping them financially, so as to provide larger and more suitable motor-driven boats, better gear, and all-round better facilities for the successful conduct of the industry. We have great hopes of, in time, placing the industry on a paying basis, producing a better graded and superior quality article, and of enabling the fisherfolk to derive a decent income from the industry, and so making it a benefit to them and to the nation as a whole. Here in your country we are planning on marketing our cured fish on better conditions, financial and otherwise, and this is a point that the importers here will appreciate. I repeat, to impose a tax on these imports now would prove anything but helpful to us in Ireland who are planning to build up an industry on sound lines, and who hope as a consequence to produce and place on your markets a foodstuff unexcelled in quality and marketed on a strictly competitive basis.

There is one more consideration I wish to place before your committee, arising out of this question, before I conclude. My mission to this country is to promote closer trade relations between Ireland and America. Our external trade is valued at $1,700,000,000 in value yearly. That trade has been in the past practically the sole monopoly of England. Ireland is desirous of buying American goods where she can; she is also desirous to sell to America such products as she has and that America may need. The direct trade of America and Ireland is less than $100,000,000 in value annually. With good will and cooperation there should be little difficulty in increasing that trade tenfold. It would be to the mutual advantage of both the United States and Ireland.

English shipping has had the carrying almost exclusively of Ireland's enormous foreign trade. Ireland is most anxious to see American shipping in Irish waters. We are prepared to support American shipping to the best of our ability. The United States Shipping Board a year back placed some United States tonnage on the direct America-Ireland trade. I am glad to say that the venture has passed the experimental stage and is now on a permanent and paying basis. Full cargoes regularly go forward from New York to Irish ports. So far none of the United States ships have returned in ballast. Each ship brings back cargo for the American markets. Part of the return cargo consists of the cured fish that we are now dealing with. Formerly this fish was imported here via Liverpool and on English ships. We are anxious to see this trade increase and are planning bringing cargoes direct also to Boston. We invite your cooperation in this work. By allowing this fish to continue to come into America free of import duty you will help us to provide cargo in increasing quantities for the American shipping now on the Irish route. Also, by not depressing our exports to your country by taxation, you will enable us to buy our requirements in other lines from your producers, and in larger measure than heretofore, and so together we may cement the commercial relations that now happily have been begun under promising circumstances by our respective peoples.

STATEMENT OF ASHTON W. THOMAS, REPRESENTING THE PACIFIC CURED FISH ASSOCIATION.

Mr. THOMAS. Mr. Chairman, I appear here as a representative of the Pacific Cured Fish Association, operating principally in Alaska; I might say altogether in Alaska.

I appeared before the Ways and Means Committee of the House and asked that a duty of 2 cents per pound be placed upon pickled herring on the net weight of the fish. As the bill has been reported, it has been changed so that it reads one cent and a half a pound upon the gross weight of the fish in the container. However, that does not change the amount.

Senator MCCUMBER. Would that be a greater or a less amount upon the fish content?

Mr. THOMAS. That would be the same as was asked, so far as the barrel and contents that we use in Alaska is concerned. It might not be so with respect to some barrels. We use heavy wood out there, and we find that the barrel and the contents weigh about 100 pounds, so that the duty would be about the same. I do not know why that change was made. I have no remarks to make on that score.

I am here merely to ask that the duty as proposed by the Ways and Means Committee stand, in order that the industry, as started in Alaska, may continue to develop.

I am speaking now as a producer, as one who has every cent that he has invested in the industry in Alaska.

Our plant represents an investment of about a quarter of a million dollars. I wish to say in that connection that the investment there is largely the result of solicitations on the part of this Government through the Bureau of Fisheries and the Food Administration.

During the war importations of these fish were largely, if not altogether, shut off, and so the Government sought a supply, and they found the fish in Alaska. They found a fish that met the needs in every way, as to quality, size, etc. The fish have met with great favor in the American market, and the industry has grown very rapidly during the war.

Senator DILLINGHAM. Of what kind of fish are you speaking now?

Mr. THOMAS. Herring.

Senator WATSON. Are you satisfied with this provision just as it is?

Mr. THOMAS. Yes, sir.

Senator WATSON. Is there anybody who objects to it?

Mr. THOMAS. I think there will be; yes, sir.

Senator McCUMBER. Do Norway, Sweden, and Denmark export any of these fish?

Mr. THOMAS. Yes. Our principal competitor, however, is Scotland.

Senator McCUMBER. There has been some objection upon the part of others.

Mr. THOMAS. Yes.

Senator SMOOT. What you want to do is to strike out the words "immediate container and the brine, pickle, and salt."

Senator McCUMBER. That would leave it too low for protection.

Mr. THOMAS. I meant to say that a cent and a half upon the gross weight of the fish is practically the same as 2 cents on the net weight of the fish. I suppose the object of the change was to obviate the necessity for weighing the contents.

Senator McCUMBER. The real question is the duty upon the fish.

Mr. THOMAS. Yes.

Senator McCUMBER. And whether one cent and a half per pound on the fish themselves is sufficient.

Mr. THOMAS. It is not.

Senator McCUMBER. In other words, you ask that "immediate container and the brine, pickle, and salt" be stricken out, so that 1½ cents will apply only to the net weight of the fish?

Mr. THOMAS. I do not know what others may ask, but in order to exist in Alaska and to develop this industry we have to have 2 cents a pound.

Senator McCUMBER. You think that you can not exist on 1½ cents per pound?

Mr. THOMAS. No. It costs us to lay down a barrel of fish, considering the transportation from Seattle to Boston, $6.50, and the freight down the coast of Alaska from the packing plant is $1.50.

Senator LA FOLLETTE. What does the product sell for per pound?

Mr. THOMAS. The price ranges from $15 to $17 per barrel.

Senator LA FOLLETTE. And there are about 100 pounds in a barrel?

Mr. THOMAS. No; 250 pounds.

Senator LA FOLLETTE. Two hundred and fifty pounds in a barrel?

Mr. THOMAS. Yes; 250 pounds.

Senator LA FOLLETTE. What did you say the price is per pound?

Mr. THOMAS. $15 to $17 per barrel for a barrel of 250 pounds net weight. That has been the price this year.

Senator WATSON. You say that the rate from Seattle to Boston is $6.50 a barrel?

Mr. THOMAS. Yes, sir.

Senator WATSON. By rail?

Mr. THOMAS. Yes; in a refrigerator car.

This is a mild-cured product, and it has to be handled in a refrigerator car. It can not be shipped in an ordinary car.

Senator LA FOLLETTE. It is caught by seining?

Mr. THOMAS. Yes; seining almost entirely, in Alaska.

Senator LA FOLLETTE. And it is caught in great quantities, is it?

Mr. THOMAS. Yes; in large quantities.

Senator LA FOLLETTE. Where is your factory?

Mr. THOMAS. Port Ashton, Prince William Sound.

Senator CURTIS. Are other people engaged in this industry?

Mr. THOMAS. There are six plants.

Senator CURTIS. How many people are employed?

Mr. THOMAS. About 500 this year, I should say.

Senator CURTIS. Is this the industry that a former Secretary of Commerce appeared before the Appropriations Committee in behalf of and asked for an appropriation?

Mr. THOMAS. Yes; this is the industry.

Senator McCUMBER. How much capital is invested in the industry?

Mr. THOMAS. About a million dollars.

Senator McCUMBER. Are there any further questions? Is that all you wish to say?

Mr. THOMAS. Yes; that is all. I thank you.

STATEMENT OF GEORGE E. WILLEY, BOSTON, MASS.

Senator McCUMBER. State your name and address for the record.

Mr. WILLEY. George E. Willey, 220 State Street, Boston, Mass.

Senator McCUMBER. You wish to speak on the same subject as these other gentlemen?

Mr. WILLEY. I wish to speak on items in paragraphs 720 and 721.

Senator McCUMBER. Proceed in your own way.

Mr. WILLEY. Mr. Chairman and gentlemen of the committee, I did not know until last night just what the conditions were, and after talking it over after my arrival yesterday, we thought it best not to take too much of your time, so that a number have asked me to present their case and I shall try to do so as briefly as I can, bringing out those points and facts which I can verify by statistics.

Senator McCUMBER. So that we may understand your testimony better, I will ask you if you represent producers of fish in this country, or importers, or both?

Mr. WILLEY. Both producers, importers, and dealers; in fact, I was going on to say that I am representing myself, from Boston, the Boston Fish Commission Dealers' Association, the Preserved and

Salt Fish Dealers' Association of New York, the Philadelphia Salt Fish Dealers' Association of Philadelphia, the Mid-West Salt and Canned Fish Association of Chicago, and a vast majority of salt-fish dealers throughout the United States, and many producers on the Atlantic coast of this country.

We hereby respectfully protest against the high duty proposed in the Fordney bill as passed by the House of Representatives on June 29 on mackerel and herring, which ranges from 42½ to 67½ per cent ad valorem, as per paragraphs numbers 720 and 721.

I may give you a little of the history of the tariff on herring and mackerel. Salted and pickled herring and mackerel are on the free list under the present law. They furnish an economic and nutritious food for the people of the middle classes and more especially for the poor, and in certain sections of the country herring is one of the principal articles of diet. There are many reasons why these products should have been left on the free list if the economic necessities of the Nation in any way permitted it. Under the previous tariff herring were dutiable at the rate of one-half cent per pound net weight; that is, the weight of the fish exclusive of the container and of the brine, pickle, and salt, equivalent to $1 to $1.25 per barrel, while mackerel paid a duty of 1 cent per pound of net weight equivalent to $2 a barrel. The standard net weight of a barrel of mackerel is 200 pounds of fish and of herring 200 to 250 pounds of fish.

It is now proposed in paragraph 720 to increase the duty on herring at the enormous rate of more than four times the former duty by imposing a duty of 1½ cents a gross pound; that is, including the weight of the immediate container and of the brine, pickle, and salt, which means a duty of $5.25 per usual or standard barrel of the gross weight of 350 pounds.

Senator SMOOT. If the words "including the weight of the immediate container and the brine, pickle, and salt" are stricken out, will that be satisfactory?

Mr. WILLEY. No, sir.

Senator SMOOT. What rate do you want?

Mr. WILLEY. We want 1 cent a pound on mackerel.

Senator SMOOT. And one-half a cent a pound on herring?

Mr. WILLEY. Yes; one-half a cent per pound on herring. The duty on mackerel is likewise fixed at 1½ cents a gross pound, which means a duty of $5.40 a barrel on the customary weight of 360 pounds gross. In this connection we may state the salt and brine have no commercial value, but merely preserve and keep the fish in edible condition. The brine and salt are heavier than fish, and a barrel, say, with 150 pounds of herring and filled with brine would weigh more than the same barrel packed with 200 pounds of herring and the balance brine.

A duty of $5.25 on a barrel of herring is equivalent to about 65 per cent ad valorem—the average price of a barrel of herring being $8 per barrel—an unheard of rate when applied to articles of food for the people and not of course in any sense a luxury, whereas caviar, the highest-priced delicacy of the fish line, only bears in the proposed bill a duty of 28 per cent. A duty of $5.40 on a barrel of mackerel is equivalent to about 42½ per cent ad valorem, the average prewar price being $12.70 per barrel. Certainly also a very excessive rate on an article of food. The above duty is limited to herring and mackerel packed in containers weighing with their contents more than 30 pounds. It may be observed as an added circumstance not easily explainable that by paragraph 721 a duty of only 20 per cent ad valorem is assessed on fish by whatsoever name placed in containers weighing less than 30 pounds.

Senator SMOOT. Are you objecting to the rate in paragraph 721?

Mr. WILLEY. No, sir.

Senator SMOOT. It is just paragraph 720 that you want decreased?

Mr. WILLEY. I am coming to that a little later.

Senator SMOOT. I wanted to mark it on my paper so that I would know.

Mr. WILLEY. Pickled herring and mackerel have always been known as a poor man's food. The proposed increase is an injustice to this large public consuming these food necessities to a value of approximately $9,000,000 a year, while the proposed duty on food luxuries is much lower.

We do not believe that it is the sense of this administration that the luxury foods for the rich should be assessed an average duty of 25 per cent and that the laborer should pay 42½ to 65 per cent on the foods which must be imported because they can not be produced in sufficient quantities in this country to satisfy the consumptive demand.

There is little or no competition between the imported and the domestic product due to the inherent characteristics of the imported fish and the limited quantities under any circumstances obtainable of the domestic. Herring coming from foreign countries vary from the domestic product in quality, due to the difference in the feeding grounds and the temperature of the water and other circumstances.

It has been said by those who have asked for a higher duty on herring that it should be placed thereon in order to protect the industry of herring catching, packing, and curing in Alaska, and to some extent on the coast of Massachusetts and Maine, but we respectfully beg to point out to you the fact that while the production in Alaska of pickled herring for food has increased materially since 1917, owing to war conditions, it is a positive and uncontradictable fact that only a very small proportion of the herring pickled and sold in Alaska are suitable for the table or can be considered a fair competitor with the European fish, and that for this small proportion Alaska has, since the inception of this industry there and up to this very date, been able to find ready and willing buyers at their own prices, which are fully equivalent and in many instances higher than the prices for similar qualities of the foreign cure.

Senator MCCUMBER. Did I understand you to say that the fish are not fitted for the table?

Mr. WILLEY. The larger portion; yes.

Senator MCCUMBER. Then, how is it ever fitted?

Mr. WILLEY. They have been put in oil and fertilizer.

Senator MCCUMBER. It is not shipped out at $8 a barrel from Alaska as a fertilizer, is it?

Mr. WILLEY. They would not bring it here. They might ship it down, but it would not prove suitable.

Senator MCCUMBER. If it is not suited for table use, what use is made of it?

Mr. WILLEY. That which comes here now is fitted for the table.

Senator LA FOLLETTE. You mean that a considerable portion of each catch is not suitable for food and that portion must be separated from the portion that is suitable food?

Mr. WILLEY. It is only during two or three months of the year that the catch of herring is suitable. They can not compete with the foreign product. They run smaller in size and not so fat. When they do obtain herring that are fat enough they have a good market for them and they bring high prices.

Senator LA FOLLETTE. Then there is a portion of the year when the food is out of season, is that it?

Mr. WILLEY. Yes.

Senator LA FOLLETTE. Is that owing to its condition—I mean, as to its poor food value?

Mr. WILLEY. With reference to most any kind of fish there are certain seasons of the year when they do not run well. It may be spawning time.

To illustrate this fact that at the present time new salt herring imported from Holland packed in barrels is selling very slowly at 5½ to 6 cents per pound, while new salted Alaska herring is being sold rapidly at a rate of 10 cents per pound as fast as they are produced. The latter herring, therefore, it is clear, does not need any protection.

Senator McCUMBER. At some seasons of the year this Alaskan product is more valuable than that imported from Holland or from the North Sea?

Mr. WILLEY. At the present time that is true; yes.

Senator McCUMBER. Is that due to the superior quality of the Alaskan fish?

Mr. WILLEY. Yes, sir.

Senator McCUMBER. And do you mean to say that that superior quality lasts only two or three months in the year?

Mr. WILLEY. Yes, sir.

Senator McCUMBER. And then you get an entirely different product?

Mr. WILLEY. Yes. That has been our experience.

Senator McCUMBER. And the product is not fit for table use at all?

Mr. WILLEY. That has been our experience of the past few years.

As far as domestic herring and mackerel are concerned—and I refer now to the Atlantic coast fisheries—we beg to point out to you that neither mackerel nor herring is ever salted and pickled except in such cases as when the supply of fresh fish exceeds the demand for fresh fish or the facility for freezing fish, and in those instances only are mackerel and herring offered and sold to curers for salting and pickling purposes except in a few instances where they have no freezing facilities, and the market prices for these fresh fish are usually considerably higher than for such as are used for salting purposes. We also beg to point out to you the fact that as you will see on the statistics attached hereto the production of mackerel available for salting and pickling purposes in the United States has decreased year by year in a very heavy measure. In 1878 the United States produced 196,468 barrels. In 1884, which was the largest year of production on record, 478,076 barrels; while in 1920 only 4,897 barrels, and in 1921 but 3,200 barrels were produced and packed.

Senator McCUMBER. In other words, about one-tenth?

Mr. WILLEY. Yes; and this season, which will be practically over in September, it will amount to about 3,200.

The total American consumption of salted mackerel averages about 100,000 barrels annually. The explanation of the aforesaid great decline in production of mackerel in the United States is due to the absence of the fish in our waters. The captains of the vessels engaged in this branch of the industry repeatedly state that they have never traveled over so much territory and seen so few fish as in these past few years. We further attach statistics furnished to the Ways and Means Committee as published in Tariff Information of 1921, No. 16, dated January 24, 1921, pages 1761–1762, which figures will show that the importation of herring has at all times been considerably larger than the production in this country of pickled and salted herring for food.

Senator SMOOT. Your 15 minutes have expired. If you will give me the percentages for paragraph 721 I can mark them down on this sheet.

Mr. WILLEY. I shall be glad to do that.

Senator SMOOT. I mean in connection with the House duty named in paragraph 721. If you will tell me what changes you want, I would like to have them now.

Mr. WILLEY. Those that I referred to were statistics as to quantities.

Senator SMOOT. I thought you could say whether 26 per cent on fish, except shell fish, packed in oil or in oil and other substances, is what you are asking.

Mr. WILLEY. We are asking one-half a cent per net pound on herring and 1 cent per net pound on mackerel.

Senator McCUMBER. Is it your contention that the Alaskan fish for the few months it is selling for 10 cents has no competition?

Mr. WILLEY. No, sir. I consider that they have hardly any competition. They sell themselves as they are produced.

Senator McCUMBER. And the portion that is produced in the other nine months of the year is not edible?

Mr. WILLEY. That portion is not suitable for people who use this class of herring.

Senator SMOOT. There is a class of people that uses it?

Mr. WILLEY. Not that I know of; at least, not for food purposes, unless it is shipped, perhaps, to some foreign countries.

Under paragraph 721 we would respectfully petition that the rate of duty on salt, pickled, or green fish be 1 cent per pound, our reasons for the same being that we do not produce certain grades of fish under this class to anywhere near supply the demand and that most of the larger producers of codfish in the States have to rely and purchase them from foreign sources to supply their demand, and compared with the rate as is now proposed for boneless fish, it is more in line, for otherwise it would have a tendency for the producers on foreign soils to manufacture their product themselves as it would be a comparatively lower rate of duty in this manner, and as can readily be seen this would be an injustice to our American labor here.

Senator SMOOT. Is that in bulk or in containers?

Mr. WILLEY. That is in bulk; yes.

The imposition of the additional duty would tend to decrease the use of fish as an article of food. The consumption of fish in the United States is 19½ pounds per capita per annum; in England 65 pounds, and in Continental Europe 100 to 130 pounds. It would seem that instead of curtailing the supply of fish by heavy and prohibitive duties, it would be well for the health and economy of the nation to promote the same as much as possible. If we could obtain sufficient supplies of suitable fish in this country we would much rather do so than handle the foreign products, thus eliminating the many risks and troubles that arise in dealing with the countries on perishable commodities such as ocean transportation, fluctuations in exchange, and slowness and uncertainty of mail communication, and the frequent difficulities experienced in making proper adjustments with foreign shippers, when shipments do not grade up to standard.

The proposed duty will tend to destroy, if not entirely, all importation of herring and mackerel. If importation be stopped no revenue would be produced on this particular article, while if assessed with a reasonable amount of duty the consumption would be sure to continue, and in that way the revenue would come into the Treasury instead of being eliminated by stopping the importation. The proposed duty would deprive a large part of the population of the country of a necessary and customary article of food, or at least very materially increase its cost; it will not benefit American labor, as the cost of pickling is no lower in exporting countries than in America, but in fact appears to be higher. America can not produce sufficient fish of this character to supply the demand, and importation, therefore, is a positive necessity; it will seriously disturb the commercial relations of the United States with the exporting fish countries and injure American exports to these countries. It is therefore respectfully submitted that the Payne-Aldrich tariff rates of one-half a cent per net pound on herring, 1 cent per net pound on mackerel, and 1 cent per net pound on codfish are just and reasonable, and that they be restored.

And now, Mr. Chairman, I want to correct, perhaps, some of the statements which were made by an honorable Member from Alaska which perhaps might be misconstrued. He laid great stress on the fact that I was representing importers, which was partly correct but not wholly. As a matter of fact, the importers are a small portion of the associations for which I talked.

I am a producer myself in the East.

On the herring which he spoke about he asked for 2 cents a pound duty. The type and the quality of the herring on which he is asking for that duty is so small comparatively—only about 2 or 3 per cent of the amount of herring used in the United States—and you are going to cut off your importations of thousands of barrels from Nova Scotia, Newfoundland, Scotland, Norway, Holland, and all those countries of hard-cured herring, which are the poor man's article of food to-day.

With that duty, as is proposed, of $4 per barrel on those fish, which are only worth $5, $8, or $9 a barrel, and with thousands of barrels coming in here, you will readily see they can not possibly do it. He referred to paragraph 1645, of frozen herring, as a poor man's article of food. I think that paragraph, according to what I have heard, is going to be changed. That was put in for the Maine sardine people, and frozen herring is not the poor man's article of food; they never were, and only can be used in one or two of the coldest months of the year, and they have never come in competition with the salt herring at all; and, furthermore, I would simply like to state that in any tariff we have ever had there is always a distinction made between herring and mackerel, because the relative value of herring is not 100 per cent of the value of mackerel.

[Tariff Information, 1921.]

Alaska herring, 1905 to 1920, inclusive.

QUANTITY PACKED OR CURED.

	Total to 1905.	1906	1907	1908	1909	1910	1911	1912
Bait:								
Fresh........pounds..	....	445,000	650,000	670,000	911,000	574,350	1,139,850	3,624,000
Frozen........do..	....	....	....	....	....	522,500	750,146	740,000
Food, pickled........barrels..	38,770	1,447	2,936	1,030	....	1,195	4,651	3,857
Bait, pickled........do..	....	4,450	3,750	4,355	5,572	1,906	2,080	2,270
Food, dry salt........pounds..	....	....	....	....	....	45,600	2,027,770	4,204,846
Oil........gallons..	4,281,420	87,666	80,877	109,200	214,635	277,000	343,000	235,000
Fertilizer........tons..	14,659	674	502	748	1,075	1,308	1,760	1,280
Food:								
Fresh........pounds..	....	....	12,000	10,000	10,000	10,000	18,645	4,041,000
Frozen........do..	....	....	....	....	....	....	....	13,550
Smoked........do..	39,885	67,249	22,940	....	....	....	....	....
Sardines........cases..	3,173	....	....	....	....	....	....	....

	1913	1914	1915	1916	1917	1918	1919	1920
Bait:								
Fresh........pounds..	3,936,500	3,531,100	2,757,020	2,124,600	2,093,600	1,407,200	1,254,926	....
Frozen........do..	231,935	1,396,680	2,646,390	841,800	3,996,180	4,253,835	2,444,655	....
Food, pickled........barrels..	3,462	1,955	8,956	18,079	21,198	88,819	41,956	36,440
Bait, pickled........do..	1,381	2,450	....	....	....	....	40,000	....
Food, dry salt........pounds..	5,259,520	626,000	....	197,000	165,000	100,000	510,000	....
Oil........gallons..	260,000	192,662	130,028	188,926	205,992	138,012	169,374	....
Fertilizer........tons..	1,200	963	619	875	1,037	645	856	....
Food:								
Canned........cases..	....	....	....	19,850	49,295	31,719	101,850	....
Fresh........pounds..	....	....	....	....	6,000	606,326	....	....
Frozen........do..	13,371	....	....	....	17,062	....	....	....
Smoked........do..	....	....	....	60,000	21,600	....	....	....

VALUE.

	Total to 1905.	1906	1907	1908	1909	1910	1911	1912
Bait:								
Fresh		$2,200	$4,875	$5,020	$10,370	$5,203	$7,200	$27,075
Frozen						5,225	4,580	7,900
Food, pickled	$200,158	9,093	21,809	7,750		10,784	30,928	27,466
Bait, pickled		9,075	9,375	10,580	12,376	3,199	3,968	4,600
Food, dry salt						954	16,603	40,947
Oil	1,055,368	21,917	16,175	21,000	42,827	50,000	75,460	51,700
Fertilizer	349,349	16,850	17,020	24,000	30,713	40,000	61,600	38,700
Food:								
Fresh			360	300	300	300	990	40,740
Frozen								150
Smoked	2,334	2,219	780					
Sardines	12,059							
Total	1,619,268	61,354	70,394	68,650	96,586	115,665	201,329	239,278

	1913	1914	1915	1916	1917	1918	1919	1920
Bait:								
Fresh	$22,245	$22,334	$16,561	$31,100	$25,735	$17,827	$11,210	
Frozen	2,291	6,241	19,300	5,448	31,821	36,654	24,246	
Food, pickled	26,832	20,595	78,238	166,062	248,299	1,381,008	600,550	
Bait, pickled	3,297	4,800					800	
Food, dry salt	50,183	6,640		9,830	11,349	1,500	20,150	
Oil	52,000	38,532	26,005	47,231	82,396	97,000	110,800	
Fertilizer	33,000	24,075	15,475	21,875	40,000	47,250	56,653	
Food:								
Kippered				132,330	326,522	231,735	851,761	
Fresh					480	6,564		
Frozen	1,257				427			
Smoked				4,200	700			
Total	191,105	123,217	155,579	418,076	767,729	1,819,538	1,676,170	

Importation of herring into the United States from foreign countries.

QUANTITY IN POUNDS.

Country.	Fiscal years. 1914	1915	1916	1917	1918 (18 months).	Calendar year 1919.
Europe:						
Austria-Hungary						12,286
Azores and Madeira Islands				867		
Belgium	40,000					
Denmark	108,414	109,320	40	48,015		48
Finland	150,218					25,000
France						20,000
Germany	483,640	13,550				
Iceland and Faroe Islands		680,000	1,020,000	1,767,486	557,780	33,844
Italy	141	17,556				
Netherlands	20,775,513	13,015,884	933,854	24,819,046		9,071,721
Norway	8,927,964	7,738,232	2,026,537	127,556	6,009,930	15,513
Russia in Europe	83,509	4,050				
Spain			4,409			
Sweden	577,170	802,536				52,546
United Kingdom—						
England	8,658,854	8,000,702	5,843,714	849,276	139,494	2,032,853
Scotland	15,458,929	29,819,913	25,381,126	11,402,801	8,235,584	13,825,493
Ireland	1,600,508	4,018,365	1,300,925	2,683,613	47,400	2,878,215
North America:						
Bermuda					200	
Canada	17,404,155	17,286,467	37,133,809	24,990,914	46,311,159	24,538,929
Newfoundland and Labrador	2,846,375	7,609,294	14,887,586	19,013,895	34,580,968	21,633,427
West Indies					42,500	
British—						
Barbados			340,375			
Other British					278,856	
Asia:						
China		550				
Hongkong	1,506				300	944
Japan		329			15,885	4,980
Total	77,116,896	89,116,748	88,872,375	85,703,469	96,240,056	74,145,799

VALUE.

Country.	Fiscal years. 1914 Free.	1914 Dutiable.	1915	1916	1917	1918 (18 months).	Calendar year 1919.
Europe:							
Austria-Hungary		$126					$1,123
Azores and Madeira Islands					$95		
Belgium	$1,004						
Denmark	4,135		$3,705	$2	4,459		5
Finland	5,244	16,250					3,250
France		1,450					1,055
Germany	17,292	10,391	507				
Iceland and Faroe Islands			8,201	53,874	125,290	$44,773	3,458
Italy	6	6,504	680				
Netherlands	884,064	3,737,921	775,696	92,931	1,613,174		804,225
Norway	253,608	2,375,865	206,494	96,115	14,716	263,303	2,901
Russia in Europe	7,331		405				
Spain				193			
Sweden	20,011	13,877	24,962				4,127
United Kingdom—							
England	303,994	981,885	233,288	347,346	51,613	8,232	133,357
Scotland	574,880	14,182,441	1,013,457	1,550,133	662,314	542,138	1,003,152
Ireland	54,817	845,756	153,590	79,833	155,533	5,141	222,851
North America:							
Bermuda						38	
Canada	321,429	1,011,201	388,901	894,976	853,426	2,566,714	1,485,706
Newfoundland and Labrador	50,227	113,200	116,834	371,496	552,580	1,693,918	1,395,051
West Indies						2,842	
British—							
Barbados				6,830			
Other British						10,488	
Asia:							
China			37				
Hongkong	93	120				135	142
Japan			27			1,347	555

WORLD'S PRODUCTION OF SALT MACKEREL.

[Compiled by Boston Fish Bureau in annual report of January, 1921.]

The American (New England) catch of mackerel for the past five years has been (in barrels) as follows:

	1920	1919	1918	1917	1916
Fresh	79,799	53,992	63,314	111,932	102,420
Salt	4,897	7,007	13,030	32,162	32,066
Total	84,696	60,999	82,344	144,094	134,486

The condition of the American market for salt mackerel did not encourage the foreign producers, and consequently the catch of mackerel in the foreign countries as a rule has been light.

In Norway the catch improved and was the best since 1914. The catch, however, was about 65 per cent No. 4 and No. 5.

The catch of salt mackerel of the leading countries of the world for 1919 and 1920 has been (in barrels) as follows:

	1920	1919
United States	4,897	7,007
Canada	21,965	35,000
Ireland	45,000	45,000
Norway	22,571	11,173
Total	94,433	98,180

World's catch of salt mackerel (barrels) 1878 to 1920, inclusive.

Year.	United States.	Canada.	Great Britain.	Norway and Sweden.	Total.
1878	196,468	183,919	....	....	380,387
1879	220,599	191,448	....	....	412,047
1880	349,674	233,699	....	....	583,343
1881	291,657	105,722	....	....	397,379
1882	378,863	110,352	....	....	489,215
1883	226,685	124,093	....	....	360,778
1884	478,076	180,170	....	....	658,246
1885	329,943	148,429	....	....	478,372
1886	79,998	147,962	....	....	227,960
1887	88,382	129,610	....	10,000	227,992
1888	48,205	62,756	15,000	10,000	135,961
1889	21,918	62,237	22,993	10,000	117,148
1890	19,042	96,246	28,390	10,000	153,678
1891	47,816	139,261	8,762	10,000	205,839
1892	51,368	95,044	18,400	14,000	178,812
1893	55,637	67,912	51,252	20,000	194,801
1894	46,321	53,087	45,133	14,050	158,591
1895	24,939	35,554	39,610	5,726	105,829
1896	77,464	37,765	75,375	10,257	200,861
1897	13,154	19,220	48,352	9,784	90,510
1898	14,286	24,913	54,261	8,795	102,245
1899	23,468	21,145	84,751	16,310	145,674
1900	87,967	70,436	16,421	18,857	193,681
1901	67,391	68,649	25,240	26,664	188,244
1902	45,534	34,742	35,713	12,889	128,908
1903	44,392	64,799	64,646	19,612	193,459
1904	28,973	27,320	67,781	28,717	152,791
1905	29,301	40,409	81,367	34,017	185,094
1906	10,138	52,075	42,604	28,999	133,816
1907	31,396	34,962	38,643	25,445	130,446
1908	21,267	66,314	68,001	42,999	194,442
1909	17,542	43,427	58,189	39,651	127,193
1910	3,395	11,858	79,863	108,000	203,116
1911	68,633	11,980	36,663	72,000	127,276
1912	8,267	17,000	68,000	63,462	156,813
1913	7,809	36,015	29,389	41,726	114,939
1914	15,521	24,277	30,830	35,512	106,140
1915	19,691	26,281	10,000	12,211	68,183
1916	32,066	28,324	20,250	1,480	82,120
1917	32,162	30,294	41,600	....	104,056
1918	13,030	28,392	50,504	....	83,442
1919	7,007	42,897	45,000	11,173	98,180
1920	4,897	21,965	45,000	22,571	94,433

STATEMENT OF JENNIE D. HEATH, REPRESENTING THE NATIONAL HOUSEWIVES' LEAGUE.

Mrs. HEATH. Mr. Chairman and gentlemen of the committee, I am very glad that I do not find it necessary to deal in figures, and I know that you are glad, too. The gentlemen who have preceded me have saved me that. Although I have quite a number of figures jotted down, I shall not use them. I was wondering how I was going to remember them, and now I find that it is not necessary.

I want to say to you that I represent here to-day the women who have signed this resolution. It represents the housewives from every State in the Union, I believe. I think that we have not missed one. The signatures are those, as I have said, of housewives.

I am the president of the National Housewives' League, which was organized in 1911, and which has been trying to bring down the cost of living. It has been trying, moreover, to make the women of this country realize that they have a real business, a profession, an industry, that needs the same protection here in Washington that all other industries need and seek. In other words, I am here representing an economic force, the purchasing force of the world. I do not know that it is necessary to tell you, because you undoubtedly know it, but I will say to you now that the women of this country spend 90.75 per cent of all the money that is spent. I assume that you know that.

Senator WATSON. I think you are a little shy on your figures. [Laughter.]

Senator CALDER. Did you say 90.75 of 1 per cent?

Mrs. HEATH. No. I said they spent 90.75 per cent of all the money.

Senator SMOOT. That is the average; some spend more. [Laughter.]

Mrs. HEATH. Some spend more. That is true. I thought of that this morning, particularly when I listened to the discussion on fox furs. I could see some of them spending a great deal more for fine furs.

So, I repeat, that we are an economic force, and that we have been trying, since 1911, to bring that economic force into the body politic.

In securing signatures to this resolution—and I may say that there is but one resolution, so that you need not be frightened—I endeavored to get not only those women connected with the Housewives' League but others as well; so that this resolution represents other organizations as well. It is signed by such people as Mrs. Scott, who is an ex-president general of the D. A. R., and others who are working independently of the National Housewives' League.

Away back in 1891—possibly I should not confess to those figures—I was a worker on the East Side in New York City, at that time engaged in settlement work. I dealt with and tried to help the poor people, particularly in the management of their incomes for the sake of the home. At that time my investigations showed that practically all of the troubles in the home came from a lack of knowledge on the part of the housewives as to just how to spend money for the best interests of the home. I am still struggling with that problem of these poor people, and am even engaged in similar problems concerning those of larger income. But it is for these people that I appear here to-day in regard to the fish tariff.

Herring and salt mackerel are used, as you know, very largely by the small wage earner.

Of course you gentlemen know that at this time we are constantly being reminded that the cost of living is coming down. According to statistics it is coming down. However, I have been, since the war, making an intensive study of that matter, irrespective of figures, and I find that prices fluctuate considerably, so that while prices may be coming down with respect to some articles, as a whole the downward trend is not very noticeable in the family budget. The result is that the housewife is at her wits' end to know just how to buy to make ends meet. If she finds that sugar, for instance, is down, she is sure to find that something else is up. Conditions, so far as the relief of the family is concerned, seem just as bad as before.

Regarding the people who use this fish, my attention has been particularly drawn to them because in many organizations of which I am a member we are doing Americanization work among the foreign born as well as the Americans. The spirit of bolshevism is rather rife these days. The spirit of unrest prevails. Anything that would make prices rise should be fought.

I wish to lay before you some facts contained in a letter which I sent out to these people who signed this resolution.

In June clothing increased in price 0.9 of 1 per cent. Food decreased only 0.3 of 1 per cent. All other items remained stationary. The entire decrease, to the average wage earner's family, was 0.2 of 1 per cent, an amount hardly perceptible in its effect upon the home budget. The so-called "decrease in living costs" for the year ended July 1, was 21 per cent, but living costs still remained 61 per cent over July, 1914.

I think all wages are going down. To-morrow or the day after, it may be, the wages of the steel men are to be lowered. So, anything that is going to raise the cost of living is going to create chaos in the home.

These gentlemen appear here asking for a duty on fish, while there are thousands concerned who do not appear here at all. I realize that the consumer should be heard on every single one of these points. Not that I am wise enough to suggest exactly what you shall do in regard to the tariff, but I do think that the consumer should be heard on every one of these points.

I would like to ask the gentleman who spoke before me what the increase in the price of herring would be if the tariff were made as he asked. I was told that it would increase the price 2 cents a pound on the schedule that you have. I do not want to see the price increased at all. Everything is tacked onto the consumer.

This morning a gentleman spoke about soap, fixing a price on it of about 5¼ cents per pound. Then some one of you asked what the consumer would have to pay, and he said 6 cents, or that it might go up to 7.

The retailer does not follow the market, as we all know. The grocery man on the next corner says to you, "Didn't you see that the cost has gone up to 7 cents?" You may have to pay 8 cents. In other words, the retail man does not follow the market.

That applies to the cake which you were so interested in this morning. What the consumer pays is not based on cost of ingredients and labor; it is based on that plus all the consumer will pay.

So I am here to make that protest. I have become so interested in this subject while listening to-day that you will probably have to listen to me again later on.

I do represent, I believe, the only organization which represents just the housewives. I have here a number of names that I would like to submit to you. I would like to have the names put in the record. The resolutions are all the same. I will leave these with you. I would like to have them incorporated in the record and I would like you to know that this is strongly indorsed.

Senator SMOOT. Would it not be just as well to show the number of signers?

Senator McCUMBER. I do not understand that Mrs. Heath wants to print the names of the signers.

Senator LA FOLLETTE. That is just what she does want.

Senator McCUMBER. You want the number, do you not?

Mrs. HEATH. I would like to have them printed. They represent all parts of the country. I think that the housewife, the consumer, has not been here as much as she should be. I would like to have their names printed to show their protest.

Senator LA FOLLETTE. The brief is a very short one. The names are very significant.

Senator McCUMBER. The list is not short.

Senator WATSON. How many are there?

Mrs. HEATH. I do not know.

Senator WATSON. Would there be two or three thousand names?

Mrs. HEATH. A thousand, perhaps. There will be more in a couple of days. They are still coming in.

Senator SMOOT. You can get several thousand if you will send them out.

Mrs. HEATH. The consumers have not yet been called upon to do this thing.

Senator SMOOT. Oh, they would sign it and send it in just as they do with us. I think you can start propaganda for anything in the United States and get a thousand names signed in 30 days.

Senator LA FOLLETTE. I think that we would have considerable trouble to get a thousand names signed to a petition to increase the cost of living.

Senator McCUMBER. Every consumer is a producer of something and that producer has to sell his product. We have to consider the consumer as well as the producer and the producer as well as the consumer; their interests are concurrent. They all want to live.

Mrs. HEATH. I agree with you fully. I have made quite a study of economics. I think we need protection, but I think also that we want to see competition.

You remember just a little while ago a gentleman spoke about the butter market having been broken in 1911. I had the honor of starting that boycott. The price fell to 26 cents. A telegram came in saying that the price had broken because the consumers refused to buy.

A somewhat similar situation existed with reference to the egg market.

Last year the price of butter was held down because we knew that the Danish butter was coming in and we used Danish butter. It was cheaper than the other and in no way inferior.

We do need this competition. This whole country was built upon competition. I think that we should more than ever take a world's viewpoint. We now buy from an international larder; that is, we buy from all over the world. We want competition and we need it. The price of eggs went down on account of imported eggs; the price of butter on account of Danish butter.

I have studied the tariff question rather carefully. I know that we do need some protection, but the cost of living must not go up.

Senator McCUMBER. I think you can assume that the present depression in business all over the country is due to the voiceless protests of the people who have had to pay too high prices for everything.

Mrs. HEATH. I will leave this with you gentlemen. I thank you very much for listening to me. I wish that you would consider this as the housewives' protest.

STATEMENT OF HON. DAN A. SUTHERLAND, DELEGATE IN CONGRESS FROM THE TERRITORY OF ALASKA.

Senator McCUMBER. I believe you desire to speak on paragraph 720?

Mr. SUTHERLAND. I desire to speak on paragraph 718 and I want to say also a few words in regard to paragraph 720.

I want to correct the impression which may have been made by the gentleman here representing the Boston importing interests. I want to tell you that herring are herring the world over, whether it is herring for packing or seasonal fish. At certain seasons they are prepared for salting and packing. The Alaska herring is the same as the herring of Norway and the herring of Scotland.

In speaking of the amount consumed by fertilizing plants, the Alaska herring is seined, and consequently all sizes are caught in the seine. The Scotch herring is gill netted. The small fish pass through the net, and the large ones are caught and packed; consequently the uniformity of size.

Senator McCUMBER. It is the same herring caught at all seasons of the year, but different in character.

Mr. SUTHERLAND. They are not caught at all seasons. There are only certain seasons of the year when they are suitable for packing.

Senator McCUMBER. It is also the same herring that is used for other purposes?

Mr. SUTHERLAND. Exactly. In certain sections of the ocean the herring are of better quality than in other sections. You get down in the south toward Puget Sound and southern Alaska and they are small and of inferior quality, but when you get up to the Gulf, in the same latitude as Scotland, you get as fine a quality as there is anywhere in the world. A little farther north into the Bering Sea they have the largest herring in the world, a magnificent fish, but it is too large for the market. It does not seem to be suitable.

Senator McCUMBER. What have you to say as to the herring of Alaska bringing a much higher price.

Mr. SUTHERLAND. I do not know that they bring any higher price than the finer qualities of Scotland. They are equally as good. I do not claim they are any better, but there are men here representing the importing interests who will tell you they are selling on the New York market as readily as the best quality of the Scotch fish.

Senator McCUMBER. The preceding witness stated they sold at a much higher price.

Mr. SUTHERLAND. I think he was speaking of just the present time. I think he is speaking of local Atlantic fish, and possibly some Holland fish. It may be the Alaska herring coming in now are a little better than those foreign fish.

Senator McCUMBER. I understood him to say they were so much superior in quality that the foreign fish were not really a competitor.

Mr. SUTHERLAND. I did not quite understand it in that way, but I may not have listened very closely. I think they are equally as good and possibly a little better than any others.

This mild-cured fish is quite an expensive fish to prepare. It has to be placed in refrigerators and transported to market and kept in refrigerators to be sold. I do not concede that it is a poor man's food. These mild-cured salmon and herring have become a luxury, and before the war the mild-cured salmon was exported to Germany and was considered a very great table delicacy in that country.

Now, the gentlemen who have spoken to you in all cases seem to represent the importers, manufacturers, the middlemen. You will notice on the metal schedule not a man appeared who is representing the ore interests. I want to represent the producers' side. The fishermen of Alaska are endeavoring to build up the industry, and they hope to be protected under the theory of protecting an infant home industry.

Now, under this bill Capt. Thomas or any other herring producer in Alaska has to pay a duty on each and every one of the materials he uses in his business—his salt, his anchors, his cordage, everything he uses, a duty is fixed in this bill. To the man who catches the herring, in the case of his flax twine a duty of 56 cents a pound is provided, and in addition a 10 per cent ad valorem duty, but when he imports his product the importer still seems to object to a reasonable duty that will enable him to produce and bring to the market. On the cotton product he uses I want to read into the record the prices the Alaskan producer of fish has to pay for ordinary cotton twine used in his business, and to show the increase during the past two years, and that the price is greater than ever in this month of August, 1921.

Senator McCUMBER. Twine used for what purpose?

Mr. SUTHERLAND. For fishing. It is one of the largest items of expense. It is used in making the seines and traps.

I have talked with the Alaska cannery men, and they do not understand why they have to pay the prices they do for this twine used in their fishing gear.

In 1917 they paid 34.7 cents a pound, in 1918 they paid 48.5 cents a pound, in 1919 they paid 71.3 cents a pound, in 1920 they paid 79.5 cents a pound, and in this month of August, 1921, the 15th of August, they paid 83.5 cents a pound.

Now, that is the way it has increased, and it has not declined. Their cotton, their raw material, is on the free list, and they can not understand that. A duty does not affect it to that extent, and a duty would not affect it to that extent. It means that there is a combination somewhere that exacts this exorbitant price from the fishermen of Alaska and other sections.

Senator SMOOT. Have you looked it up to find out whether it is the manufacturers, wholesalers, or retailers?

Mr. SUTHERLAND. No; I have not as yet, Senator. I intend to take it up with the Federal Trade Commission. It came to my attention quite recently from a large Alaska packer. He sent me this statement of the prices he was paying for his cotton twine. He is a large user. I do not know the amount he would use, but he would be one of the largest contractors on the coast and would use a large quantity. I think next to labor it is the largest expense they have.

Senator DILLINGHAM. Do they make their own nets?

Mr. SUTHERLAND. No; these are knit. There is a manufacturing process it goes through, but it is a very simple process. It is not an expensive process. I understand with the machinery they have that one operative can do about as much as 25 or 30 did with the old hand methods.

Senator MCCUMBER. Are those nets and seines made in Alaska?

Mr. SUTHERLAND. They are made up in webbing. The webbing comes in square yards, great rolls, perhaps a hundred fathoms long.

Senator DILLINGHAM. And they are paying 83 cents a pound for it?

Mr. SUTHERLAND. Yes. I am calling your attention to the increases during these years, and to the fact that when materials are supposed to be declining this is higher than it was at any other time.

Senator SMOOT. Are the prices named upon the same size of threads?

Mr. SUTHERLAND. Yes. He is speaking of all the same size.

Senator SMOOT. If it is all the same size then there is an increase, but that letter could be absolutely true and yet not be out of proportion to the value of yarn, according to the number and size.

Mr. SUTHERLAND. Yes; but they use a uniform size for salmon trapping.

Senator SMOOT. We have many statements made that on their face are true, but when you examine into them you find there is some feature like that that has a great bearing upon them.

Senator LA FOLLETTE. Are those the wholesale prices?

Mr. SUTHERLAND. It would be considered wholesale; yes. Those are the prices they have to pay, and they have large deliveries, and they probably have bids furnished by brokers or manufacturers.

Senator LA FOLLETTE. It is all large quantities?

Mr. SUTHERLAND. Yes, sir. The point is that Alaska has herring of the finest quality sufficient to supply the world, to supply this market in the United States, that I understand is consuming about half a million barrels a year. This mild-cured fish is not used generally throughout the cities of the East. The fish of the poor people is provided for in the bill, the frozen herring, which comes in free of duty. That is marketed in the cities on the Atlantic coast. This mild-cured article is consumed by the foreign element. The Jewish people of Russia are great consumers of mild-cured herring.

Senator MCLEAN. What do they retail for?

Mr. SUTHERLAND. In cities?

Senator MCLEAN. Yes.

Mr. SUTHERLAND. I believe about 20 or 25 cents a pound.

Senator McLEAN. It costs them 8 cents or less delivered in New York and retails for 20 to 25 cents?

Mr. SUTHERLAND. I think that is a pretty low figure. I think the fact is that when this fish is delivered from Alaska to New York it stands them about $20 a barrel. The freight across the continent is $6.66. The freight from Alaska down is $8 a ton; about $1.50 a barrel.

Senator McLEAN. That would be 8 cents a pound, would it not?

Mr. SUTHERLAND. Yes; that is true.

Senator McCUMBER. To what extent does Alaska produce fish for fertilizing?

Mr. SUTHERLAND. Perhaps I should have spoken of that. When they catch a load of fish in the seine they select the uniform size for packing and mild curing and the balance are used in fertilizing plants.

Senator McCUMBER. They use good edible fish for fertilizing purposes, do they not?

Mr. SUTHERLAND. Small-sized fish, Senator, but not for fertilizing. I think very little is used for that purpose. They manufacture meal for feeding chickens. It is called "chicken meal." It is a dry product that looks very much like meal.

Senator McCUMBER. That is considerable of a waste, is it not?

Mr. SUTHERLAND. If you could see the innumerable herring in Alaska waters, you would not view it that way.

Senator McCUMBER. We used to see that with the codfish in the East, but you do not see it any more.

Mr. SUTHERLAND. Yes; that is true.

Senator SUTHERLAND. To what extent are good edible fish being used for oil, and being destroyed?

Mr. SUTHERLAND. There is one oil-manufacturing plant on the coast. It consumes quite a few herring.

Senator McCUMBER. What fish do they use?

Mr. SUTHERLAND. Largely herring, with a few salmon.

Senator McCUMBER. I understood some years ago that the salmon used for oil represented an enormous amount or number.

Mr. SUTHERLAND. There are relatively few. They catch a few in the herring seines.

Senator McCUMBER. I understood that depleted the salmon supply.

Mr. SUTHERLAND. That is not the great cause of the depletion of the salmon. The cause of the depletion was overfishing for commercial purposes, for canning. That is the cause of the depletion in the supply of salmon.

Senator SMOOT. Why do they not catch their herring in Alaska the same as they do in Scotland, and let the little fish go? They will ruin the industry up there if they continue the way they are doing, catching all those little fish and using them for fertilizing.

Mr. SUTHERLAND. Senator, on the coast of Norway there are a great number of oil and fertilizer plants. I would say there are dozens of them. I do not know just the number, but many times the number in Alaska. They have been there for years and years, manufacturing herring into fertilizer, and it does not seem to deplete the supply to any extent.

Senator WATSON. Did you say there was some sort of herring that does not come within the provisions of this act, coming in free?

Mr. SUTHERLAND. Frozen herring are on the free list.

Senator WATSON. Is that the kind that the lady who preceded you alluded to, that is used largely in New York City?

Mr. SUTHERLAND. That is used in New York and Philadelphia and Boston and Baltimore. It makes a fine cheap food for the people of those cities.

I want to speak a word on paragraph 718. I want to ask that it be amended to read as follows——

Senator SMOOT. What do you want in 720?

Mr. SUTHERLAND. I want it to remain just as it is. I think we are entitled to that duty. If you want to encourage the pickling of herring in Alaska it will require that duty. That duty was conceded by the representatives from Massachusetts. They have agreed that that duty is acceptable to the people of Massachusetts, representing the New England fishing industry.

Senator CURTIS. I would suggest, if this witness is to be heard on other subjects, that as he is here in the city it might be well to let him come later, and to hear some of these men from outside the city. It will not inconvenience the Congressman any.

Mr. SUTHERLAND. I have just one other subject, but I will be glad to accommodate the committee in that respect. I am going to be here in the city.

Senator CURTIS. Go ahead. I thought you had several other matters to refer to.

Mr. SUTHERLAND. I transacted my business with Mr. Lufkin, of Gloucester, supposing he represented the fishing industry.

Senator SMOOT. He might have said that in respect to his section, but there were others that did not agree.

Mr. SUTHERLAND. I do not know about that. I assume the Massachusetts delegation were agreed on it, from my conversation with Mr. Lufkin.

I am going to ask that paragraph 718 be amended to read as follows:

Halibut, fresh, frozen, or packed in ice, 2 cents per pound; all other fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent per pound.

Senator SMOOT. Would this be satisfactory to you?

Halibut, salmon, or swordfish, 2 cents per pound.

Mr. SUTHERLAND. Yes; that is acceptable to me.

Senator SMOOT. What you want is halibut at 2 cents a pound, but you do not object to salmon or swordfish at the same rate?

Mr. SUTHERLAND. I do not know anything about swordfish, but I have no objection to salmon. Halibut is the highest priced fish on the market. As compared with others, the price is away beyond them. Then, again, the price fluctuates all the time, and I am going to ask to have an administrative section placed in the bill, in connection with the increased price of halibut, to read as follows:

That no fish or fish products, except iced fresh fish, shall be shipped in bond through foreign countries into the United States, except it be treated and prepared for shipment in United States territory, and such iced fresh fish shall not be transported in bond through foreign countries into the United States, except it be the product of United States fishing vessels which are registered and outfitted at ports of the United States, and the product of fishing vessels that purchase gear, fuel, and supplies at foreign ports in excess of the amount required to reach a port of the United States shall be deemed foreign fish and liable to the duty provided for in this act.

I do not know just what language you will want to incorporate in the bill, but that is the suggestion.

American vessels are landing their fares at Prince Rupert, which is the Pacific coast terminal of the Grand Trunk Pacific Railroad, and ship into the United States duty free. But when fish become dutiable the question might arise as to just how far they can go in shipping from a Canadian port. I have no doubt they would be allowed the privileges they have been in the past. In fact, the Canadians would be glad to have them, but I would not want American fishing vessels to be simply American so far as registry is concerned and purchasing their supplies and transacting all their business at a Canadian port. That is why I asked to have that paragraph placed in the bill, in order that they may continue to purchase their supplies in American ports. At present they can do as they please. The British Columbians furnish them with fishing supplies, food, and fuel, but if a duty is placed on their product I think they ought to get their supplies in American ports.

Senator WATSON. Do you propose to cover in a protective list the frozen herring now on the free list, that are shipped in to the people of New York?

Mr. SUTHERLAND. No, sir.

Senator WATSON. Paragraph 718 says. "All fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent per pound."

Mr. SUTHERLAND. "Not specially provided for." That will specially provide for them.

Senator SMOOT. Paragraph 1645.

Mr. SUTHERLAND. This matter of the bonding of American fish landed by American vessels at Prince Rupert I presume is going to involve some legal questions.

Senator SMOOT. I do not think it can be done.

Mr. SUTHERLAND. And it is for the committee to decide how it can be done.

Senator SMOOT. It could not be done.

Mr. SUTHERLAND. If I can give you any information regarding conditions up there I will be glad to.

Senator SMOOT. You want a provision as to American fish passing in American ships through a foreign country?

Mr. SUTHERLAND. Something similar to the suggested paragraph I read to the committee.

BRIEF OF HON. DAN A. SUTHERLAND, DELEGATE IN CONGRESS FROM THE TERRITORY OF ALASKA.

It is respectfully urged that paragraph 718 of H. R. 7456 be amended to read as follows:

"Halibut, fresh, frozen, or packed in ice, 2 cents per pound; all other fish, fresh, frozen, or packed in ice, not specially provided for, 1 cent per pound."

The following reasons are submitted for a higher duty on halibut than on other fish:

First. The halibut is the highest priced deep-sea fish in the American market. The average price paid for halibut at the port of Seattle, Wash., the largest halibut market in the world, during 1920 was 17½ cents per pound. This is about 200 per cent more than the average price from the vessel of cod, haddock, hake, or other market fish. This price (17½ cents per pound) is much higher than the price paid for salmon, except in the case of the small quantity of Atlantic salmon imported from Canada.

Second. The American halibut fisherman of the Pacific coast competes in the American market with the Canadian halibut fisherman. There is virtually no competition in the halibut market of the Atlantic coast. The Pacific coast produced in 1920 50,000,000 pounds of halibut and the Atlantic coast produced 4,000,000 pounds in the same year.

Third. The American market for halibut should be preserved for the American fisherman. The proposed duty would encourage the development and increase of tonnage of the American halibut fleet. It is very doubtful if the future supply of halibut will be any larger than the present supply.

By reason of the depletion of halibut banks adjacent to the Pacific coast of British Columbia and southern Alaska, these fish must be sought for on remote banks of the Pacific in the vicinity of the Aleutian Islands and in Bering Sea, and thus the greater part of the halibut of the future will come from waters contiguous to American territory, and a protective tariff will tend to encourage Americans to engage in the halibut fishery and thus industry and consequent population will be added to western Alaska. Every year the halibut-freezing industry is moving westward on the Alaskan coast. A freezer will operate at Port Chatham, near the entrance to Cooks Inlet, this season, and a few more years will find them operating at Kodiak Island and even farther west.

It is respectfully urged that the following administrative provision be incorporated in H. R. 7456 for the regulation of American fishing vessels landing their fares at Canadian ports:

"That no fish or fish product except iced fresh fish shall be shipped in bond through foreign countries into the United States except it be treated and prepared for shipment in United States territory, and such iced fresh fish shall not be transported in bond through foreign countries into the United States except it be the product of United States fishing vessels which are registered and outfitted at ports of the United States, and the product of fishing vessels that purchase gear, fuel, and supplies at foreign ports in excess of the amount required to reach a port of the United States shall be deemed foreign fish and liable to the duty provided for in this act."

Almost one-half of the Pacific catch of halibut is now landed at Prince Rupert, British Columbia. Both American and Canadian vessels land their fares at that port, and it is held by the Bureau of Fisheries that 80 per cent of the Canadian catch comes to the American retail market.

The Canadian Government, through its elastic system of formulating laws and regulations by orders in council, has in the past granted such concessions to American fishermen as would tend to draw commerce to the port of Prince Rupert and thus add tonnage to the traffic of the Grand Trunk Pacific Railroad, of which Prince Rupert is the Pacific terminal point.

A continuation of the present policy of Congress in admitting fresh fish to the United States free of duty will serve to build up the Canadian fishing fleet and increase the fishing population of British Columbia, while the American fishing tonnage will be proportionately lessened and the Alaska fishing population will decrease.

I respectfully submit that in view of the fact that Canada is striving to develop her fisheries on the Pacific by selling in the American market, it is only fair and just to American fisheries that the Congress take steps to protect and encourage them in the prosecution of their industry.

Halibut landed at Pacific and Atlantic ports, 1920.

	Pounds.
Pacific coast ports:	
American vessels	42, 155, 415
Canadian vessels	7, 661, 535
Total	49, 816, 940
Atlantic coast ports: American vessels	3, 822, 265
Shipped from Alaska, included in total	7, 054, 015
Landed at Seattle	19, 692, 915
Landed at Prince Rupert	18, 941, 035

SMOKED HERRING.

[Paragraph 719.]

STATEMENT OF HON. FREDERICK HALE, UNITED STATES SENATOR FROM MAINE.

Senator HALE. Mr. Chairman, at the request of some of the herring packers of Maine, I would like to introduce an amendment to paragraph 719 of H. R. 7456. The amendment reads as follows:

On line 3, page 88, after the words "ad valorem" insert the words "smoked herring, skinned or boned, 2½ cents per pound." In line 5, page 88, strike out the words "including herring skinned," so that the paragraph will read, "salmon, pickled, salted, smoked, kippered, or otherwise prepared or preserved, 25 per cent ad valorem; finan haddie, 25 per cent ad valorem; smoked herring, skinned or boned, 2½ cents per pound; fish, dried, salted or unsalted, 1¾ cents per pound; fish, skinned or boned, in bulk or in immediate containers weighing with their contents more than thirty pounds each, 2½ cents per pound, including the weight of the immediate container with the contents."

The CHAIRMAN. How much increase do you ask over the House rate?

Senator HALE. I do not think it is increased at all. I think the House intended to take care of the matter in their bill.

The CHAIRMAN. You put in the salted fish that are not——

Senator HALE. No; it does not touch anything except herring, skinned or boned. The House bill provided 2½ cents per pound for fish, skinned or boned, including herring, skinned, in bulk, or in immediate containers weighing with their contents more than 30 pounds each. These fish are never brought into this country in containers of that size; they are brought into this country in containers weighing 10 pounds, so that the duty does not apply to them at all.

The CHAIRMAN. Then, you desire to make a technical correction?

Senator HALE. Yes, sir.

Senator MCCUMBER. But you want to include the weight of the container and the salt and the brine and everything as a part of the weight of the fish?

Senator HALE. That has nothing to do with these fish. If it is fixed as I suggest, the weight of the container will have nothing to do with it; it will simply be a flat duty of 2½ cents on smoked herring, skinned or boned, and that, I think, was the intention of the House committee.

Senator MCCUMBER. Is not that the provision that Minnesota and North Dakota, as well as Norway, Sweden, and other Scandinavian countries, were protesting against?

Senator SMOOT. No.

Senator HALE. There is a provision now for a tariff on smoked herring of 20 per cent ad valorem, when they come in containers of less than 30 pounds, but this will be entirely left out, and this is a further process of manufacturing, beyond the process of smoking, and yet they would come in free. I think it is simply a question of a mistake on the part of the committee.

Senator SMOOT. I agree with you that the change will make the paragraph very much better, and really it is lowering the duty from what the House has.

The CHAIRMAN. Senator Fernald, have you anything to add?

Senator FERNALD. No; that is all, I think. I am interested in the same proposition.

CRAB MEAT.

[Paragraph 722.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. In reference to paragraph 722, proposing a tariff on crab meat of 26 per cent, I have received some letters from some of our people stating that they understand that there is strong opposition to this tariff, and they urge its retention.

I have here a letter from the Stuart Co. (Inc.), of Seattle, setting out their reasons for this tariff's being retained. I would like to have that letter put into the record.

Also, I have a letter here from Mr. John N. Cobb, director of the University of Washington, College of Fisheries, urging the same thing. I would like to have that put into the record.

Senator McCUMBER. Is the supply holding out on the west coast?

Senator JONES of Washington. He says that with proper encouragement the industry can be developed very greatly out there.

Senator McCUMBER. What kind of encouragement?

Senator JONES of Washington. He says that this 26 per cent tariff——

Senator McCUMBER. That certainly would not encourage the protection of the crab at all; rather, it would have the opposite effect, would it not?

Senator JONES of Washington. No; I think not, Mr. Chairman. They would propagate the crab much more extensively if they knew that the industry could be maintained and foreign competition, which is largely Japanese, is restricted. If the tariff is taken off, the crab, so far as our section of the country is concerned, will very likely disappear, because it will not be propagated.

Senator McCUMBER. We know that the lobster is disappearing very rapidly from the eastern waters, and I assumed that probably the greater number brought in from a foreign country would naturally preserve those that we have; but I do not know. There may be so many of them out there that they do not need any preserving.

Senator JONES of Washington. No. Protection preserves through propagating. They have to be propagated. They have to be cared for in order to insure the supply. Of course, you might think that if they propagated amply themselves, if they let others come in from the outside, it would make our own supply last; but we find that our fish and similar aquatic products must be cared for and propagated in order to keep up the supply. If people who are likely to go into that industry are prevented by foreign competition from doing so it has an injurious effect upon the industry. People go into it, of course, for money. They do not go into it for philanthropic purposes. So, if competition from the outside is so strong that they can not make any money, they stop propagating and the domestic supply goes down. That is the way of other things. That is our great reason for a protective tariff.

I would like to have these letters go into the record.

Senator McCUMBER. They will be printed, Senator.

(The letters referred are as follows:)

SEATTLE, WASH., *August 31, 1921.*

Hon. WESLEY L. JONES,
Senate, Washington, D. C.

DEAR SIR: As the tariff bill passed the House it carried a 26 per cent ad valorem duty on crab meat.

At the present time all canned crab meat is imported from Japan. Prof. John N. Cobb, of the University of Washington, who is conceded authority on canning resources and methods for fishery products on the Pacific Coast, estimates that Alaska can produce 500,000 cases of canned crab meat annually; this is considerably in excess of present market requirements.

Competition of the Japanese product has so far prevented any development of this resource, as an Alaska product must be canned with American labor and under American sanitation and plant conditions.

As in the first 10 months of 1920 the Japanese imported into this country over $2,000,000 of canned crab, you can see that the industry is worth building up and holding for Americans. Practically all of this money goes for labor, eventually, in the crab-canning industry.

We are interested in the packing of sea foods and to our knowledge there are several Washington and Oregon crab packers who are struggling to build up the industry with the handicap of packing costs, of which labor is the principal item.

Only the meat from the Dungeness type of crab is used while the Japanese use the large Spider crab for their pack, which is larger and much coarser in texture.

Without the protection of this tariff it is a hard fight. We would greatly appreciate any help you may see fit to give the Puget Sound and Alaska crab packers in retaining this schedule in the completed bill. It is a good cause. Whether we are interested or not it is a tariff which will build up this American industry.

Sincerely,

THE STUART CO. (INC.).

SEATTLE, WASH., *November 5, 1921.*

Hon. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: You will doubtless recollect my sending you a memorandum on the building up of the crab-meat industry in Alaska, Washington, and Oregon in competition with the Japanese crab-meat packers, the latter of whom now control our domestic market. The tariff bill now pending in Congress imposes a duty of 26 per cent on importations, and some of the importers are now endeavoring to persuade Congress to either eliminate this proposed duty or to materially reduce it. The New York importing firm of Charles E. Farris Co. have issued a circular protesting against the proposed tariff, and I have taken their circular and answered it in detail, as per memorandum attached hereto, and would appreciate it if you could place this memorandum where it would do the most good. I have also sent a copy to Representative Hadley and Delegate Sutherland, of Alaska.

I feel that this is a golden opportunity for establishing a very important industry, in Alaska particularly, and as most of the packing is done in the spring and fall, it would tend to attract a more permanent population to that Territory and furnish them with a greater opportunity for remunerative work.

Sincerely, yours,

JOHN N. COBB, *Director.*

Memorandum re proposed duty on imported crab meat: In a recent issue of the Western Canner and Packer, published at San Francisco, Calif., I notice a reprint of circular letter issued by the New York importing firm of Charles E. Farris Co., protesting against the proposed tariff on importations of crab meat. As there are a number of statements contained in the letter which might mislead if not refuted, I have taken the liberty of answering these statements seriatim and hope you will present these to the proper committee.

"1. Canned crab meat is not packed in sufficient quantities in the United States to warrant any protective measures."

While canned crab meat is not at present packed in sufficient quantities to supply the domestic demand, I am positive that if the industry were protected from the overpowering Japanese competition the canneries now in existence, or projected, could easily be expanded to supply the entire demand. At present there are three canneries in operation in Alaska, while three others (one each at Cordova, Juneau, and Sitka) are in process of erection. In addition there are two or three plants in Washington, and two in Oregon, which have canned crabs in recent years and would do so again were they able to get a foothold in the domestic market. There are also a number of canneries in Alaska, Washington, and Oregon devoted to the canning of clams and salmon which could, at but little expense, be adapted also for crab canning in addition to their other work. There are also several crab canneries on the Atlantic coast which could participate in the work.

As to the raw supply available, would say that the Dungeness crab (*Cancer magister*) is abundant in the waters of Oregon and Washington, although somewhat depleted in the waters of California. In southeast and central Alaskan waters, however, this crustacean is found in wonderful abundance. At the present time but little use is made of them, owing to the fact that the fresh markets are supplied by the Washington and Oregon fishermen, the long and expensive haul from Alaska to Seattle, Wash., making competition difficult for the Alaska crabbers. As to canned crabs, our packers have not been able to compete with the Japanese packers, due to the low cost of packing this product in Japan, where labor is abundant and wages very low as compared with the much higher wages paid the far from abundant labor in this country.

In Japan the spider crab is the one canned. This is somewhat different in appearance from the Dungeness crab, and is especially noted for the pinkiness of the claw meat, which makes it especially good for garnishing dishes, etc. The same crab is also abundant in our waters, but as it is found in the open ocean, while our Dungeness crab is a denizen of the protected waters, such as bays, straits, and sounds, where it could be easily and cheaply obtained, the fishery for the former has been neglected here, although some of the new packers are equipping themselves for its capture.

I have had an intimate acquaintance with the fishery resources of the Pacific covering a period of 22 years, and feel I am fully justified in stating that the coast States and Alaska could together produce annually half a million cases of Dungeness crab meat, and possibly more, without affecting the future supply adversely, and this pack could be very materially increased if the spider crab of our waters was utilized. At present but one cannery is depending upon this species for its raw material.

On our Atlantic coast, and notably in the Chesapeake Bay section, is found the blue crab (*Callinectes sapidus*). The capture of this crustacean forms one of the most important fisheries of Maryland and Virginia, some 50,343,268 pounds, valued at $981,807, having been marketed from these States in 1915. Most of these are shipped alive, boiled, or in the meat, which latter has been removed from the shell after boiling, and packed in large cans, which are not hermetically sealed and hence must be packed in ice and will keep for only a limited period. The first packers to succeed in packing crab meat in hermetically sealed cans was McMenamin & Co., but, as noted elsewhere, they, too, have been forced to suspend such packing, owing to foreign competition.

"2. Canned crab meat has become a popular item in the diet of the American public, and at present is within the means of the average family."

As they state, canned crab meat has become a popular item in the diet of the American public, and this is due in part to the publicity work of the pioneer American packers, McMenamin & Co., of Hampton, Va., who discovered the method of hermetically canning crab meat and continued the work until, so I have been informed, they were driven out of it by the Japanese competition. Several Pacific Coast packers, notably one at Blaine, Wash., were also factors in the development of the demand during the early years of the present century, but were compelled to suspend for the same reason as the pioneers in the industry.

The declared value of the canned crab-meat importations during 1920 averaged 53.44 cents per pound. In Seattle retail markets a one-half pound flat can of Japanese crab meat is at present (October 31) quoted retail at 60 cents. Instead of being within the reach of the average American family it is an excessively expensive article of food and belongs in the luxury class, instead of being, as it should be, and as I hope it will be if a domestic industry can be built up, in the necessity class.

"3. To place a duty of 26 per cent on crab meat would throw it out of reach of the average family and practically kill the consumption."

The placing of a duty of 26 per cent on crab meat, as proposed in the bill, I do not believe would increase the cost of the product one cent to the American consumer; in fact, I would look for a very material reduction in the quoted price as soon as the business has been thoroughly established here. There are two reasons why I look for this, (1) because the present price on the imported crab meat is high when its cost of manufacture is considered, the fixing of a high price being possible because the foreign packers know our packers will not extensively engage in the business as long as there is doubt about our government extending protection to them in the shape of a 26 per cent tariff; and (2) the pack of American crab meat will be so large that there will naturally be a material reduction in the price, due mainly to competition.

"4. The total yearly importation of canned crab meat in the United States at present is about 50,000 cases. We believe if this duty is imposed it will reduce importations to about 5,000 cases, out of which the Government will derive by tariff only about $25,000. We are of the opinion that if a small tariff was imposed of about 5 per cent, it would not materially affect the importation and the Government would thereby derive a revenue of about $50,000, or double the amount received by the imposition of the high duty."

During the calendar year 1920 the total importations of canned crab meat amounted to 4,078,980 pounds, valued at $2,166,068. The following table shows the importations of crab meat for a term of years, the imports from Japan being kept separate from those from other countries:

Imports of crab meat, 1913–1920.

	From Japan.		From all other countries.	
	Pounds.	Value.	Pounds.	Value.
Year ending June 30:				
1913	2,810,863	$446,232	9,989	$2,258
1914	2,728,295	445,271	25,817	5,034
1915	2,187,283	407,085	113,543	20,591
1916	2,946,124	504,415	10,552	2,017
1917	4,000,587	883,187	21	6
July 1–Dec. 31, 1917	1,691,143	270,826	22,600	2,260
Calendar year:				
1918	3,148,431	1,027,900	120	15
1919	2,683,927	1,064,936	5,988	1,312
1920	4,013,530	2,144,928	65,450	21,140

This shows very clearly the immense preponderance of shipments from Japan, in fact, Japanese crab meat virtually monopolizes our markets to the almost total exclusion of domestic canned crab meat and importations from other countries.

The only really important question here is as to whether we wish to protect our at present small industry of crab-meat canning and build it up until it is able to supply our domestic market and have a surplus for export, which I feel sure would not require more than a year or two under the proposed protective tariff, or to turn this business wholly over to foreigners and let them reap all the profits of it except the brokerage commissions of such firms as that of the protestants. If the former is the desire of Congress, and I feel it is, the revenue to be derived from importations can be disregarded, as many times the amount would accrue to American workers and packers in the way of wages and profits, while many related American concerns, as noted below, would benefit through orders placed for the many articles and supplies needed to carry on the business.

"5. A high duty on canned crab meat will mean a great loss in revenue to many private enterprises and business concerns in the United States, among which may be included:

"(a) Manufacturers—Tin plate, parchment paper, box strapping, nails and other commodities connected with the packing of canned goods.

"(b) Exporters—Distributing the above lines.

"(c) Importers—Canned crab-meat packers in the United States.

"(d) Banks—Financing both the exports and imports.

"(e) Jobbers—Wholesalers of groceries and kindred lines.

"(f) Merchants—Retailers of groceries and kindred lines.

"(g) Brokers—Buying and selling.

"(h) Carriers—Rail and water."

The above is an extraordinary claim to make. As the tin plate, parchment paper, box strapping, nails, and other commodities connected with the packing of imported canned crab meat would be manufactured in the country of origin, which in this case would be Japan, I can not see wherein our manufacturers would benefit under present conditions; in fact, the only way in which they could benefit would be through the building up of a domestic pack, when these many supplies would be furnished by our own manufacturers and thus help to reduce the present large number of workers laid off in these industries owing to the shortage of orders.

Exporters and importers could handle the domestic pack and make as much, if not more, than they do at present in handling the imported pack.

The banks would find it much more profitable to finance the manufacturer of these goods rather than the importer, as the demand for money would be greater and the resulting profit correspondingly better.

Jobbers, merchants, and brokers could make as much, if not more, profit buying and selling domestic crab meat as in the handling of imported goods.

Rail and water carriers would profit more from handling domestic crab meat than would be the case with imported crab meat, as they would not only transport the finished product, but also the many supplies needed for carrying on such an industry and packing the finished product.

"6. With the reduced consumption of canned crab-meat, caused by the imposition of the high duty, the Government will lose the excess profit tax, income tax, transportation tax or sales tax, as the case may be."

As the foreign packers of crab meat pay none of these charges at present, while domestic packers would pay all of them, the establishment of a domestic business would be quite profitable to the Government, both directly and indirectly. As to excess profit tax and income tax now paid by importers on the foreign goods handled either they, or other brokers, would pay an equal amount on the sale of domestic pack, so the Government revenues would not be reduced.

John N. Cobb,
Director, College of Fisheries, University of Washington.

BUCKWHEAT, BRAN, AND SHORTS.

[Paragraphs 724 and 731.]

STATEMENT OF C. M. COX, REPRESENTING ST. ALBANS GRAIN CO., ST. ALBANS, VT.

The Chairman. Please state to the committee where you reside.

Mr. Cox. I reside in Massachusetts. Melrose is my home address.

The Chairman. What is your occupation?

Mr. Cox. I am in the grain business. My principal place of business is in Vermont.

The Chairman. Will you proceed to state to the committee the facts that you wish to bring before us?

Senator Watson. What articles are you referring to?

Mr. Cox. I am here with reference to paragraph 731, and also paragraph 724, which relates to the duty on buckwheat.

Paragraph 731 has to do with by-products of wheat.

Certain items in the proposed new tariff act of 1921 are of great interest to grain dealers, farmers, and poultry men of New England, so much so that at a meeting of the grain board of the Boston Chamber of Commerce, held on December 7, 1921, the following resolutions were adopted [reading]:

Resolved, That the grain board of the Boston Chamber of Commerce views with alarm the proposed new tariff act of 1921, known as H. R. 7456, so far as it relates to the marked increase in the tariff rates of importation on buckwheat, bran, and shorts. Representing as we do, the wholesale and retail grain interests of New England, we take this method of informing our Senators that it is of material help to New England to receive importations from Canada of buckwheat and bran in certain years, especially when the supply is short in our own country.

I wish to state that paragraph 724 would impose a duty on buckwheat of 30 cents per hundred pounds, whereas for the last eight years there has been no duty whatever on this article. We respectfully request that this product should come in free or that a maximum duty be set, not exceeding 10 cents per 100 pounds.

Senator McCUMBER. There has been no tariff on buckwheat?

Mr. COX. There has been no tariff as far as I could find.

Senator McCUMBER. On buckwheat flour?

Mr. COX. No; on buckwheat. By the way, gentlemen, I am speaking wholly about coarse grain, which is used for cattle food and hen food. I am not talking about anything to be used as human food.

Senator McCUMBER. Is that a fair quality?

Mr. COX. Do you know what buckwheat is?

Senator McCUMBER. I know the wild buckwheat that grows in our fields and that grows in with noxious weeds, from which we have to eliminate our grain. That is not the kind that you refer to?

Mr. COX. No, sir. It has a little black outside hull, like your wild buckwheat, only much larger. It is used for human food. The flour from which we make buckwheat cakes comes out of that.

Senator McCUMBER. Is the flour made from that?

Mr. COX. The same grain, but so far as our interests are concerned, the people I represent, we care nothing about the human part of this product. We are interested wholly in buckwheat for feeding hens.

Senator WATSON. Is not the buckwheat used for feeding hens fit for human food?

Mr. COX. It is a higher grade that is used for human food. I do not represent any human-food concern.

Senator WATSON. There has not been a tariff on buckwheat?

Mr. COX. Not for many years.

Senator WATSON. Of any grade?

Mr. COX. On any grade. My people looked that up and told me, and I have learned there has not been any tariff on buckwheat for at least eight years.

Senator WATSON. Are you speaking with reference to buckwheat flour grades?

Mr. COX. No; wholly about rough grain, coarse grain. Ten cents per hundred pounds would be satisfactory to us.

Senator McCUMBER. Is there any particular amount of it imported?

Mr. COX. Not in one sense. It depends upon what you mean by particular amount.

Senator McCUMBER. In what amounts?

Mr. COX. No, sir. The importation of buckwheat in 1920 was 227,000 bushels, while the production in our own country was 13,789,000 bushels. It is a mere bagatelle, the importation, as compared to our production. You might say that it is a negligible quantity.

There is no item of domestic saving which comes closer to the common people of New England than that of keeping a small flock of hens. Their number is legion, and they are scattered through every town and many cities. Buckwheat is fed entirely in New England to hens, and is an important adjunct.

Paragraph 731 relates to bran and imposes a duty of 15 per cent ad valorem, which we understand it is planned shall be on a basis of United States valuation. We respectfully protest against an ad valorem basis. It involves serious question as to what price shall be considered a fair value in a country as large as ours, and where the prices in the Middle West are so much lower than in the East, owing to the high rates of freight.

Senator WATSON. You are still talking about buckwheat?

Mr. COX. No, Senator. I am talking about bran now, paragraph 731. We respectfully submit that bran and shorts be put on a specified basis, and we also respectfully suggest a rate of 10 cents per 100 pounds as fair and reasonable.

A comparatively small amount of bran is imported from Canada when conditions are favorable. It usually comes at periods, as at the present time, when our mills—which are running only part time—can hardly supply the demand. Bran is considered by farmers as an important feed for cattle and horses. We respectfully urge that the rate of duty be set not to exceed 10 cents per hundred pounds on a specific basis.

That is the substance of the resolution of the grain board of the Boston Chamber of Commerce.

Senator MCCUMBER. Where do you get your bran from; you say you desire this on account of the high freight rates from the West. How far West do you go for what you use?

Mr. COX. We use a lot from the State of North Dakota.

Senator MCCUMBER. You ship from North Dakota to New Hampshire?

Mr. COX. Yes, sir.

Senator MCCUMBER. Why do you go so far as that, when there is a large number of mills in Rochester and Buffalo and Minneapolis and Duluth; why should you go clear to North Dakota?

Mr. COX. We get some from Buffalo; almost none from Rochester. Of course bran and wheat products are now used in all the Middle Western States. I have reference to Senator Watson's State, where the farmers sell their whole grain and buy bran and middlings. Many farmers, particularly in Wisconsin and other Western States, are themselves very large consumers of wheat by-products, and that is one reason why we do not get those products from all sections of the West. The demand may exceed the supply in some Western States.

Senator MCLEAN. You want 10 cents per 100 pounds?

Mr. COX. Yes, specific.

Senator MCLEAN. And that is all?

Mr. COX. And that is all.

Senator MCLEAN. How much bran is imported?

Mr. COX. I am talking of bran and middlings together. The maximum amount in recent years was, in 1919, 59,000 tons, and in 1920 it was 30,000 tons.

Senator MCCUMBER. Is that bran exclusively, or other by-products?

Mr. COX. All the by-products.

Senator MCCUMBER. Including middlings?

Mr. COX. All the by-products lumped together. In 1918 there were only 1,157 tons. It varies, you see, from 1,100 tons to 59,000 tons. The production in our own country of those same articles is 4,818,000 tons. So you see that the amount that I am asking would not affect the value of these products materially. It is like a pinch of snuff, if that is a proper phrase to use.

Senator WATSON. How do you arrive at 10 cents a hundred pounds?

Mr. COX. That approximates about what we were paying.

Senator WATSON. Have you gone into the production costs in the United States and Canada, so as to arrive at the conclusion of 10 per cent for a fairly protective rate?

Mr. COX. No. I did not plan to make that a prohibitive rate, but what you would call a reasonable rate. It is the rate we have been paying under the emergency tariff. Under the emergency tariff the rate is 10 per cent, foreign valuation, and the foreign valuation running way up into Saskatchewan, and up into the western sections of Canada, is very low. The 10 per cent valuation would not be very much different than 10 cents per hundred pounds.

Senator DILLINGHAM. What is that worth per hundred pounds?

Mr. COX. It all depends upon where you live. If you lived out in Dakota your valuation would have been last October about $9 or $10 a ton. If you lived in New England it would be $20 a ton; $20.50 was our selling price.

Senator WATSON. What is it in Canada?

Mr. COX. I did not come informed on those figures. All those products are based on what the foreign market will pay.

Senator WATSON. How much of your imports of this particular product comes from Canada?

Mr. COX. Absolutely all; none from any other market. One reason why we would like the specific rate of duty is because of the great variety in the price in our own country, as between the West and the East. Who is to say what the valuation is in this country, when the price is twice as much in New England as it is in North Dakota?

Senator WATSON. Because of freight rates?

Mr. COX. Yes. What is a revenue officer going to use as a fair basis? Is he going to take the valuation in Minnesota or in Vermont? It is going to make much confusion and much litigation as between the importers and the Government. Besides, if you take the valuation at the port of entry, there again you have the same trouble, because the valuation in the Dakotas and in Minnesota six weeks ago would have been only half the valuation in Vermont. In other words, the people in the Dakotas and Minnesota would only have to pay half as much duty.

Senator McLEAN. Take this bran shipped, we will say, from a cheap place of production—one of the Dakotas.

Mr. COX. Yes.

Senator McLEAN. There it would be worth to you about how much f. o. b.?

Mr. COX. Now it would be about $18 a ton to $19 a ton.

Senator McLEAN. And how much would it cost to get it to New England?

Mr. COX. About $10 a ton, roughly speaking. Another reason why we, who are doing a little importing of this product into New England, wish the specific rate, is the fluctuations in the market. I have my quotation card for October 19, showing we were selling in Boston at $20.50 a ton, while our quotation card of December 12 shows we were selling at $29.50 a ton, $9 a ton more. If we should buy Canadian bran in October it would not be shipped the day we ordered it; it might be shipped 30 days after. It would probably take some time in transit; it might be arriving about this time, and the valuation now would be $9 more than when we bought it. It is a very complex situation.

Furthermore, in paragraph 731 of the proposed new tariff, bran, shorts, and other wheat by-products are listed at 15 per cent ad valorem, and this is the only ad valorem tariff proposed on any grain or grain products not used for human food. All the others are on a specific basis. The same arguments which make for a specific duty on wheat, corn, oats, rye, barley, screenings, dried beet pulp, etc., would apply to bran, shorts, and other wheat by-products. We ask that a specific rate be named on wheat by-products, and we very respectfully suggest a rate of 10 cents per 100 pounds.

Owing to the very high freight rates now prevailing, the price of bran in New England States during the month of October, 1921, was double the value of this product in North Dakota.

Senator McLEAN. Does not your price change with the seasons?

Mr. COX. Yes.

Senator McLEAN. If you had an ad valorem duty you would have to change it at least twice a year?

Mr. COX. You would have to change it every week. Senator, I may say to you that our own house had a case with the Government involving the question of a dispute between the revenue officials and ourselves on certain products, perhaps a year ago. Certain interpretations were made, different from what they had been, and we won our case against the Government, and we were awarded a rebate of duty to the amount of about $5,600. We received bills from our attorneys for $2,500, and that is what we want to avoid. We were right, and the Government sustained our contention, but the attorneys got theirs, too.

The assessment of an ad valorem duty would doubtless be the cause of many disputes and much litigation as between importers and the Government, as I have said. If American valuation be taken at the port of entry, and if bran be entered for ad valorem duty in Minnesota at $12 a ton, and at the same time entered in Vermont at $22, it is obvious that Vermonters are paying duty on the freight.

There is sent into New England from the western and central Southern States (not including flour or cereals intended for human

consumption) an average of 500 carloads per day of grain and its products, so it is for the advantage of the western farmer to keep the eastern farmer in business. The principal products of the eastern farmer are fresh vegetables, fresh milk, eggs, and poultry. We can not raise beef cattle; we do not raise sheep; we can not raise an appreciable amount of the grain which we consume. We can not bring our milk or fresh eggs or vegetables from the West. We handle 40 carloads of grain and grain products a day ourselves.

Senator DILLINGHAM. You make approximately one-half of the butter in New England, and the butter producers buy every pound of grain from the West?

Senator MCCUMBER. Yes; and you ask a reasonable protection for your butter?

Mr. COX. I am not in the butter business.

Senator MCCUMBER. And upon other products. Now, should not New England accord the protection to the men who produce wheat that makes bran? In other words, you are perfectly willing to give a fair protection, as I understand it?

Mr. COX. Yes. We suggest 10 cents per hundred pounds.

Senator MCCUMBER. Does that 10 cents a hundred pounds bear a proper relation to the value of the grain of which bran is a constituent part, as the value of bran compares to the value of the grain; are you not asking for what would amount to considerably less from an ad valorem basis, in asking for one mill a pound?

Mr. COX. I can't say we are. I have not figured it out very thoughtfully and I can not give you an immediate answer. We have not tried to figure in that respect.

Senator WATSON. You are asking for a revenue tariff?

Mr. COX. For a revenue tariff based on the emergency tariff.

Senator MCCUMBER. Do you not think there should be a fair relation, so that bran would bear a relation to an ad valorem tariff, even though reduced to a specific rate, such as the wheat itself bears?

Mr. COX. You are putting a hard question to answer, Senator. In the first place, you are bringing in now something which relates to human food.

Senator MCCUMBER. Of course, I know wheat is manufactured into human food, but bran is not to any great extent, and what I am defending, if you may consider it as such, is that every part of that grain, whether it be middlings, or whether it be bran, shall bear a duty equivalent to the same ad valorem duty that would be on the grain itself.

Mr. COX. If you please, Senator, I do not think your position is well taken.

Senator MCCUMBER. Very well. You can explain where it is not.

Mr. COX. Bran is a product used wholly for feeding cattle and hens and is a low-priced product. It bears no relation in value to the inner part of the kernel of the wheat, which is used for human foods.

Senator MCCUMBER. I know, but the duty would be just that much less. I am not seeking to give as high a duty on bran as on flour, a specific duty, but a duty that would compare in value so that the ad valorem equivalent would be practically the same. If bran would not be worth one-twentieth of what flour would be worth, then it should not have more than one-twentieth the duty that would be upon the given weight of flour. Is that not a fair way to present it?

Mr. Cox. I do not know that I have sufficient understanding of that to give a proper answer.

Senator McLean. You could guess on that. Ten cents a hundred would be 33⅓ ad valorem duty if the bran was worth 30 cents a hundred.

Senator McCumber. And the bran is worth considerably more than that.

Mr. Cox. The bran, Canadian value, roughly speaking, would be worth about $12 a ton. That is, taking the years by and large, and not taking the value at the moment.

Senator McCumber. That would be how much per hundred?

Mr. Cox. Sixty cents a hundred.

Senator McLean. Then you would have to have 20 per cent specific duty to get 33⅓ per cent ad valorem?

Senator McCumber. And that would be about 16 per cent instead of 10 per cent?

Mr. Cox. I am asking for 10 cents a hundred pounds. What amount would it make as a specific rate?

Senator McLean. There is this factor, that the bran is itself converted into food product.

Mr. Cox. In very small quantities.

Senator McLean. You feed it to cattle and get milk and beef from the cattle?

Mr. Cox. Yes.

Senator McLean. And it is a raw material out of which foods are made, and I think you would be justified in asking for as low a tariff as possible, under the situation, because that benefits the American people. It goes into food.

Senator McCumber. But it is also our finished product. It might be your raw material, but it is our finished product.

Senator Dillingham. His point is he wants it specific.

Mr. Cox. I have here one thing more I would like to say. At a meeting of the hay dealers of the city of Boston, held on December 5, the following vote was unanimously passed [reading]:

> We note that in paragraph 778 it is proposed that the duty on hay shall be $4 per ton and $1 per ton on straw. This is exactly double the duty we have been paying. We wish to inform the Senate committee that in certain years when the crop of hay in New England and New York States happens to be light it becomes important for us to be able to secure hay from Canada, and we respectfully request that the duty on hay be continued as it has been in the past, namely, $2 per ton and 50 cents on straw.

New England is peculiarly situated, in that the price of hay and grain is higher there than in any other section of the eastern half of our country. We are at the end of the line.

Our farmers can not possibly raise all the hay which they need, and it is clearly to the economic advantage of New England that she be able to secure her supplies of all kinds of agricultural needs at as low cost as possible. The imposition of a higher duty on hay will constitute a real hardship.

Senator Watson. You are not appealing very vigorously to the fellow who represents the western farmers.

Senator McLean. If you will give us what protection we ask on milk and cream and butter, we will give you what you ask.

Mr. Cox. I would like to make an appeal on behalf of the men and women of New England, where farming started in this country, and where you can now buy farms for the cost of constructing the buildings, almost, and we do not know anything about $200 an acre. Their wildest dreams would not come up to any such figure as that. Fifty dollars an acre, $5 an acre, $10 an acre is nearer the price of our land, and there are 1,500 local grain dealers in New England, and there are thousands and thousands of thrifty hard-working farmers. We have a natural disadvantage.

Senator WATSON. Would not any policy of free trade with Canada now build up your farming industry in New England?

Mr. Cox. We go to Canada for a few things, and we think we are asking for a negligible amount. The buckwheat which we get comes from New York, Pennsylvania, and some from Michigan. It is so small in your affairs that it is hardly worth taking as much of your time as I have taken.

Senator McCUMBER. We are very much obliged to you.

MACARONI.

[Paragraph 726.]

STATEMENT OF B. R. JACOBS, REPRESENTING THE NATIONAL MACARONI MANUFACTURERS' ASSOCIATION.

Senator McCUMBER. Please state your full name and residence.

Mr. JACOBS. Benjamin R. Jacobs. I reside here in Washington. I represent the National Macaroni Manufacturers' Association, the Alimentary Paste Manufacturers' Association, the Philadelphia Macaroni Manufacturers' Association, the New England Macaroni Club, and the Connecticut Macaroni Club. These five organizations represent about 75 per cent of the production of macaroni in this country.

Senator McCUMBER. I do not just understand what you mean by "macaroni club."

Mr. JACOBS. They are local organizations that have drawn individuals interested in that particular locality. Just as we have flour clubs in Minneapolis and in Kansas City, so we have macaroni clubs in Connecticut representing the macaroni manufacturers of Hartford and other cities around there, and we have the New England Macaroni Club, with headquarters in Boston, representing the State of Massachusetts.

Senator McCUMBER. It is a club whose constituent members are manufacturers of macaroni?

Mr. JACOBS. Yes, sir.

Senator WATSON. It is not necessary to eat the macaroni, is it?

Mr. JACOBS. No, sir; it is not necessary to eat it. They just make it.

The domestic production of macaroni in the year 1920 in this country was about 450,000,000 pounds. It was valued at about $45,000,000.

The investment of the macaroni manufacturers in this country is sixteen and one-quarter millions of dollars, and the number of wage earners employed is approximately 12,000. The amount of macaroni imported into this country in 1914, which was practically the last year it was imported, was 126,000,000 pounds, and in that same year 300,000,000 pounds were produced in the United States.

Senator McCUMBER. How much is imported?

Mr. JACOBS. One hundred and twenty-six million pounds, so that the increase to 450,000,000 pounds, the amount produced in 1920, has merely been absorbed by reason of the inability of Italy to export macaroni into this country.

Senator WATSON. What is the amount imported this year up to this time?

Mr. JACOBS. The amount is practically negligible. It was about a million pounds.

Senator McCUMBER. Why is that?

Mr. JACOBS. That is because Italy is practically the only country from which we receive macaroni.

Senator WATSON. Have we, in the meantime, made more ourselves?

Mr. JACOBS. Yes; we have practically taken care of that inability of Italy to export. Ninety-five per cent of the macaroni imported comes from Italy. Italy, until last December, had an embargo on all wheat products. This has been lifted, and Italy is now offering it in the New York market cheaper than we can manufacture it over here.

Senator SIMMONS. We are now producing more than we produced and imported together in any year before the war?

Mr. JACOBS. Yes; because Italy has not been exporting to this country.

Senator SIMMONS. We are producing all that we need, are we not?

Mr. JACOBS. Exactly. We are producing all the macaroni we need, but the minute Italy gets on its feet again she will begin to import macaroni into this country just as she did before the war.

Senator SIMMONS. Notwithstanding that we have all we want?

Mr. JACOBS. Yes; because she can make it cheaper than we can. Italy is now offering macaroni to the manufacturers in this country. I have a quotation from Naples for first-grade macaroni made from 61 per cent semolina. The quotation is 5.1 cent per pound f. o. b. Naples, with a rate of exchange of 4.20, which was the rate on November 14.

Senator WATSON. What would that be laid down in New York?

Mr. JACOBS. Duty free in New York about one-half a cent above that. The freight and insurance would be about half a cent a pound.

Senator WATSON. What is it made of?

Mr. JACOBS. It is made from durum wheat semolina. Durum wheat is raised mostly in North Dakota, Montana, and Utah.

Senator WATSON. Do they raise that particular kind of wheat in Italy?

Mr. JACOBS. No, sir; they raise some in southern Italy. They raise a great deal of it in Algeria.

Senator WATSON. They take the North Dakota wheat clear across to Italy to manufacture macaroni, and ship it back to this country?

Mr. JACOBS. Yes; and they can do it cheaper than we can make it here.

Senator WATSON. What is the difference between macaroni, spaghetti, and vermicelli?

Mr. JACOBS. They are made out of the same raw materials, the only difference being in the shape.

Senator WATSON. It is the same material, is it?

Mr. JACOBS. Yes, but made up in different shapes. It is all made out of durum wheat.

Senator McCUMBER. It used to be called macaroni wheat, was it not?

Mr. JACOBS. Yes.

The United States Tariff Commission made a survey of macaroni wheat in 1920. They found in the eastern territory, where the imported macaroni competes with the domestic, that the cost of conversion was 3.98 cents per pound. The cost of the material entering into this macaroni was 6.47 cents per pound. That information can be found on page 20 of the survey.

Senator McCUMBER. 6.47 cents per pound?

Mr. JACOBS. $6.47 per hundredweight.

Senator McCUMBER. Is that correct?

Mr. JACOBS. Yes; the semolina was costing them about $13 a barrel.

Senator McCUMBER. I wish you would repeat your statement. Your first statement was based on 100 pounds at 3 cents for cost of conversion.

Mr. JACOBS. The cost of conversion is 3.98 cents per pound. That is the cost of making it.

Senator WATSON. Can you give us the exact difference between the cost of production at home and abroad?

Mr. JACOBS. Yes.

Senator WATSON. Do you make this yourself?

Mr. JACOBS. I represent the manufacturers. I am a chemist, and I know about their method of manufacturing—the process and the material which they use. It costs in Italy 1.65 cents per pound to produce it, while it costs us 3.98 cents per pound to produce it.

Senator WATSON. How is that?

Mr. JACOBS. I say it costs in Italy 1.65 cents per pound to produce it; it costs here 3.98 cents per pound to produce it, a difference of 2.33 cents per pound.

Senator WATSON. You are speaking now of macaroni?

Mr. JACOBS. Yes.

Senator WATSON. Is there the same difference in the cost of vermicelli?

Mr. JACOBS. They are practically alike.

Senator WATSON. And noodles?

Mr. JACOBS. Noodles are a different product. They contain eggs.

Senator WATSON. That is the first time I have ever heard of shipping noodles all around the world.

Mr. JACOBS. There is a difference there of 2.33 cents per pound.

Mr. Scaramelli, who was here this morning representing the Italian Chamber of Commerce, was before the Ways and Means Committee of the House.

Senator McCUMBER. When were these figures compiled which show the cost of production in Italy to be 1.65 cents per pound?

Mr. JACOBS. They were taken from this pamphlet gotten out recently for the benefit of the Ways and Means Committee. They were taken on the basis of the wages that were paid there to laborers in other industries; for instance, the bakers.

Senator McCUMBER. What do they have to pay for the wheat?

Mr. JACOBS. That is what I want to know. How can they quote 5 cents a pound for macaroni f. o. b. Naples when we can not quote it for 5 cents on American wheat.

Senator McCUMBER. They have to have American wheat?

Mr. JACOBS. Yes.

Senator McCUMBER. They have to grind it?

Mr. JACOBS. Yes; they do.

Senator McCUMBER. Macaroni wheat is cheap now. It has been above a dollar a bushel. It takes about 4.5 bushels to make a barrel of flour.

Mr. JACOBS. Yes.

Senator McCUMBER. Then, there is the cost of grinding and the cost of making it over into their pastry. I do not see how it is possible.

Mr. JACOBS. Well, that is the quotation.

Senator McCUMBER. I do not see how it is possible to quote 1.65 cents per pound.

Mr. JACOBS. That is only the cost of conversion. That does not include the cost of materials.

Senator McCUMBER. That is what I was asking for.

Mr. JACOBS. No. The cost of conversion—that is to say, the converting of semolina into macaroni—is 1.65 cents. They pay almost as much for semolina as we do, except that they do it on a cooperative plan.

I want to read a few lines. This appears on page 13 of the survey:

In most cases the Italian manufacturer for export is also a miller, which permits him to operate on a smaller margin of profit. The Italian miller conducts two operations, milling wheat in the preparation of semolina and its by-products and making alimentary pastes. Moreover, he is also located at the seaboard, such as Naples and Genoa. The raw material (wheat) is imported to and the finished product (macaroni) is exported from the same plant, thus greatly promoting economy in operation.

Senator WATSON. Can't you do that in the United States?

Mr. JACOBS. No, sir. The macaroni people and millers are entirely different concerns here. It would not pay one macaroni manufacturer to start a mill when he does not know anything about the milling process.

Aside from raw materials the most important cost items are labor and drying. In the drying operation the Italian operator, especially in the southern part, where more than 60 per cent of the exports originate, has favorable conditions in out-of-doors natural drying. Then, again, the Italian industry is organized to buy and sell collectively.

This is what our commerce reports have to say about it:

Trust methods, in so far as they control trade by avoiding unprofitable competition, do not seem to meet with disfavor in Italy as regards milling business. Public sentiment seems to sanction such restraint of trade as will produce an adequate profit to a manufacturer even of foodstuffs. Likewise, the purchase of supplies is controlled. Wheat imported, varying from 30,000,000 to 50,000,000 bushels annually, is largely supplied by one house, which more than any other one concern may be said to control the exports of wheat from Russia, with a similar dominating influence in Argentina. Millers do not have to pay for wheat on arrival or in advance, but are given what time and credit they require by the house supplying the imports. Competition in the purchase of imported wheat does not exist. It is profitably regulated.

That is the reason they can quote 6 cents per pound f. o. b. Naples when it is made from American wheat, and we can not begin to do it for that price.

Senator WATSON. What is the difference in the labor cost itself?

Mr. JACOBS. It costs the Italian 1.65 cents per pound to make macaroni. That is the actual cost of conversion into macaroni.

Senator WATSON. Can you tell us how the average wages paid in the Italian factories compare with those paid in the United States?

Mr. JACOBS. Yes. The average wage paid in Italy for the pressman, who is the man in the macaroni factory who gets the highest wages, is from 18 to 20 lira. In this country, in 1920, the average wage was from $6 to $7 per day.

Senator WATSON. How much are 18 and 20 lira?

Mr. JACOBS. At 4 cents, about 80 cents. We are paying $6 and $7 per day while they are paying 70 or 80 cents per day.

Another thing: We are asking for 3.5 cents on macaroni per pound and we are asking for 4 cents per pound on noodles.

Senator SIMMONS. What did you say you pay for labor?

Mr. JACOBS. $6 and $7 per day.

Senator SIMMONS. That must be skilled labor, is it not?

Mr. JACOBS. Yes; it is skilled labor. They run machinery.

Senator SIMMONS. Is it skilled labor that they use over there?

Mr. JACOBS. Yes; they run the presses that we do.

Senator SIMMONS. Where did you get the figures showing the labor costs here and the cost of labor in the production of macaroni in Italy?

Mr. JACOBS. From Italians that have come over here and from this book on wages gotten up for the Ways and Means Committee. It has reference to bakers. That is practically the same kind of labor, you see. The baker and the macaroni manufacturer are practically the same. They get practically the same wages. There was no statement in that bulletin regarding the wage paid the macaroni manufacturer, but that is verified by the actual price that they are quoting on that product.

Senator SIMMONS. I noticed the cost of macaroni—the Italian cost, I suppose it is—has been constantly increasing for quite a number of years. I mean the value has been increasing. The value per unit has increased to 12.6 cents.

Mr. JACOBS. Yes.

Senator SIMMONS. It was only 4 cents in 1910.

Mr. JACOBS. Yes.

Senator SIMMONS. It remained at that rate until 1915, when it went up to 7 cents. Since then it has gone up to 12 cents.

Mr. JACOBS. Yes.

Senator SIMMONS. We do sell macaroni in this country.

Mr. JACOBS. Yes.

Senator SIMMONS. At what price?

Mr. JACOBS. At about 8 cents. Of course, it has come down considerably.

Senator SIMMONS. If you take the statistics of 1921, they show that there was imported into this country during the 10 months 1,146,895 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. And that was valued at $129,336. That was about 9.4 cents per pound. That was the warehouse price in this country.

Mr. JACOBS. That is the value placed by the Italian importer and that is the value in Italy.

Senator SIMMONS. That is what it was invoiced for here.

Mr. JACOBS. Yes, Senator; but that is the value——

Senator SIMMONS (interposing). That is more than you say you charge for it.

Mr. JACOBS. But we are selling our macaroni for about 8 cents in bulk.

Senator SIMMONS. The macaroni that came in here in 1920 that you are complaining was made at so much less cost is introduced here at a higher price than you sell this for.

Mr. JACOBS. Yes.

Senator SIMMONS. Well, don't you see any significance in that?

Mr. JACOBS. They get 3 cents a pound more in New York than we do for the same kind of product. It costs them less to make it.

Senator SIMMONS. Why? Why does it sell at that price?

Mr. JACOBS. Simply because it is an imported article.

Senator MCCUMBER. Not because it is better, but simply because it is made in Italy?

Mr. JACOBS. It is not better, but they do get a better price.

Senator MCCUMBER. Because they think it is better?

Mr. JACOBS. Yes, because they think it is better, just the same as with this tomato sauce.

According to Mr. Scaramelli's statement before the Ways and Means Committee——

Senator SIMMONS (interposing). If the Italian macaroni sells for a cent a pound more in this country than you charge for it, how are you hurt by the fact that it is made for less in Italy than here?

Mr. JACOBS. He can sell it for less.

Senator SIMMONS. If he does not sell for less than you, how are you hurt if he is able to make it for less than you?

Mr. JACOBS. The Italian manufacturer does not get the difference; the importer gets the difference.

Senator SIMMONS. I understand that the invoice price at which the goods come in here is the price at which the foreign producer sells in his market.

Mr. JACOBS. Yes.

Senator SIMMONS. I do not see that the importer has anything to do with that price. He may charge a commission, but he does not fix the price.

Mr. JACOBS. The price it is selling for is 6 cents a pound in Italy.

Senator SIMMONS. Do you mean to say that the 9-cent Italian macaroni, no better than yours, can drive out of the market the American macaroni?

Mr. JACOBS. It can when it costs 9 cents.

Senator SIMMONS. When it is sent to this country and the purchaser in this country is required to pay 9 cents, do you think, if it is not better than yours, that you are in danger of having your industry destroyed when you can sell it for 8 cents?

Mr. JACOBS. Yes. He can charge 8 cents and run us out of business.

Senator SIMMONS. It does not look as if he is running you out now, because since the close of the war we have been producing about 450,000,000 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. There came in during 1917 only 3,500,000 pounds.

Mr. JACOBS. Yes.

Senator SIMMONS. In 1918 there were only 661,000 pounds; in 1919, only 603,000 pounds; in 1920, only 827,000 pounds. That does not seem to me to indicate that he is running you out of business, because you are selling in this country 450,000,000 pounds.

Mr. JACOBS. But you must remember, Senator Simmons, that there is only one country in Europe that exports it to the United States, and that country is Italy. Until last September there was an embargo on wheat products, and that is the reason Italy has not exported macaroni into this country.

Senator McLEAN. Doesn't Italy practically control the market?

Mr. JACOBS. Yes; and they are going to do it again.

Senator SIMMONS. There was no embargo this year.

Mr. JACOBS. The embargo was taken off in September.

Senator SIMMONS. Yes.

Mr. JACOBS. But they have not had a chance to get readjusted.

Senator WATSON. Do the Italians eat more of this macaroni than anybody else?

Mr. JACOBS. Yes, sir.

Senator WATSON. Do they want it from Italy?

Mr. JACOBS. Yes; they prefer it. They use the American macaroni only when they can not get the Italian macaroni.

The survey says that the preference of the Italian population for Italian-made macaroni is quite firmly established. The American product is used by them as a substitute. Therefore a duty on the imported product will likely have but little effect upon the amount imported.

That is not a statement that I make, but a statement that your own tariff commission has made.

As I said before, the Italians get 3 cents a pound more for the same grade of macaroni in New York City than we do. That added to the 2.33 cents per pound, which represents the difference in the cost of production, gives them a total advantage of 5.33 cents a pound. We are asking for 3.5 cents in order to overcome some of the advantage that they have.

Senator SIMMONS. I understood you to say that the fact that they sell their product at a higher price than you sell your product for does not interfere with you.

Mr. JACOBS. I say it does not make any difference within 2 or 3 cents. They will sell it in preference to ours.

Senator SIMMONS. How are you to be helped?

Mr. JACOBS. The Government will get the profit. The Government will get some of it at least.

Senator SIMMONS. Oh, you are interested in the Government?

Mr. JACOBS. Yes; somewhat.

Senator SIMMONS. I thought you were speaking for your own interests.

Mr. JACOBS. We will get part of it.

Senator MCLEAN. During the time there was substantially an embargo you had an opportunity to introduce your goods?

Mr. JACOBS. Yes; we have introduced our goods.

Senator MCLEAN. Are you holding that trade that you got?

Mr. JACOBS. We do not know. There was very little imported. We have not exported. We can not go into South America and compete with the Italians.

Senator MCLEAN. Since the Italian quotations have been coming into this country are they taking your market away from you ?

Mr. JACOBS. Yes; they are so far as they come in. There has only a small amount come in, but so far as it has come in, they are taking it away.

Senator MCLEAN. Notwithstanding the several years in which your product has been used—and it has been used because they could not get any other—you fear that immediately when their product comes in they will cease to buy your products?

Mr. JACOBS. Yes.

Senator MCLEAN. Have you any data to demonstrate that?

Mr. JACOBS. No; because it has not taken place yet.

Senator MCLEAN. You claim that your article is as good, do you not?

Mr. JACOBS. It is as good.

Senator MCLEAN. And you can sell it for 2 or 3 cents a pound cheaper?

Mr. JACOBS. No; we can not. They ask 2 or 3 cents a pound more.

Senator MCLEAN. Well, you can sell it cheaper, and it is just as good, and you have a market to-day. Is that correct?

Mr. JACOBS. On a purely competitive basis we could not sell it as cheaply as they can.

Senator MCLEAN. You anticipate that when they import freely they are going to capture your market?

Mr. JACOBS. Yes; they are going to do it. There is no doubt about it at all.

Senator SIMMONS. But as yet you have no data to give to the committee?

Mr. JACOBS. No; because the embargo has been off only two or three months. They have had no chance to do it.

Senator MCCUMBER. Is there anything further?

Mr. JACOBS. No; I think not.

BRIEF OF B. R. JACOBS, REPRESENTING MACARONI MANUFACTURERS' ASSOCIATIONS.

There are approximately 550 known macaroni factories and innumerable small ones whose capacity is unknown. These represent between twelve and fifteen thousand wage earners. There is an estimated investment of sixteen and a quarter million dollars in the macaroni industry. The domestic production for 1920 was approximately 450,000,000 pounds, valued at $45,000,000. Since 1914 the production has increased 50 per cent.

In 1914 there were approximately 126,000,000 pounds of macaroni imported into this country. This is the maximum importation of any one year. In 1878 the amount imported was 2,000,000 pounds. From these figures it can readily be seen that the importation has increased very rapidly. From 90 to 95 per cent of the total macaroni imported comes from Italy.

"The very large increase in our manufacture of macaroni during the past two decades has been largely due to the successful culture of durum, a hard spring wheat, in the Northwest prairie region. It was introduced from Russia, its largest producer, and is also grown in the Mediterranean regions, principally in southern Italy, France, and Algeria.

"Because of its drought and rust resistance characteristics durum wheat outyields in parts of the Dakotas, Montana, and Minnesota the leading varieties of common spring wheat by at least 2 bushels per acre. Its production has rapidly increased from 60,000 bushels in 1901 to about 50,000,000 bushels in 1918. Early production increased so rapidly that the development of a milling market did not keep pace, as mills were not equipped for grinding it profitably. At first, therefore, the price was always below that of common wheat. Since 1912, however, the average price for equal grades of durum and northern has been nearly the same. In more recent years, because of the increased demand for American durum, the best grades of durum wheat have occasionally been at a small premium.

"Durum wheat contains a larger percentage of nitrogen, or crude protein, than any other class of American wheat. This is one reason why durum wheat is so desirable for the manufacture of alimentary pastes. To produce the best quality of macaroni it is essential to have a semolina, or meal, produced from a hard glutinous wheat."[1]

"Although a large part of the durum wheat is exported, the domestic macaroni industry has been instrumental in stabilizing its price. This has had a very pronounced effect upon agriculture in certain sections of the dry Northwest. In more recent years approximately 3,000,000 acres have been devoted to durum wheat. Part of this area represents new land which can not produce other grains and the balance has replaced other spring wheats which do not yield so well as durum."[2]

In Italy the importer of wheat, the miller of semolina, the manufacturer of macaroni, and the exporter of macaroni are all one and the same individual, and to keep these four industries going permits him to operate on a smaller margin of profit. The Tariff Commission says:

"Moreover, he is also located at the seaboard, such as Naples and Genoa. The raw material, wheat, is imported to and the finished product, macaroni, is exported from the same plant, thus greatly promoting economy of operation. Aside from the raw materials the most important cost items are labor and drying. In the drying operation the Italian operator, especially in the southern part, where more than 60 per cent of the exports originate, has favorable conditions in out-of-doors natural drying. Then, again, the Italian industry is organized to buy and sell collectively.

"The Italian import duty on wheat is 0.66 of 1 cent per pound. If the product is used in manufacturing macaroni according to Government standards, this duty is refunded. In addition, the miller secures the by-products from manufacturing semolina duty free. Thus the macaroni manufacturer is encouraged to use foreign wheats for export.[3]

"Trust methods, in so far as they control trade by avoiding unprofitable competition, do not seem to meet with disfavor in Italy as regards milling business. Public sentiment seems to sanction such restraint of trade as will produce an adequate profit to a manufacturer, even of foodstuffs. Likewise the purchase of supplies is controlled. Wheat imported, varying from 30,000,000 to 50,000,000 bushels annually, is largely supplied by one house, which more than any other one concern may be said to control the exports of wheat from Russia, with a similar dominating influence in Argentina. Millers do not have to pay for wheat on arrival or in advance, but are given what time and credit they require by the house supplying the imports. Competition in the purchase of imported wheat does not exist. It is profitably regulated."[4]

On the other hand, it must be remembered that every pound of flour that is converted into macaroni by an American manufacturer must bring a profit to an American miller, as the mill and macaroni industries are entirely divorced in this country.

Ninety-five per cent of the imported macaroni enters either New York, Boston, or Philadelphia and is consumed east of Pittsburgh and Buffalo. Sixty per cent of the manufacturers and 75 per cent of domestic production is also in this territory. Therefore, it would seem reasonable to compare the cost of Italian macaroni with the cost of domestic macaroni with which it competes. The Tariff Commission Survey [5] shows that in the East the cost of conversion is $3.98, divided as follows: $1.26, or 32

[1] U. S. Tariff Commission Information Survey, G-3, 1921, p. 9.
[2] Ibid., p. 13.
[3] U. S. Tariff Commission Information Survey, 1921, G-3, p. 13.
[4] Commerce Reports, Apr. 7, 1909.
[5] U. S. Tariff Commission Information Survey, G-3, 1921, p. 20, table 4a.

per cent, for labor; $1.07, or 27 per cent, for sundries; and $1.65, or 41 per cent, for overhead.

On the basis of average prewar value [6] of imported macaroni the conversion cost is approximately $1.50 per 100 pounds, while on the basis of the relative wages the cost of conversion is about $1.65 per 100 pounds. In Italy the pressmen earn from 18 to 22 lira per day, which on the present basis of exchange is less than $1, while in the United States the same workmen earn from $30 to $36 per week. This is at least six times as much as the same workmen receive in Italy. Since 1914 the cost has increased considerably in terms of lire but has increased but slightly in terms of American money.

Mr. Scaramelli, representing the Italian Chamber of Commerce, in his brief before the Committee on Ways and Means (Tariff Information, 1921, pt. 3, p. 1711) made the following statement: "Due to the stimulus of necessity the American manufacturers vastly improved the quality of their product. Excellent macaroni is made in this country to-day, and while the imported macaroni would still enjoy a preference with many, there is really no great difference in their comparative intrinsic quality." He also states that the imported macaroni of the same quality as the domestic sold for 63 cents per box of 22 pounds above the price of the domestic.

"In New York the price of imported Italian macaroni generally ranges from 1 to 3 cents higher than that of domestic macaroni. In line with this fact, the point should be stressed that the Italian product apparently has no difficulty in finding an American market at a higher figure than the domestic product." [7]

Tabulating the above figures we have the following difference in cost of manufacture and price differential of imported and domestic macaroni:

Conversion cost of domestic macaroni in the East, 100 pounds	$3.98
Conversion cost of imported macaroni, 100 pounds	1.65
Difference	2.33
Price differential in favor of imported product	3.00
Total advantage of imported product	5.33

This is the great advantage in favor of Italian macaroni. The label sells the product. The Italian consumer prefers an Italian-made product, even of inferior quality to the domestic.

"The preference of the Italian population for Italian-made macaroni is quite firmly established. The American product is used by them as a substitute. Therefore, a duty on the imported product will likely have but little effect upon the amount imported." [8]

In other words, the Italian product, due to the foreign label, is practically and to all intent and purposes a trade-mark article.

The macaroni industry may be compared to the baking industry, in that an increase in duty can not be used by the domestic manufacturer to increase the price to the consumer. The process is very simple, and especially so for the small manufacturer who sells his product before drying. A reasonable rate of duty can not, therefore, be used to the detriment of the consumer. We are asking for a rate of duty of only 3½ cents per pound for macaroni and all similar preparations without eggs and 4 cents per pound for noodles and all similar preparations containing eggs.

This rate will not stop the importation of Italian macaroni, but it will yield a very material increase in revenues to the Government. It will not increase the price of macaroni to the consumer, because of the large number of small manufacturers who count no cost, competition being very keen in this country. I wish also to emphasize the necessity for a different rate for noodles, as I note in paragraph 713 that a duty of 15 cents has been placed on desiccated eggs. We are large importers of desiccated eggs, and the price of this product of course is largely controlled by the price of the imported product. The macaroni manufacturers must pay this additional price for the desiccated eggs which they use, and it hardly seems fair for desiccated eggs to enter free when introduced in alimentary pastes while the domestic manufacturer buys his product with the duty added.

We therefore respectfully recommend that paragraph 726 in H. R. 7456 be amended as follows:

"Macaroni, vermicelli, and similar alimentary pastes without eggs, 3½ cents per pound, and noodles and similar alimentary pastes with eggs, 4 cents per pound."

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[6] Ibid., p. 22, table 6.
[7] U. S. Tariff Commission Information Survey, G-3, 1921, p. 18.
[8] Ibid., p. 14.

WHEAT AND WHEAT FLOUR.

[Paragraph 730.]

STATEMENT OF A. L. GOETZMANN, MINNEAPOLIS, MINN., REPRESENTING MILLERS' NATIONAL FEDERATION.

Mr. GOETZMANN. Mr. Husband's time will be divided between myself and Mr. L. E. Moses, of Kansas City.

My name is A. L. Goetzmann. I am president of the Millers' National Federation. Mr. Moses is president of the Kansas Flour Mills Co., of Kansas City, and likewise president of the Southwest Millers' League. I want, if you please, Mr. Chairman and gentlemen, to speak to paragraph 730.

Senator LA FOLLETTE. What is your address?

Mr. GOETZMANN. Minneapolis, Minn.

Senator McLEAN. Are you speaking for Mr. Husband?

Mr. GOETZMANN. Yes, sir; and for the Millers' National Federation. Gentlemen, we are here to ask a compensatory duty on flour to the duty on wheat. Paragraph 730 provides 25 cents a bushel for wheat and 50 cents per 100 pounds on flour. On the face of it, that would look, since there are 4½ bushels of wheat used to make a barrel of 100 per cent flour, as if there were a discrimination against the flour of 12½ cents per barrel. As a matter of actual fact, that discrimination is approximately 51 cents per barrel. That is, under this schedule you are admitting the finished product which we manufacture at 51 cents per 196 pounds less than we will have to pay on wheat which we will use in manufacturing that 196 pounds of flour.

It is arrived at in this way. It is somewhat technical, but I think I can explain it very briefly. There is 72½ per cent of the total extraction in the wheat berry producing 100 per cent flour, such as you gentlemen will recall we ate during the war time, but which no American eats voluntarily. From that 72½ per cent the normal extraction that is used in a family patent flour is approximately 75 per cent.

Senator McCUMBER. Seventy-five per cent of 72½ per cent?

Mr. GOETZMANN. Seventy-five per cent of 72½ per cent. In other words, when you figure that down it takes about 1.85 pounds of wheat to make 1 pound of family patent flour. And I want to say that flour is approximately the type that is imported from Canada, 75 per cent or even higher extraction, down to 50 sometimes. The result is that it takes approximately 6 bushels 2 and a fraction pounds of wheat to make 1 barrel of family patent flour, and the cost of the wheat is 25 cents per bushel, or rather the cost of the duty is 25 cents per bushel, and on that amount—6 bushels 2 plus pounds—of wheat, it is $1.51, and you assess against the flour, of that amount, $1.

Senator WATSON. Is that the kind of flour you make?

Mr. GOETZMANN. That is the kind that practically everybody uses in the United States. Nobody uses 100 per cent flour and never have except for a short time during the war time.

What we would like to ask is that you place an ad valorem duty of 25 per cent in the bill against protection of 25 cents per bushel on wheat. That means, of course, wheat flour, semolina, crushed or cracked wheat, bran, shorts, and middlings.

Senator SMOOT. Twenty-five per cent ad valorem.

Mr. GOETZMANN. Twenty-five per cent ad valorem, if you please.

Senator WATSON. Fifty cents per hundred pounds plus the ad valorem?

Mr. GOETZMANN. No; just the ad valorem. That does not cover the question of bran, shorts, etc. When we, as manufacturers, import the wheat from which we make flour we pay for the bran, shorts, and middlings on the basis of the wheat price, which amounts, with this duty of 25 cents per bushel of 60 pounds, to 0.42 cent per pound on that feedstuff, which is $8.40 a ton; $8.40 a ton would look awfully high to a farmer, and I do not think there is any particular necessity of it. Therefore, if we may be given the 25 per cent ad valorem duty on the Canadian value of bran, that would amount approximately to $2 or $2.25 per ton, and we would be satisfied and think it would take care of itself.

Let me impress upon you that we do not ask for any favors. All we want on earth is to be placed on an even break with the other fellow, and if the American flour miller can not work out his own salvation on that basis he is willing to go down and out with his flag flying.

Senator SMOOT. That is a 50 per cent increase over the House bill?

Mr. GOETZMANN. That would be approximately a 50 per cent increase over the House bill; yes, sir.

Senator SMOOT. It is just as near as you can figure it?

Mr. GOETZMANN. Yes; as near as we can figure it. May I leave with the reporter the computation I made and ask that it be included in the record? It is somewhat technical and complicated, and it might be better if the formal statement appears in the record.

Senator McCUMBER. That may be done.

(The document referred to is as follows:)

To make one barrel of 100 per cent flour of 72½ per cent extraction, 4½ bushels of wheat (270 pounds) are required. On this, duty at 25 cents per bushel would be $1.12½; 75 per cent separation of 72½ per cent extraction would yield 54 pounds high-grade patent flour, or 1 pound of flour to each 1.85 pounds of wheat. 196×1.85=362.6 pounds of wheat, or 6 bushels 2.6 pounds. The duty on this wheat at 25 cents per bushel would be $1.51. The duty on 196 pounds of high-grade foreign patent flour at 50 cents per 100 pounds would be 98 cents, making a discrimination equivalent to 51 cents per bushel in favor of the foreign (Canadian) miller.

Mr. GOETZMANN. It should be observed that this covers only patent flour. It should be further noted that that is the only grade imported from Canada into the United States. The lower-grade flour or clears are practically all exported in competition with the Canadian clears and therefore we can be placed on a parity in no other manner than as indicated.

Senator WATSON. Do you run a mill yourself?

Mr. GOETZMANN. Yes, sir.

Senator WATSON. In Minneapolis?

Mr. GOETZMANN. No, sir. My mill is in La Crosse, Wis.

Senator WATSON. What proportion of the wheat you grind into flour do you buy in the United States, and what proportion do you buy in Canada?

Mr. GOETZMANN. Practically all in the United States, until the last year or two. During the last year or two there was much of it brought in, when there was free importation. If I may be permitted to go a little further, I am inclined to think there will be some imported this year in spite of the duty, due to the fact of a shortage in spring wheat.

Senator WATSON. Do you use spring wheat altogether?

Mr. GOETZMANN. As far as we can.

Senator WATSON. You use some winter wheat?

Mr. GOETZMANN. Yes, sir.

Senator LA FOLLETTE. How many bushels of wheat does it require to make a barrel of flour?

Mr. GOETZMANN. One hundred per cent flour is 4 bushels and 30 pounds, which includes the patent flour, which we use at home, and clears, which are sold almost entirely abroad in competition with Canadian flour. To make a barrel of family patent flour it requires 6 bushels 2 and a fraction pounds.

Senator SMOOT. Six bushels and 2.02 pounds?

Mr. GOETZMANN. Yes, sir.

Senator LA FOLLETTE. Just follow a barrel of flour and the wheat necessary to make a barrel of flour through the process. Will you make a statement to the committee of the cost of the 6 bushels of wheat that enters into a barrel of flour, what you get out of it, if anything, besides the flour, in the way of shorts and bran and that sort of thing.

Mr. GOETZMANN. I will give you the exact figures. Six bushels 2.6 pounds is the amount of wheat required to make a 75 per cent or so-called family patent flour. In addition to that, however, we have the balance of the weight of that, made up of approximately 18 per cent of what we call "first clear flour," sometimes higher than that, sometimes 20 or 22, dependent on the quality of the wheat, and approximately 5 per cent of what we call "second clear flour." That covers the gross amount of flour of 72 per cent of extraction that is gotten out of the wheat. In addition to that, there is the bran and middlings or shorts.

Mr. L. E. MOSES. Seventy per cent of bran and 30 per cent of shorts.

Mr. GOETZMANN. In addition to that there is "red-dog flour," so called in the Northwest. It means the bees wings and lowest quality of flour. Does that answer your question?

Senator LA FOLLETTE. It does not convey much of any meaning to me. I am going to formulate some questions on the subject and send them to you, and would be glad if you would answer them.

Mr. GOETZMANN. I will be very glad to do so.

Senator SMOOT. It takes 6.2 bushels of wheat to make a barrel of flour?

Mr. GOETZMANN. A barrel of family patent flour.

Senator SMOOT. In that barrel of family patent flour that it takes 6.2 bushels of wheat to make, how many pounds of shorts and bran do you get?

Mr. GOETZMANN. I would hesitate to give you that. I can not do it right now. Will you give me the privilege of getting those figures?

Senator LA FOLLETTE. Certainly.

Mr. GOETZMANN. Possibly Mr. Moses is more mentally alert than I am with respect to those particular things, but I will be very happy to furnish you that information later.

STATEMENT OF L. E. MOSES, KANSAS CITY, MO.

Mr. MOSES. I will try to clear up this subject in your mind before adding anything further to Mr. Goetzmann's statement.

The average amount of wheat, as near as we can ascertain, to make a barrel of flour, from the average wheat grown in the United States, is a little over 4 bushels and 30 pounds. As it gets lighter you have to use a few more pounds to make 196 pounds of flour. I think the average is about 4 bushels and 45 pounds.

Senator MCCUMBER. They usually figure it at 4½, do they not?

Mr. MOSES. They use that figure, but not the soft-wheat mills. I have ground soft winter wheat, and we never have produced a barrel of flour from much less than 4 bushels and 40 pounds of the best wheat.

Senator LA FOLLETTE. Does that barrel weigh 196 pounds?

Mr. MOSES. Yes, sir.

Senator MCCUMBER. How about spring wheat or hard wheat?

Mr. MOSES. You can produce a barrel from 4 bushels and 30 pounds of the best wheat. When the wheat is light, and the test goes down to 52, 54, and 57 pounds, we must use more wheat to produce the flour and correspondingly produce more feed. Figuring 4 bushels and 30 pounds as a basis, that is 270 pounds of wheat. Take from that 196 pounds of flour and you get 74 pounds of feed. There are different qualities of feed.

Senator WATSON. Seventy-four pounds of what?

Mr. MOSES. Feed.

Senator WATSON. That is not all one kind of feed, is it?

Mr. MOSES. No, sir; that is divided into different percentages of bran and shorts, but ordinarily about 50 pounds of bran and 24 pounds of shorts. Out of that 196 pounds of flour a good many people take out another 2 per cent that is sold for a feed, but at a higher price. Then they take off, as Mr. Goetzmann explained, 5 per cent low grade of second clear, and then they take anywhere from 18 per cent to as high as 30 per cent of a first clear, leaving the patent flour as consumed by the people of the United States.

Now, to follow through the necessities of all the industries having the same protection we should have the same protection for the manufacturer of flour as you give the wheat grower, not alone on our account, but if you want to protect the wheat grower you must protect the miller. If you don't protect the miller who mills flour, you tear down your protection to the wheat grower. That is all there is to it, no difference how you figure it. If we can not sell the people of the United States flour for the purpose of making American bread that is ground out of American wheat, and ground by American millers, you tear down the protection on wheat.

Senator WATSON. In other words, you injure the market.

Mr. MOSES. You destroy it. You must protect the flour and the wheat. There are probably 10,000 mills in the United States. Half are what we call local mills that are in restricted territory and only market to their own people and grind their own wheat. The other half are larger mills that go out to all the markets of the United States and go abroad to find a market for our product. I am more familiar with the Southwest and its production of wheat and methods of handling the milling business than I am with the balance of the

United States, although I am somewhat familiar with conditions throughout the country.

Senator WATSON. Where is your mill located?

Mr. MOSES. Our headquarters are in Kansas City. We have also headquarters at Wichita, Kans., and operate mills in Kansas and Oklahoma. We buy wheat from the producer, and we have 150 elevators. I am president of the Southwestern Millers' League, the membership of which takes in the States of Kansas, Nebraska, Oklahoma, Missouri, Texas, and Colorado. In that district is produced 40 or 45 per cent of the wheat raised in the United States, and we grind 33⅓ per cent of the flour if we are permitted to grind it. Last year we didn't.

Senator MCCUMBER. Put in the record what you think you ought to have, assuming that it takes 4½ bushels of wheat to make a barrel of flour. At 25 cents a bushel that would be $1.12½ per barrel of flour.

Mr. MOSES. Yes, sir. Understand, however, it requires 6 bushels 2 pounds to produce a barrel of patent flour.

Senator MCCUMBER. That is on the flour and also upon your middlings and upon your bran. How would you divide that so as to give the right proportion to your flour content and the proper proportion to your bran and middlings?

Mr. MOSES. It is rather difficult to divide it at all times so it will work out exactly. I don't think of any scheme other than the ad valorem which would certainly be as just as a fixed schedule on bran and feed.

Senator MCCUMBER. If there is a specific duty on the wheat, why should there not be a specific duty upon the contents of that wheat when ground into flour, bran, or shorts?

Mr. MOSES. It would be all right and satisfactory to us. Figuring at 4½ bushels it would be $1.12½ for flour, or 6 bushels and 2 pounds, $1.51.

Senator MCCUMBER. On the whole thing?

Mr. MOSES. On the flour.

Senator MCCUMBER. On the flour alone?

Mr. MOSES. On the flour.

Senator SMOOT. You mean per hundred?

Mr. MOSES. No; 4½ bushels, about $1.12½; on 6 bushels 2 pounds, $1.51.

Senator MCCUMBER. Would you have anything in addition on your bran and shorts?

Mr. MOSES. Yes. It works out about eight dollars and some cents a ton.

Senator MCCUMBER. That would be equivalent to how much on the short contents?

Mr. MOSES. It would be the same as 4½ bushels.

Senator MCCUMBER. Then you would get considerably more than the mere differential between the importing value of your wheat and the importing value of your flour?

Mr. MOSES. Yes, sir. The idea is this: In figuring the cost of a barrel of flour, if I may explain this briefly, we first multiply the number of pounds or bushels of wheat we use in making a barrel of flour. We usually use 4 bushels and 40 pounds. I use that as a figure. If you use 4 bushels and 30 pounds we take that as the basis.

From that total we deduct whatever we get out of our feed, whatever we get out we deduct from that cost of the wheat. That leaves the cost of a barrel of flour. We never expect to make any money on feed. There is not a miller in the United States that figures any profit on feed. We deduct from our cost of wheat the entire amount we get out of our feed. The competition is so keen that we must do it, with the number of mills that are in the United States.

That results in the cost of 100 per cent flour, 196 pounds to the barrel. To that cost we add our manufacturing and the cost of doing business. The large per cent of the offgrade flours, first clears, second clears, and low clears, is shipped abroad. We export that. The people in Europe do not eat as good flour as we do. The British Isles will take some of our 100 per cent flour, but the Scandinavian countries take that second clear, first clear. All rye-eating countries like to have it to mix with their rye bread. They don't care for color.

We get all we can for that flour abroad to meet the competition of foreign mills. That is where we must sell it. Our people in the United States will not eat it, and we can not grind it if we can not have an export market. We have commenced to build up our exports of this offgrade flour, so that the market is practically relieved of that. We usually figure if we can get what we term cost out of it we are satisfied. It keeps us running. We give credit to the patent flour cost that we sell in the United States all we get out of the exported flour. When we get through we divide that by the percentage of the patent flour, 75 or 65 of 70, some go as high as 80, but I think the average is 75.

Therefore, to the people of the United States our cost, based on the actual cost of doing business, on the actual cost of wheat, means all we get out of brans and shorts, all we get from exporting flour and the offgrades, is credited against the cost of patent flour, and figuring that cost of patent flour delivered to New York or any other destination you include also the cost of the sacks. I guess that is about all. Insurance is a small item.

Senator La Follette. What do you get for a barrel of flour now?

Mr. Moses. It depends on the delivery.

Senator La Follette. What is it in Minneapolis? What is it in Kansas City?

Mr. Moses. Kansas City patent flour is worth about $7 a barrel by the sack.

Senator La Follette. By the sack?

Mr. Moses. Yes, sir.

Senator McCumber. What is the next highest grade worth?

Mr. Moses. That is the highest.

Senator La Follette. $7 for 196 pounds?

Mr. Moses. Yes. Of course, you have to add freight and all that sort of thing to it.

Senator Smoot. What does the wheat cost you?

Mr. Moses. Our wheat is worth to-day in Kansas City, the milling rates are about $1.20 a bushel.

Senator Smoot. That is what I thought. It takes 4½ bushels to make a barrel of flour?

Mr. Moses. Yes, sir.

Senator SMOOT. That is $5.40?

Mr. MOSES. Yes, sir.

Senator SMOOT. Your bran and shorts, 74 pounds, are worth 74 cents?

Mr. MOSES. No, sir.

Senator SMOOT. What is it worth?

Mr. MOSES. Bran is $10 a ton.

Senator SMOOT. That is a half a cent. What are shorts?

Mr. MOSES. Selling about 14, average about 12.

Senator SMOOT. 25 cents, and 24 pounds of shorts. What is the price?

Mr. MOSES. That would be 70 cents. Take off 6 cents for sacks. It figures about half a cent.

Senator SMOOT. 36 cents?

Mr. MOSES. A barrel?

Senator SMOOT. Yes.

Mr. MOSES. All right.

Senator SMOOT. $5.40 and 36 cents, $5.76?

Mr. MOSES. To that must be added the cost of doing business. We are figuring it as $1 a barrel now.

Senator WATSON. The cost of doing business at $1 a barrel?

Mr. MOSES. Yes, sir. Last year at this time it was running $1.40 and $1.50.

Senator SMOOT. That would be 24 cents you would make on a barrel?

Mr. MOSES. On how much?

Senator SMOOT. $5.76.

Mr. MOSES. That is 100 per cent flour.

Senator SMOOT. Yes.

Mr. MOSES. We sell that to-day at $6, maybe less. That is not the patent flour, such as you use.

Senator SMOOT. That is not the patent flour?

Mr. MOSES. No; that is the 100 per cent flour. Now, from that price we deduct the percentage of the three different grades that we export, and the amount we get fluctuates considerably. Say we are making a 70 per cent patent, and we sell the 30 per cent of clear flour abroad. And that we send abroad, the different grades and percentages, is deducted from the $5.76, and afterwards the result is divided by 70 per cent, to give you the cost of the patent flour.

Senator WATSON. What are you selling patent flour for to-day?

Mr. MOSES. About $7 in Kansas City.

Senator WATSON. About $7 in Kansas City?

Mr. MOSES. Yes, sir.

Senator MCCUMBER. And that takes 6 bushels of wheat?

Mr. MOSES. No; 4½. We use 6 bushels of wheat, and you must figure in off grades of flour.

I think, gentlemen, that the ad valorem duty is the proper duty on flour and feed. If you give us $8 a ton on feed, which it figures out here, and bran is worth $10 a ton, that would not be sensible to give a duty of $8 on $10 bran. The consumer of feed is going to buy feed as low as he can.

Senator MCCUMBER. If we give you a duty upon a barrel of actual flour equivalent to the increased duty upon the wheat that goes into that barrel of flour, why would you need any protection upon the bran and shorts to get the proper differential?

Mr. MOSES. I will tell you the reason why. We don't need it, so far as that is concerned, but Canada has a large milling capacity. Their population is very much less than ours, and they have great difficulty in disposing of their feed. We are in direct competition in Canada in the foreign market with our flour, and here you can dispose of your feed, and the cheaper you can sell your flour the cheaper Canadian mills can make a barrel of flour, and the cheaper they can undermine our markets in Europe. If we open the bars to Canadian mills to bring their feed in here, we are building up their milling industry, grinding Canadian wheat, which they will ship across the ocean, and we can not compete with them. It is hard enough right now.

I dislike to take up so much time, but last year at this time our cost of producing a barrel of flour, owing to the light run of about 50 per cent of our milling capacity, largely due to Canadian flour coming into our market, averaged in the United States about $1.50 a barrel. We have to figure that or we will lose our mills. To-day the mills of the United States, owing to the domestic market being ours instead of Canada's, are running practically 100 per cent of our daily capacity, and grinding a barrel of flour for a dollar. The consumers of the United States are saving that 50 cents. We are not making it. Don't get that in your heads, with the competition of 10,000 mills. We can't get together. We might, if we could. The more you can foster the milling industry and give us that home market, the less the cost of flour to the people of the United States compared with the cost of wheat.

Senator CURTIS. What effect will the permission to mills of this country along the border to import Canadian wheat and reexport it have upon you?

Mr. MOSES. We have no objection to that, if section 316 really means as I read it, as it is written here. We don't object to any mill in the United States buying Canadian wheat and grinding it and exporting it, provided that identical wheat products are exported.

Senator MCCUMBER. Including the bran and shorts?

Mr. MOSES. Including the bran and shorts.

Senator MCCUMBER. You are in Kansas City?

Mr. MOSES. Yes, sir.

Senator MCCUMBER. There is a market that is not so greatly affected as the northern market. The hard variety of spring wheat, as a rule, is not raised in any greater quantity than supplies the milling demand in that country. There is very little of our hard spring wheat exported at all, only the very poor grades. It is all used by the mills in the United States. Now, if they can get it right over the line, what effect would that have upon the American mills?

Mr. MOSES. As far as that is concerned, I don't wish to get into any sectional controversy, but we raise a hard winter wheat that we enter into competition with hard spring wheat, and we assure you it is just as good flour.

Senator MCCUMBER. Minneapolis will not come down to Kansas City and buy wheat.

Mr. MOSES. They are getting it right now, carload after carload going to Minneapolis.

Senator McCUMBER. Because they can get it from Canada without paying 25 per cent duty.

Mr. MOSES. Yes; that is, using American wheat. The farmers in our section are getting the benefit of that.

Senator McCUMBER. I admit that; but what I am contending is that they are not injured if you can supply the milling demand at any time by reaching right over across the line and keeping your mills running with Canadian wheat.

Mr. MOSES. If you are thinking a great deal more of their using Canadian wheat rather than American wheat; I am thinking about using American wheat for American consumption.

Senator McCUMBER. If the wheat is free, of course they will use Canadian wheat.

Senator CURTIS. I do not think you understand Senator McCumber's question. He wants to protect American wheat, and is trying to find out the effect.

Mr. MOSES. The effect would be, if they could reach over the line and bring this wheat in, they would not buy our wheat, and our Kansas and Oklahoma and Nebraska farmers that raise hard winter wheat would be compelled to come in actual competition with Canadian wheat growers.

Senator McCUMBER. By the mere grinding alone?

Mr. MOSES. Yes, sir.

Senator McCUMBER. Because they are not going down to your country to get your hard wheat?

Mr. MOSES. No, sir.

Senator McCUMBER. They would go into Canada, which would be nearer, if it was free, and it would naturally drive our wheat down.

Mr. MOSES. It would. Of course, all former tariff laws in the United States always protected wheat to the extent of 25 cents a bushel and $1.25 on flour. There is a very short clause on the grinding of wheat in bond, or any other raw material, and the identity of the product must be maintained.

Senator McCUMBER. Which is not followed out in fact.

Mr. MOSES. Not always; but they police it pretty well.

Senator WATSON. Under the system of American valuation, you could get out the American value of that product?

Mr. MOSES. Yes. It appears to me that the ad valorem duty would protect our wheat, with the fluctuations up and down in the wheat market, better than the specific duty, if the feed is protected by specific duty. Take this as it is written now, at practically a dollar a barrel, and it is sufficient to protect us, if the feed is high enough to keep out the Canadian wheat, with the exception that we would be subjected to occasional raids of Canadian flour coming over, particularly in New York and New England.

It might be interesting to you to know that we have figured out from our different capacity mills that to shut down a mill one day on account of lack of orders, and we did it several days last year, costs us for a 500-barrel mill $385, and we discharged every man we could get rid of except the force of skilled labor that we must maintain. That runs on up in a 2,000-barrel mill. I think a 2,000-barrel mill costs $1,200 a day to shut down. We have to keep our salesmen on the road to sell more flour. We have to keep our millers and our engineers and all our help that we can not replace by going to the ordinary labor market, and to avoid shutdown for a day the mills all fight. A miller will sacrifice his goods rather than do it. If Canada gets a shortage of orders and they can ship over into this country, they may pay you a dollar a barrel rather than shut down. They would not make any money, but they would supply that much of our market with Canadian flour ground out of Canadian wheat, and I don't want to see it. We can raise enough wheat in this country to more than supply our people. Our milling facilities are superior to those of any nation in the world. I think our operators are as economical as any, and by statistics furnished by the Federal Trade Commission it is the fourth and fifth largest industry operated with a less per cent profit, preceding the war, than any industry. It is a highly competitive industry. There is never such a thing as a price agreement made that I know of. I have lots of personal friends in the milling business, but when we get in competition with a brand of their flour it is all forgotten. We have less excess milling production, compared with the requirements of the consumer of flour on the domestic market. We should export 30 per cent of our run.

They are rapidly getting hold of a foreign market again, and I believe we can in that way not only increase the average price to the farmer, because it is better for the farmer to have a buying power of seven or eight thousand mills rather than a few exporters, but you will give employment to American labor in grinding the wheat and supply the dairy interests with a large volume of mill feed at a lower price, and that should make milk and butter cheaper.

We believe this is an essential industry, a semipublic utility, and that you should consider not only our needs as millers, but the effect it has upon not only the producer, but the consumer, to keep us running. If you keep us running we will furnish the people of the United States with the cheapest flour of any people on the globe. If we are shut down half the time and you let foreign flour be dumped in here, the consumer must pay the price and we will go broke. We are trying not to go broke. It is pretty hard work to figure it out. Last year the backbone of the United States market was broken by Canadian wheat and flour. In one day it went off 25 cents a bushel on account of flour going to New York City and the New England States.

STATEMENT OF A. P. HUSBAND, REPRESENTING THE MILLERS' NATIONAL FEDERATION, CHICAGO, ILL.

Mr. HUSBAND. Mr. Chairman and gentlemen, we submit for your consideration the following resolution, adopted by a committee of the Millers' National Federation, appointed to represent the millers of the United States in tariff matters [reading]:

Resolved, That we favor a specific duty on both wheat and flour, and that the specific duty on a barrel of 196 pounds of flour shall be four and one-half times the specific duty on 1 bushel of 60 pounds of wheat plus 50 cents.

The CHAIRMAN. For whom do you speak?

Mr. HUSBAND. For the Millers' National Federation. There are present to-day Mr. L. E. Moses, president of the Southwestern Millers' League, Kansas City, Mo.; Mr. W. V. Hamilton, president of the New York State Millers' Association, Caledonia, N. Y.; Mr. George P. Urban, of Buffalo, N. Y.; and Mr. C. M. Cochran, who are members of the New York State Millers' Association, all being members of the Millers' National Federation.

Mr. Chairman, I have prepared a short brief which, with your permission, I will present.

Senator SIMMONS. Can not the witness state to us what he wishes to present?

Mr. HUSBAND. I can do that; yes, sir.

The CHAIRMAN. You can file a brief and state in a few minutes the points you wish to bring out. That will make a better impression.

Mr. HUSBAND. All right. Some representatives of the millers appeared before your committee in August and at that time made a statement that an ad valorem duty on wheat flour would be satisfactory. At that time they were dealing with a theory; to-day we are dealing with conditions. The importations of Canadian flour into the United States for December, 1920, reached the point of 226,772 barrels of wheat flour. That went down to 118,000 in April, 1921, when consideration was being given to the emergency tariff bill, and went down to 6,000 barrels in June when the emergency law was in effect. Within a few months the Canadian millers discovered that it was possible——

Senator SIMMONS. You are comparing the month of June in each of these cases or comparing some other months with the month of June?

Mr. HUSBAND. No, sir. I was going to state to the committee the figures given by the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, covering the crop year 1920.

The Canadian millers apparently discovered that under the ad valorem system of assessing the tariff they could base the tariff on flour at the principal markets in the country in which it was produced, which in the case of Alberta was very much lower than the duty that we would have to pay upon the amount of wheat necessary to make a barrel of flour. The lowest possible amount that it is possible to use for the production of a barrel of 196 pounds of flour would be 4½ bushels. We were down to that during the war; that is the minimum; to import that much wheat——

Senator LA FOLLETTE. What is the average?

Mr. HUSBAND. The average would be nearly 5. Taking the smaller mills throughout the country, I think it would be quite 5, if not over, because their machinery is not as efficient as in the commercial mills. That meant the miller importing that much wheat would have to pay $1.57½.

We took a transaction in Canadian flour in Boston in the latter part of November of a sale at $7.50 Boston, duty paid. That was Canadian flour, and that was as near as we could average it up, from 80 cents to $1 below what United States flour was being offered for in Boston at that time.

Senator WALSH. Including freight from the West?

Mr. HUSBAND. Yes, sir.

Senator WALSH. How much was that freight?

Mr. HUSBAND. The freight item from the West, from Minneapolis to Boston, say, was about $1 a barrel.

Senator WALSH. What was the freight from Canada?

Mr. HUSBAND. More than a dollar.

Senator WALSH. It was more than a dollar?

Mr. HUSBAND. Yes, sir; considerably more than a dollar. We figured as near as we could that that milling company paid 90 cents a barrel tariff duty upon that flour. It is seen that when they discovered that fact the importations of Canadian flour to the United States rose from 3,500 in September of this year to 45,738 in October. I tried to get the figures from the department for November, from the Bureau of Foreign and Domestic Commerce, but could not do so.

Senator MCCUMBER. What was the number imported the previous October?

Mr. HUSBAND. The previous October, when we had free trade, it was 163,312, but it had gone down in July in the meantime to 2,270 barrels under the application of the emergency tariff. It is currently reported by men in the business that there was made a sale last Friday in New York City of 100,000 barrels in one lot of Canadian flour. If the tariff on that is paid at the source of production it will probably work out not much better to the advantage of our taxes, of our import duties, or to the American miller, than previous sales in the form of flour, and if it works out on the same basis it would come in on the basis of from 18 cents to 19 cents a bushel on the wheat involved, instead of the 35 cents that it should have paid.

Senator SIMMONS. What is it you want?

Mr. HUSBAND. We want a specific duty on both wheat and flour, and that the specific duty on a barrel of 196 pounds of flour shall be four and one-half times the specific duty on 1 bushel of 60 pounds of wheat, plus 50 cents.

Senator SMOOT. Plus 50 cents a bushel?

Mr. HUSBAND. No; 50 cents a barrel.

Senator SIMMONS. What will that amount to?

Mr. HUSBAND. That will amount to $1.62.

Senator WALSH. How much is that over the present emergency tariff rate?

Mr. HUSBAND. The emergency tariff act provides for a specific duty of 35 cents a bushel on wheat imported into the United States and an ad valorem duty of 20 per cent on wheat products. That is not protecting us sufficiently, and that is the cause of our distress.

Senator WALSH. How does this work out?

Mr. HUSBAND. It would work out that, even with the difference of exchange, we would be amply protected under our proposed change.

Senator WALSH. How much more will the Government collect per barrel for duty over and above what it collects now, if your recommendations are adopted?

Mr. HUSBAND. You will understand that flour is made all over Canada. It is not confined particularly, but naturally the western Canadian flour mills who are selling flour in the United States will ship the flour from a point farthest west so that it will pay the lowest tariff, which on the present basis would be about 90 cents.

Senator WALSH. You figure that the Canadian millers without any tariff can undersell you a dollar now?

Mr. HUSBAND. Yes.

Senator WALSH. Why is not a dollar enough tariff? You know, I am from Boston.

Mr. HUSBAND. Yes, sir; and Boston has been the sore spot in that it has been the dumping place, if you will pardon the use of that word; they are dumping flour in there at low prices which we can not meet. The facts of the matter are that our industry is not in good shape. I am sorry to say that there have been several rather serious failures within the last few weeks, and the Canadian miller very much dislikes to give up the United States market which he enjoyed under free trade.

Senator SIMMONS. Would you not very much dislike to give up the foreign markets you enjoy?

Mr. HUSBAND. I certainly would, Senator, and I expect our Government to help us keep those foreign markets.

Senator SIMMONS. How are you going to keep them if you do not let the foreigner sell in this country?

Mr. HUSBAND. Well, you gentlemen appreciate, of course, that every time you hit us you are hitting the farmer through us.

Senator SIMMONS. Is not that true of you, if we hit the farmer?

Mr. HUSBAND. That is only exceptional.

Senator SIMMONS. If the farmer comes here and demands a prohibitive duty upon everything he produces, do you not expect that everybody will follow suit and demand a prohibitive duty upon everything he produces, and then we will have a wall against any influx of foreign goods of any kind; and do you not think that would have a very disastrous effect upon your keeping those markets outside, which you say you so much want?

Mr. HUSBAND. Senator, that is purely a question for the economists, I think.

Senator SIMMONS. It is a very serious question for this committee. I want to ask you this question. I do not know whether I have understood you, but, as I understood, you wanted a specific duty on flour which would amount to $1.62 a barrel?

Mr. HUSBAND. At the present basis of wheat that is what it would amount to.

Senator SIMMONS. And then you want in addition to that 50 cents ad valorem?

Mr. HUSBAND. No. We are through with ad valorem; we do not want to consider that now; $1.62 is the full duty asked.

Senator SIMMONS. Then 50 cents a barrel. What is that 50 cents a barrel reduced to ad valorem?

Mr. HUSBAND. I could not tell you that.

Senator SIMMONS. What is the ad valorem specific?

Mr. HUSBAND. On a barrel of flour?

Senator SIMMONS. Yes.

Mr. HUSBAND. As near as we can get at it, the Canadian manufacturer of flour in Calgary to-day pays 90 cents a barrel duty.

Senator SIMMONS. You add 50 cents to that and you have $1.40. Do you think that would keep out all Canadian flour?

Mr. HUSBAND. Three months ago we felt it would; now we do not.

Senator SIMMONS. What I am getting at is that you want to keep all Canadian flour out?

Mr. HUSBAND. Personally I should like to keep it out.

Senator SIMMONS. You think that will keep it out?

Mr. HUSBAND. We think, after due consideration, that the tariff asked for here would certainly keep much of it out.

Senator SIMMONS. All of it?

Mr. HUSBAND. It might.

Senator SIMMONS. Then, what you are asking is not a duty; what you want is an embargo?

Mr. HUSBAND. What we are asking for is a protective duty.

Senator SIMMONS. What you said would make it amount to an embargo. Does protection in your mind mean an embargo; is that your definition of protection?

Mr. HUSBAND. I consider, sir——

Senator SIMMONS. I want to know whether you want a protective duty, or whether you want an embargo; whether you want a duty so high that the Canadian can not get over the wall?

Mr. HUSBAND. So far as wheat flour is concerned, we feel that the over capacity in the milling business in the United States is so great that we are entitled to furnish to the people of the United States every barrel of flour they need.

Senator SIMMONS. Are you any more entitled to that than the producer of any other article that has any competition?

Senator WALSH. Is not what you are asking for an embargo?

Senator SIMMONS. If you are entitled to that, every other man who manufactures any product in this country which comes in competition with a foreign product sold in this country would be entitled to the same thing.

Mr. HUSBAND. Senator Simmons, answering your question, I was born and raised in Pennsylvania.

The CHAIRMAN. I never knew any Pennsylvanians who asked for that kind of protection. [Laughter.]

Mr. HUSBAND. Gentlemen, we come to you frankly asking you for what we consider is a protective tariff for our industry against our Canadian competitors.

The CHAIRMAN. A protective tariff is usually considered to be one equalizing conditions; but you are asking for a prohibitive tariff, an entirely different proposition.

Mr. HUSBAND. The equalizing condition should take into consideration the difference in the value of the American and the Canadian dollar, among other things.

The CHAIRMAN. That is a matter we hope to get adjusted.

Mr. HUSBAND. That is a factor that we are meeting to-day.

Senator LA FOLLETTE. What is flour selling for per barrel in this country now?

Mr. HUSBAND. I will have to ask some of the millers. I do not know. I will ask Mr. Moses to tell you that.

Mr. L. E. MOSES. The ordinary grade of straight American flour that is being offered in the New York market, which is the largest market, to-day is about $6.25 sacked.

Senator LA FOLLETTE. A barrel?

Mr. MOSES. Per barrel, sacked and delivered to New York.

Senator MCCUMBER. That is a competitor with spring wheat?

Mr. MOSES. That is a competitor with spring-wheat flour manufactured in North Dakota.

Senator MCCUMBER. What is the price of spring-wheat flour?

Mr. MOSES. About $1 over that; $7.25.

Mr. HUSBAND. Mr. Moses has just reminded me of one thing to make clear to you, as to approaching the matter of equalizing the duty on the basis of 4½ bushels. That does make a bushel of flour such as we used during the war, but the character of flour the Canadians are shipping in here represents the patent-flour content of about 6 bushels. That is a little technical and had better be handled by some of the practical millers, rather than by myself.

Senator McCUMBER. Do you export flour?

Mr. HUSBAND. Yes, sir; we have been fortunate in exporting flour, owing to the active cooperation of the United States Shipping Board, in that they have given us a rate on the finished product as against wheat that has permitted us to resume rather largely the exportation of flour.

Senator SIMMONS. Where do you send it?

Mr. HUSBAND. Pretty well all over the world.

Senator McCUMBER. Do you export spring-wheat flour?

Mr. HUSBAND. Yes; all characters of flour.

Senator McCUMBER. What proportion of the exports of spring-wheat flour is made from Canadian wheat that is manufactured in bond?

Mr. HUSBAND. I could not tell you that offhand.

Senator McCUMBER. That, of course, pays no tariff.

Mr. HUSBAND. That does not pay any tax under present conditions.

Senator McCUMBER. Except 1 per cent?

Mr. HUSBAND. Yes.

Senator McCUMBER. There is considerable of that done, is there not?

Mr. HUSBAND. I do not know that it is a very important factor. I know of only one mill of any size that is at present grinding in bond; that is the Washburn-Crosby Co. I do not know whether they have more than one of their plants in bond.

Senator McCUMBER So that they can under the present law, under the provision as to grinding in bond, practically supply all the export flour from Canadian grain?

Mr. HUSBAND. Well, no. You will understand that a great deal of our export business comes from the great Southwest.

Senator McCUMBER. But I am speaking now of the spring-wheat product; the spring wheat itself, as I understand it, is not exported to any great extent. A very small percentage is exported in the form of wheat as macaroni and some of the lower grades, but the good spring wheat raised in the United States is mostly made into flour in the United States, and the spring-wheat flour that is exported is mostly made from Canadian wheat ground in bond.

Mr. HUSBAND. I do not believe that is correct.

Senator McCUMBER. Why should it not be correct if you can purchase in the United States that product at a price less than the American product? If they are both on the same basis, of course there can be no object in doing that, but if the American wheat should rise a little above the Canadian price so it would be profitable to import and grind in bond, then, of course, all ground in bond which was exported would be Canadian grain, because it would be profitable to do that.

Mr. HUSBAND. All the grinding in bond? You are incorrect in stating that practically all the spring wheat went to be ground. There are millions of bushels of it brought through Duluth and other ports that go out as wheat.

Senator McCUMBER. Yes; but that is not what we call the cleared variety; that is macaroni and some other lower varieties; but the good milling wheat that makes the higher grade flour is practically all ground and used for home consumption, is it not?

Mr. HUSBAND. Millers have to pay a premium for that, because they have to bid against the exporter for it.

Senator SIMMONS. What did I understand you to say were the importations of flour last year?

Mr. HUSBAND. I did not total it. We figured the importations of flour from Canada for the crop year. That would be from September to the end of August, and I think it figured something like 1,200,000 barrels, or something like that. The statement was made that it represented 7 per cent of the flour production of Canada that was exported into the United States for the crop year beginning September, 1920, and ending August, 1921, and in three months of that time it was down very low.

Senator SIMMONS. During the 10 months of 1921 the imports are given as follows: Free, 767,805 barrels; dutiable, 57,705 barrels. That would make a little over 800,000 barrels that were imported during the first 10 months of 1921. Now, the exports of flour for the first 10 months of 1921 are given at 14,540,000.

Mr. HUSBAND. Yes, sir; we have been 40 years developing that market abroad.

Senator SIMMONS. Now, I see that of these exports 66,000 barrels were sent to Canada.

Mr. HUSBAND. That is a situation arising from the fact——

Senator SIMMONS. It is very peculiar.

Mr. HUSBAND. Not at all, Senator; you can make certain crackers or biscuit only from our soft wheat flour.

Senator SIMMONS. The countries to which these 14,540,000 barrels of flour were exported during the first 10 months of this year are practically all the countries of the world, as you said a little while ago. Now, when you export your wheat to all these countries—Austria, Belgium, Denmark, Norway, the Netherlands, the United Kingdom, Canada, and Europe, and so on—you have to sell that in competition with Canadian flour and with flour produced at almost any other place in the world, do you not?

Mr. HUSBAND. Yes, sir.

Senator SIMMONS. Are you able to send it out and distribute it all over the world and compete with all these flours produced in all these places, and are you able to make any profit on that?

Mr. HUSBAND. The average miller does not figure on making any profit on the export business. The average miller figures that by means of his export business he gets a larger percentage of run for his plant, reducing the overhead not only on his export business but on his domestic business.

Senator SIMMONS. If the exportation of this 14,000,000 barrels was stopped, would it hurt you at all?

Mr. HUSBAND. You will understand that the American people demand and do get the highest character of flour that we can make for them, and in making that high-grade flour we make what is called clears, lower grades of flour, such as Europe is hungry for to-day, and our export business is made up largely of flour of that character.

The CHAIRMAN. How does that differ from the superior article furnished to the American consumer?

Mr. HUSBAND. If the war flour, such as we had, would stand as a type, that is what we use largely to export, and we extract the better particles of the wheat and manufacture the patent flour for domestic trade.

Senator SMOOT. You get more pounds of flour out of a bushel of wheat that way than if you ran it straight through?

Mr. HUSBAND. I do not quite catch your meaning, Senator.

Senator SMOOT. With a lower grade of flour you can make more pounds of flour out of a bushel of wheat?

Mr. HUSBAND. Yes, we ran that very closely during the war.

Senator WALSH. The flour you export is more bran and shorts?

Mr. HUSBAND. No; the bran and shorts are taken out, but they are inferior flours from the American standpoint. They are dark, in the first place.

Senator LA FOLLETTE. Has it more gluten in it?

Mr. HUSBAND. My friend Mr. Moses can relieve me on the technical part.

Senator WALSH. Do you export any flour that is sold in the American market?

Mr. HUSBAND. Oh, yes.

Senator WALSH. Do you export that same flour at a lower price than it is sold for in the American market?

Mr. HUSBAND. I have done so in my experience as an exporter, for the reason that it costs so little to sell it. I have sold as high as 20,000 barrels and it cost me only 72 cents to sell it by cable, whereas it would have cost $2,000 in this country for brokerage.

Senator SIMMONS. I notice you exported during the first 10 months of this year to the United Kingdom 3,767,244 barrels and to Europe 1,450,348 barrels. You do not mean to tell the committee that the United Kingdom uses a very inferior kind of flour, do you?

Mr. HUSBAND. The United Kingdom imports considerable quantities of clear, Senator, very large quantities of clear.

Senator SIMMONS. Do not they buy in that country proportionately as good a grade of flour as our own folks do?

Mr. HUSBAND. No, sir; none of those countries do.

Senator SIMMONS. There are a great many folks over there that want a good grade of flour and would be willing to pay for it?

Mr. HUSBAND. I think so, and unfortunately for us the British miller is grinding it for them out of our American wheat taken over at lower freight rates than we can get on flour.

Senator MCCUMBER. How is it that the Canadians can import the flour for a less price than you are able to manufacture it; does he pay less for his grain?

Mr. HUSBAND. Well, sir, I saw a statement some time ago that during November mills in the western part of Canada were paying 74 cents for No. 1 northern to the farmer. You are from a wheat country, Senator?

Senator MCCUMBER. That, of course, is very much less than the American product, and less than we would like to see the Americans have to take. Also their No. 1 northern is of a little higher standard grade than the American No. 1 northern of the same wheat, because they require a higher grade in Canada than in the United States?

Mr. HUSBAND. Yes, sir.

Senator McCUMBER. Can he manufacture any cheaper?

Mr. HUSBAND. I think he can, sir.

Senator McCUMBER. Is his labor less?

Mr. HUSBAND. It is commonly said to be somewhat less than ours.

Senator McCUMBER. He has to ship it considerably farther if it is raised in Alberta or western Manitoba. What are the freight rates?

Mr. HUSBAND. He pays his freight rates in Canada to the point on the border in Canadian funds; and that is somewhat to his advantage.

Senator McCUMBER. Can you say what elements make up the account which enables the Canadian miller to sell his product in Boston for $6 and how much?

Mr. HUSBAND. $6 this last sale. It has only been within two or three weeks that this situation has been brought to our attention. We have not been able to definitely determine the cause for that.

Senator McCUMBER. He pays a tariff at the present rate of how much per barrel?

Mr. HUSBAND. Ninety cents, back in Alberta. Senator Simmons, can I say to you, on the export business, that beginning with 1880 the American flour-milling industry has exported flour every year, and in only 9 years of those 41 has that export fallen below 10,000,000 barrels.

Senator SIMMONS. But we allowed some imports during those years.

Mr. HUSBAND. I think the imports during those years were very small.

Senator SIMMONS. They are very small now.

Mr. HUSBAND. But they are getting larger.

Senator SIMMONS. You said a while ago you wanted to give me some additional information. What did you say you were selling your flour for?

Mr. HUSBAND. Mr. Moses will answer that.

BRIEF OF A. P. HUSBAND, REPRESENTING THE MILLERS' NATIONAL FEDERATION, CHICAGO, ILL.

We submit for your consideration the following resolution, adopted to-day by a committee of the Millers' National Federation, appointed to represent the millers of the United States in tariff matters:

"*Resolved*, That we favor a specific duty on both wheat and flour, and that the specific duty on a barrel of 196 pounds of flour shall be four and one-half times the specific duty on 1 bushel of 60 pounds of wheat plus 50 cents."

The duties as provided for in the "emergency" tariff act have been in operation for a sufficient time to determine, in a measure, their workability and adaptability to the needs of the wheat producer and wheat flour miller, as to protection intended by Congress in passing that act. The administration of an act of Congress has such far-reaching effect that full determination of results can only be ascertained after such an act has been operative for a sufficient length of time to carry through a season or period of commercial activity.

It is a recognized fact that the determining factor in marketing wheat is the flood supply that flows to market directly after harvest. Therefore at the time the information and testimony, either verbal or written, heretofore submitted by the millers of the United States to the committees of Congress when considering a duty on wheat and wheat flour, such testimony was based upon their best judgment at that time, without advance knowledge of merchandizing and trade conditions that might arise during a subsequent marketing season or period.

The emergency tariff act provides for a specific duty of 35 cents a bushel on wheat imported into the United States and an ad valorem duty of 20 per cent on wheat products. Based upon the heretofore higher prevailing prices on wheat and wheat products, such ad valorem duty, if applied to the delivered price at port of entry, did appear to the millers of the United States as a partially commensurate tariff duty. An ad valorem duty on wheat products appeared to many millers to be the satisfactory method, based upon previous marketing and world conditions, but owing to the many factors that now exist, both commercially and financially, the millers of the United States, through the accredited Millers' National Federation, respectfully request of you to reconsider the testimony and information that has been given from time to time by various millers of the United States, wherein an ad valorem duty was advocated, and provide in the bill now under consideration by the honorable Senate Finance Committee, in lieu thereof, a specific duty that is commensurate with the duty on wheat.

To adequately protect the American wheat grower a full commensurate duty on wheat flour must be provided for in the tariff bill under consideration. Without such a fully commensurate duty on wheat flour, based upon the present actual marketing conditions the protection intended to be given the American wheat farmer becomes ineffective, because Canadian flour is being imported at a lower rate of duty than that applied to wheat.

The people of the United States demand and consume the best grade of flour that can be manufactured from wheat. To manufacture a barrel of 196 pounds of such a grade of flour requires approximately 6 bushels of wheat; therefore the requested tariff duty on a barrel of wheat flour is no more than compensatory.

In the manufacture of the high-grade flour demanded by our people there is produced a lower grade, of approximately 25 per cent, which is exported to the various countries of the world that do not demand or use the high-grade flour as consumed in the United States. In exporting this lower grade of flour we are compelled to enter into price competition with the world, therefore 25 per cent of the wheat that is ground by the American mill finds its way into the export trade, and to a great extent goes to make up the total of wheat flour that is annually exported out of our surplus wheat production. The flour that is exported by the American miller finds its way into all parts of the world, and is not confined to the principal terminal wheat and milling markets, as in the case of wheat exportation. Such flour exportation brings the possibility of constant demand instead of seasonal requirements, and is an important factor in settling balances of trade with nations with whom we have commercial dealings.

The American milling industry is fourth in importance in the United States, and is not confined to any particular section of the country.

It is of supreme importance to the milling industry that our domestic demand for wheat flour be supplied by American mills that utilize American labor, American manufactured supplies and grind American grown wheat. Our industry reflects to the prosperity of almost every interest in the United States. The 10,000 American mills are in competition for their wheat supplies, thus insuring a better price to the American wheat grower than could be obtained if such price should be determined only by the export wheat demand.

The supplies that the American miller will ordinarily require in machinery, fuel, and the requirements of a thorough merchandising system creates an immense demand upon other American manufacturers and dealers. The skilled and semiskilled labor required by the American mills gives employment to thousands of intelligent American workers, operating under the best possible factory working conditions and environment.

The cotton grower of the South is keenly interested in the industry, as a large percentage of wheat flour is packed in cotton sacks, thus insuring a constant and dependable demand for a considerable portion of the yearly American cotton crop.

The power required for the operation of American mills insures a fuel consumption that is an important item to those engaged in such enterprise.

We feel justified in respectfully petitioning Congress to adequately protect the American milled wheat flour on the same basis as American grown wheat is protected, with the full knowledge that such protection, if granted, will not only be a benefit to the American wheat grower and the American miller, but the general consuming public as well.

Wheat and wheat flour imports into the United States from Canada.

[United States Department of Commerce, Bureau of Foreign and Domestic Commerce.]

	Wheat.	Wheat flour.		Wheat.	Wheat flour.
1920.	*Bushels.*	*Barrels.*	1921—Continued.	*Bushels.*	*Barrels.*
September	1,842,383	14,299	March	2,671,043	174,459
October	9,800,438	163,312	April	4,564,542	118,069
November	9,522,572	201,668	May	1,902,667	47,851
December	11,185,112	226,772	June	89,695	6,287
			July	713,669	2,270
1921.			August	239,556	3,693
January	4,504,856	220,436	September	81,027	3,502
February	4,403,710	202,324	October	878,115	45,738

WASHINGTON, D. C., *December 15, 1921.*

Hon. WILLIAM M. CALDER,
United States Senate.

DEAR SENATOR CALDER: I have been informed by some of those present when I testified before the Senate Committee on Finance to-day that I consented to a statement made by Senator Simmons that we (the millers) were asking for a prohibitive duty or a duty equal to an embargo on flour.

I did not so intend, as I believe such a duty as we have asked on flour would not be "prohibitive" or constitute an "embargo," but would only afford the millers of the country the protection they should have.

I desire that the official record of the Finance Committee of the Senate be corrected to indicate that we asked only for a "protective" duty.

Very truly, yours,

A. P. HUSBAND.

ADDITIONAL STATEMENT OF L. E. MOSES, PRESIDENT SOUTHWESTERN MILLERS' LEAGUE, KANSAS CITY, MO.

Mr. MOSES (answering questions for Mr. Husband). The southwestern millers make their high-grade flour out of the southwest hard wheat, which flour now sells for $6.25, packed and delivered in the New York market.

Senator SIMMONS. The average export price, according to the figures I read a little while ago, for 14,540,578 bushels was $104,567,661. I am told that the average price received, according to these figures, for this flour that you exported was $7.30.

Mr. MOSES. I did not want to interrupt Mr. Husband's testimony, but as an exporting miller I thought I could advise you on that better than he could.

Senator SIMMONS. That is exactly what I want, some reliable information about that.

Mr. MOSES. We do export what we call a high-grade flour to those markets which demand a high-grade flour compared with other markets. About 50 per cent of the flour that the United Kingdom buys from us is what they term a "patent" and what we term a "straight," the other 50 per cent is made by the American mills as an offal from the grade of flour that our American people consume. Is that clear to you?

Senator SIMMONS. Yes.

Mr. MOSES. The average patent flour consumed in the United States is about 75 per cent of the better part of the entire run of flour made in the American mill. It is separated by machinery out of the same wheat. It does not take any shorts or bran; it is simply a mechanical manipulation of the flour, of the entire 100 per cent production. We cut off 75 per cent, on the average, of the best part of that flour and sell it to our American people. That is what they demand. There is very little demand for 25 per cent offal flour. That is where these spring-wheat millers export the part of the spring-wheat flour raised in your State, Senator McCumber, in this clear grade flour produced in making the high-grade flour which they sell to the American people. Without the high-grade market we can not produce the 25 per cent offal grades. If we do not produce that grade and meet the demands of the foreign trade, our exportation of flour will decrease very rapidly. Therefore, we are asking you what we need to allow us to supply the American market with American flour ground in American mills and produced from American wheat.

Senator SIMMONS. Could you tell us the average price of flour, taking all grades. The average price of the exports I have given you; could you give the average price of flour here?

Mr MOSES. It would be an average, but would not be reliable information. The flour that is consumed in the Scandinavian countries is of still lower grade than the 25 per cent. We divide the 25 per cent into two grades, first and second clear. Certain countries will take the second clear.

Senator SIMMONS. I am not talking about the average sold abroad, because these figures give that. I am trying to get the average price in this country.

Mr. MOSES. Our price in New York to-day would be somewhere around $6.25 for Southwest flour and $7.25 for Northwest flour of like extraction. So that is the average price. What we supply to the family trade, the better grades, would run about 75 to 80 cents increased price over the price I stated. In other words, to make this higher grade it costs about 75 to 80 cents more than to make the straight grades. That is due to the fact that we get all we can out of the export trade, where the lower grade must go, and give the benefit of that to our American consumer.

Senator SIMMONS. That is what puzzles me. According to your statements and figures as to the average price, you are getting a little more for flour that you export then you get for the flour you sell here.

Mr. MOSES. That is sometimes the case. This year our firm has succeeded in selling abroad certain sales at a little higher price than we were asking our domestic market. We do not hold up our domestic market. If I may digress a little further, the higher percentage of capacity that a mill can run the lower the cost element.

Senator SIMMONS. If you get $7.30 in the markets of the world where there is universal competition, and that is a satisfactory price to you, it does not seem to me that you would need so much protection in the home market. It surely does not seem to me that it presents ~~a~~ situation where you have the right to come here and ask for a prohibitive rate.

Mr. MOSES. We are not asking for a prohibitive duty.

Senator SIMMONS. Mr. Husband admitted that was what he wanted.

Mr. MOSES. He is pretty well posted, but he is not a miller. The idea is this: In our price of flour 90 per cent of the cost is raw material, not taking into consideration the sack or transportation charges.

Therefore, the average price depends upon the price of the wheat that we pay to the American farmer. That is the controlling factor. Wheat has gone down in the last ~~two~~ or three months from what we first paid the farmer at the beginning of the crop. Therefore, the prices to-day would not reflect the average price we have gotten this year. We are compelled to ask for our flour based upon the price we pay the American farmer for his wheat. If wheat would go up, our price would increase, and if wheat would go down, our price would go down. Therefore, there is no such thing as an average price, without taking into consideration the average price of wheat. It is not like manufactures where their principal cost of manufacture is labor. Our principal cost is the raw material.

The greatest item of expense we have is the overhead; that is a fixed charge that we must have to keep our organization together. If we do not run we have got to keep that help, and the greater capacity we can run the cheaper we can make a barrel of flour, and the cheaper we can make a barrel of flour the cheaper we can sell it to the people of the United States. Without this American market our run is going to be reduced, and the cost of our product to the people of the United States is going to be increased absolutely.

In asking this extra duty of 50 cents, I wish to say that it is protective and not prohibitive. It is a protection against Canadian millers coming in at certain seasons and dumping their stuff on our market regardless of cost. We do not believe it is fair that they should be permitted to do it. The 50 cents extra, with this four and a half times the duty on wheat will no more than prevent that dumping at seasonal periods. I think I am correct in stating that their cost of doing business is less than ours, that their scale of wages is less than ours. I know it is, even on the same basis, so long as they pay their labor in Canadian currency compared with our American dollar.

Senator SIMMONS. Do you export any yourself?

Mr. MOSES. Yes, sir; we are one of the heaviest exporters in the United States.

Senator SIMMONS. Would you be seriously hurt if you lost that business?

Mr. MOSES. Very much. The people of the United States would be seriously hurt. It would increase the cost of our manufacture 30 per cent over and above what it costs now, on account of a limited run. Our overhead will go on just the same.

Senator SMOOT. And taxes and such items as that.

Senator SIMMONS. You do not want to lose the export business?

Mr. MOSES. We certainly do not. The American industry has been built up on the export business.

Senator MCCUMBER. If you did not export any of your flour there would be so much more wheat that would be ground for flour in this country that it would depress the price of wheat?

Mr. MOSES. It would; naturally.

Senator MCCUMBER. There have been times in the last 15 or 20 years in which millers, in order to hold the European markets, have been compelled to sell at a loss?

Mr. MOSES. To keep running. That is an involved statement. It would reduce our total expense per barrel. At times it is advisable for us to take a large order if we can get it which might be near cost, to reduce the entire cost of all the flour that we make, both domestic and export. We attempt to get a little profit out of the export business.

Senator McCUMBER. I was informed some years ago by the Minneapolis millers that at one particular season when the price of flour was very low in Europe they had lost about 10 cents a barrel on their entire exports for that year.

Mr. MOSES. It would be economically sound for them to do so. It would reflect to the prosperity and benefit of the general public of the United States for them to lose that. It would make their average cost 15 cents a barrel cheaper to keep that volume of business, which would necessarily otherwise be taken up by the consuming American public in the price of the flour.

Senator McCUMBER. They had to consider this, that if they once lost that foreign market it would be very difficult to regain it?

Mr. MOSES. It would be. We have had very hard work this year to reestablish our brands, but I believe as a whole we have done very well. We have only felt the competition of Canadian flour in this market in the last 60 days. This reported sale of 100,000 barrels of flour means nearly 500,000 bushels of American wheat that should be consumed by the people of the United States, ground in American mills with American labor, instead of Canadian wheat ground in Canadian mills with Canadian labor. That is all there is to it, gentlemen. Which do you wish to sustain?

Senator WALSH. In other words, up to October 1 your industry considered that the rate in the emergency tariff was sufficient, and it did succeed in keeping out Canadian flour. Since October 1 there have been such shipments of Canadian flour that you are frightened and want an increased rate?

Mr. MOSES. Based upon our past best judgment prior to the war we thought a 20 or 25 per cent ad valorem duty would protect our flour market, but owing to the exchange situation and the application of the emergency tariff by the Treasury Department in assessing that duty f. o. b. the mill instead of ports of entry, or upon mill valuation instead of American valuation at ports of entry, as Mr. Husband has stated, the duty paid on wheat shipped into this country in the shape of flour has only been one-half of your wheat tariff. In other words, when shipped in here, as near as we can figure, it pays a duty of about 18 cents a bushel instead of 35.

Senator WALSH. And that is due to what you think is a wrong interpretation of the Treasury officials?

Mr. MOSES. I would not wish to criticize them. They claim that is the law and they have no other recourse but to go according to the law. If that is the law they must follow it; they can not change it.

I appeared before you last August with Mr. Goetzmann, the president of the Millers' National Federation, and made a statement which I wish to withdraw, that if you could not make a specific tariff we would accept 25 per cent ad valorem as a substitute. During the past three months, under the method of valuation of the Treasury Department, 25 per cent ad valorem would not protect the American miller, compared with a tariff that you should put on wheat. We are asking 50 cents extra, over and above the usually accepted factor of 4½ bushels to make a barrel of flour, simply as protection against dumping in seasonal periods, which has occurred in the United States market.

Senator WALSH. That is what happened in the last 60 days?

Mr. MOSES. Yes, sir; and will happen every year. We want this market. Until the Canadian flour came in here our mills were running on an average of 90 per cent capacity, which allowed us to reduce our cost of operations, and that was reflected to the American market. To-day we have declined to about 62 per cent.

Senator WALSH. How much has this dumping reduced the price of flour; what was the price on September 1, and what is it now?

Mr. MOSES. I would not say it reduces it, but it takes away our market.

Senator WALSH. What was flour selling for on September 1 or 15—$6.25 flour?

Mr. MOSES. I could not say. It changes every day.

Senator WALSH. Do you not know what it was last September?

Mr. MOSES. I have not any idea. Flour will go up and down with the price of wheat. It is not like any other commodity in the world. I think flour in September was probably selling at 60 to 75 cents a barrel more than now.

Senator WALSH. So it forced down the price below the cost of manufacture?

Mr. MOSES. It affected the farmer as much as us.

Senator MCLEAN. Are the millers, generally speaking, paying large dividends?

Mr. MOSES. No, sir. Prior to the war the Federal Trade Commission stated that the milling industry was run on less profit than any other industry.

The CHAIRMAN. Let me remind you that your name was not on the list to-day.

Mr. MOSES. I took Mr. Husband's place because there were some questions I could answer which he could not.

The CHAIRMAN. We have been very much interested in hearing you.

Senator DILLINGHAM. Relating to paragraph 731, which places an ad valorem duty on bran, shorts, and other by-product feeds, it has been suggested by Mr. Cox, who appeared before the committee, that it would be better to make that a specific duty.

Mr. MOSES. I agree with Mr. Cox. We do not want any ad valorem duty. As to the amount of the tariff, I think the millers will leave that to the gentlemen of the committee, who have other industries coming here, in the way of consumers of feed, and we do not wish to make any suggestion as to that. We are asking full protection on our flour compared with the price of wheat and our merchandising conditions. I am sorry to have taken Mr. Husband's place, but I know he could not answer the questions you asked, as he is not a miller.

Senator MCCUMBER. Your statement has been very enlightening.

Mr. MOSES. Thank you very much.

STATEMENT OF W. V. HAMILTON, CALEDONIA, N. Y., PRESIDENT NEW YORK STATE MILLERS' ASSOCIATION.

The CHAIRMAN. Will you make your statement brief, because the committee is long past the time of adjourning.

Mr. HAMILTON. Mr. Chairman, my remarks will be extremely brief. In appearing before you it is with no design or desire or expectation that we can enlighten your committee very much on the technical part of drawing up a tariff schedule which would apply to our industry. My only thought is simply this, knowing as I do the conditions that surround the mills in the State of New York, to give you some facts relating to them. We have a milling capacity in our State of about 60,000 barrels per day, and under the application of the present schedule on wheat and wheat products as reflected in the emergency tariff bill, all our mills are substantially out of business, with the exception of one unit, which is running on bonded wheat. Mills are either running on short time, or not running at all. That is a situation, to my mind, which ought to be corrected, and I believe you will all agree with me that it should be corrected.

The resolution which was drawn up and is presented in the brief which was filed by Mr. Husband originated with the executive committee of the State Millers' Association of the State of New York, and represents, in my judgment, a very clear and very concise, straightforward way to remedy this situation.

We oppose the ad valorem duty. If you are going to have a specific duty on wheat, the raw material, we want that duty to be reflected in a specific duty of four and one-half times that, representing a duty that will prevail on a barrel of flour. Then we are on a parity in the manufactured article, corresponding exactly with the cost of the raw material. There will not be any deviation from that, as will most assuredly occur if you have an ad valorem duty.

On top of that we ask for 50 cents a barrel protection, which has already been spoken of as covering the difference in cost of operating the mills in the United States and in Canada.

We believe you are here as part of this administration, because of the mandate that was issued to you in our last general election that the factories and mills of the United States are entitled to some protection, and when we ask for that additional protection of 50 cents a barrel it is substantially a protective duty and we believe we are entitled to it; and without such protection this great industry which we represent here will never be able to pull out of the hole they are in at the present time. We can assure you, gentlemen, that we have been so near Hades that the soles of our feet are already scorched, and unless we have relief from this most intolerable situation we can conceive of our industry being thrown on the dump heap very soon.

Senator McCumber. To what extent are you grinding in bond in New York?

Mr. Hamilton. Only one unit, the Washburn-Crosby Co., of Buffalo, is doing that.

Senator McCumber. Do you know to what extent they are manufacturing bonded wheat?

Mr. Hamilton. I think their output is about 9,000 barrels a day.

Senator McCumber. The entire output of the mill is how much?

Mr. Hamilton. Their capacity is, I believe, 20,000 barrels per day.

Senator McCumber. Then they are running about two-fifths on bonded grain?

Mr. Hamilton. Yes; perhaps a little more than that.

STATEMENT OF HON. EDWIN F. LADD, UNITED STATES SENATOR FROM NORTH DAKOTA.

Senator LADD. I now desire to take up for a few moments the matter of cereals. In paragraph 730 it is provided that flour shall be subject to a tax of 50 cents to 100 pounds. I shall have to agree there with Mr. Bell, because I heard his testimony to the effect that that is not as high as it should be for protection.

Senator SMOOT. You want an ad valorem duty of 25 cents instead of 50 cents a hundred?

Senator LADD. I had not figured on the ad valorem, but it should be raised, in my judgment, to 65 cents. The actual figures, as I calculate, would be 59.59, to say nothing about the cost of labor. I think it is wiser to bring in wheat, if we are to import, rather than the flour. Mr. Bell, if I remember, thought it should be not less than 75.

Senator MCCUMBER. My recollection was it would be 4½ times on a barrel of flour what it would be on the bushel of wheat, plus 50 cents. That would make it considerably higher than that.

Senator LADD. But it certainly ought to be higher than 50 cents, in my judgment.

Senator SMOOT. You want an ad valorem instead of a specific?

Senator LADD. I can not agree that the wheat which comes in from Canada has no influence. The wheat from Canada is not in competition, as many of them claim, with the entire wheats of this country. The wheats of Canada are in competition only with the wheats of the same type that are grown in the Northwest—part of Minnesota, the two Dakotas, the northern part of South Dakota, and eastern Montana. That wheat is rich in gluten, and produces a white flour. The wheat of Kansas is very rich in gluten, but it is yellower in color in the flour; and the wheat of Kansas is on the market a month or six weeks before the wheat of the Northwest and Canada comes on, and has been largely taken care of. The millers need, as was stated, all of that hard spring wheat, and when it can be brought in from Canada, and especially in bond and stored in warehouses and kept to be taken out when desired from time to time, it comes directly in competition with the hard glutinous spring wheat of the Northwest and tends to depress the price.

I have not been able to bring myself to see where it would be to the advantage of the people in this country to permit them to add a certain portion of American wheat and then sell the by-products in this country without any tariff.

Senator MCCUMBER. As long as we are exporting considerable of the flour made of the hard spring wheat raised in the Northwest, is not the provision for grinding in bond for export trade equivalent to giving the miller the right to nullify any tariff that we may place upon the grain whenever our price is above the general level of the Canadian price?

Senator LADD. It has that effect. It makes it possible for them to stop the purchase of the American product and again on the bonded product; and when that is done the price is depressed proportionately, and at the present rate of production, in five years more we will not be producing more wheat in this country than will be necessary for the people of this country to consume, and in 10 years at the present rate we will be importing wheat, unless there is something done to encourage the wheat industry of the country.

Senator McCUMBER. And by encouraging the production of flax so there will be less acreage of the Northwest sown to wheat, we can bring back a better equilibrium between the production and consumption?

Senator LADD. There is no question there, because in the Northwest there will be not less than 5,000,000 acres there withdrawn of wheat lands to be sown in flax, which is needed in this country, and to that extent we will reduce the amount of acreage devoted to wheat.

Senator CALDER. Senator Ladd, have you the figures there indicating the amount of flour imported into this country?

Senator LADD. I tried to get that data for this year, but the figures I was able to get was 40,000,000 bushels imported from Canada, but newspaper reports for the last year have stated 60,000,000 bushels; whether that be correct or not, I can not say.

Senator CALDER. Of wheat?

Senator LADD. Of wheat imported from Canada.

Senator CALDER. Did any Canadian flour come in?

Senator LADD. I do not believe I have the figures on that. There has some Canadian flour come in, but I think I have no figures.

Senator McCUMBER. We had a witness from northern New York, a miller, who stated that there were great quantities now coming in from Canada.

Senator LADD. That is what I am told. But I have not the data for it.

Senator McCUMBER. I do not remember how much he stated.

Senator CALDER. What volume of flour do we export?

Senator LADD. Beginning with July, 1920, I will read by months the totals of all countries: July, 34,655,000 bushels calculated back to the form of wheat; in August, 1920, 32,674,000 bushels; in September, 34,994,000 bushels; in October, 43,033,000 bushels; in November, 30,899,000 bushels; December, 30,179,000 bushels; in January, 1921, 27,105,000; in February, 23,075,000; in March, 20,763,000; in April, 24,801,000; in May, 31,624,000; in June, 32,912,000. That completes one full year, but it has increased very materially.

Senator SIMMONS. You are referring to the exports?

Senator LADD. I am referring to the exports, calculated in the form of wheat, The total exports for that year, from June 30, 1920, to June 30, 1921, were 362,000,000 bushels, the largest export we ever had.

Senator McCUMBER. And, of course, we could not have that with our crop raised in the United States without importing a great many bushels from Canada?

Senator LADD. There has been an exceedingly rapid increase.

Senator SIMMONS. I thought I understood the witness to say about 40,000,000 imported from Canada.

Senator McCUMBER. He said about 60,000,000.

Senator LADD. I stated that the last official information I was able to get was nearly two months ago, 40,000,000 bushels, while the newspapers have reported within the last week that there have already been imported 60,000,000. I will not differentiate between the official information and that which was stated in the newspapers.

Senator CALDER. Senator Ladd, is the duty fixed in the Fordney bill as high as any other which has been levied?

Senator LADD. I think it is.

Senator CALDER. When you consider these immense importations on this high duty, do you not think it is quite sufficient to protect the farmer and miller?

Senator LADD. I have not asked for anything more—in the Fordney bill it is 25 cents per bushel, and that is what I am asking for.

Senator CALDER. You suggested 60 cents for the flour?

Senator LADD. In order to make it compensatory with the wheat itself. As it is now you are going to induce the importation of flour, just as you did of oil, because your figures are too low on the flour as compared with the wheat itself.

Senator SMOOT. Mr. Husband asks for a duty four and a half times the duty on wheat or four and a half bushels to the barrel.

Senator LADD. I think that is higher than is necessary.

Senator SMOOT. The basis of that was that it takes four and a half bushels of the best wheat to make a barrel of flour.

Senator LADD. That is the usual calculation.

Senator CALDER. I ought to know, but may I ask how many pounds of flour there are to a barrel?

Senator LADD. There are 196 pounds.

Senator SMOOT. But at the rate of four and a half bushels you get 50 pounds of bran and 20 pounds of shorts.

Senator MCCUMBER. I can complete your testimony on the exports of flour and wheat. That is, the first 11 months of 1921 we exported 269,497,218 bushels of wheat as wheat. Then, in addition to that, we exported 15,786,443 barrels of flour, which would be equivalent to about 72,000,000 bushels of wheat, which would make the entire amount of exports in the 11 months about 341,000,000. Can you tell me, Senator, about what the 1921 crop of wheat in the United States is?

Senator LADD. The report I was able to secure for 1921 was 794,893,000 bushels, as compared with 833,027,000 bushels in 1920, and 968,279,000 bushels in 1919.

Senator MCCUMBER. Assuming that all of these exports of flour and wheat were from the 1920 crop, you will see that we must have imported 50,000,000 or 60,000,000 bushels of Canadian wheat in order to have been able to supply the home demand and also to export this amount of wheat in the shape of wheat and flour to Europe.

Senator LADD. There is no question there.

Senator SMOOT. I do not think there is any doubt but what the most of the wheat that comes from Canada is held in bond and exported.

Senator LADD. Yes, sir.

Mr. MCCOY. These statistics of imports are here as well as those exports.

Senator SMOOT. It makes no special difference, because we know the amount imported is milled in bond, and the amount of that flour goes to foreign countries.

Senator MCCUMBER. I think that only that portion is mentioned in which notation has to be made, and that is the proportion which is milled in bond and on which there are rebates.

Mr. McCoy. That is not mentioned at all.

Senator McCumber. All along the line in the State of North Dakota and Minnesota any farmer can bring in over the line as much wheat as he wants; there is no tariff and no report is made of it, and it is sold in American elevators and sold for American consumption; and, therefore, it is impossible for the departments to know anything about what is shipped in, except that which is brought in and shipped out.

Senator Walsh. Under the emergency tariff an increased rate was made upon wheat?

Senator Ladd. Yes.

Senator Walsh. But no compensatory duty was placed upon flour?

Senator Ladd. Oh, yes; I think there was.

Senator McCumber. There was a compensatory duty, which was 20 per cent ad valorem.

Senator Walsh. It was not sufficient, was it?

Senator McCumber. It was not sufficient.

Senator Walsh. That is what I thought. Did it result in the increase in importation of flour in the last six months?

Senator Ladd. Yes; I think there is another reason for the increase in the importation of flour, and that is the difference between the monetary values of the Canadian money and our own money. When wheat was selling at $1.48, it was equivalent to 14 cents a bushel, an advantage there of 14 cents on every bushel, which practically was more than one-half of the duty in that one item alone. For the coming year, 1922, there is a reduction of 500,000 acres reported in the wheat zone in the winter-wheat belts, and 100,000 acres reduction in Kansas alone; and the report from the department on December 1, according to the figures I received, show that it is 13 points below what it has been in 10 years, and considerably below the prospects of last year, indicating that the farmers have not been able to, or felt that they could not continue producing wheat at the price they were receiving for it at the present time.

I do not know that there is anything more that I care to say, unless there is some question required to be asked.

Senator McLean. Was the high peak of production reached in 1918 or 1919?

Senator Ladd. 1919.

Senator McLean. Is there a surplus now?

Senator Ladd. No—it is impossible to say. The amounts of consumption this year is estimated at considerably below what it was last year per capita, but I think there is an error in the figures, due to the fact that we did not have correct information with regard to the amount in storage and with regard to the amount in bond in this country, and the amount in storage in warehouses in this country, so that I think our figures are misleading in that respect.

Senator McCumber. Do you wish to cover other subjects?

Senator Ladd. I thought that the Committee on Agriculture on other sections would cover the other points.

Senator McCumber. I was going to say that we would be glad to hear you.

Senator Ladd. I think others can do better, unless there is some special question.

Senator McCumber. Have you considered the question of barley and rye duties?

Senator LADD. No, I have not; I have not studied barley and rye, and I think there are others on our committee that have studied those and who can state those two subjects to better advantage. I only studied oil, flax, wheat, and flour.

Senator McCUMBER. Mr. Bell was here the other day. You heard his testimony?

Senator LADD. Yes.

Senator McCUMBER. On behalf of the millers he offered certain amendments. In his testimony he stated that he thought he could convince me and also convince yourself that it would be to the interest of the American farmer to continue the drawback and to liberalize it; and I stated at the time that I should be exceedingly glad to be so convinced. I have not had an opportunity to talk with him since. I was not convinced by the argument he presented here, and I would like to have your definite opinion, as I know you went over the subject pretty thoroughly.

Senator LADD. Mr. Bell spent nearly two hours with me, but he was not able to present any data that led me to change my mind with regard to the effect it would have on the development of agriculture in the Northwest, and that what he was asking for was not to the advantage of the farmer but to the advantage of the miller. I do agree with him that the compensatory duty on the flour is not what is required, but on the other features I can not agree with him, although I would like to.

Senator SMOOT. I understood Mr. Bell to request that the bonding privilege be extended so as to allow wheat to come in from Canada and not be held in bond by itself and ground for exportation, but that the same quantity of flour be exported that would be made from a quantity of wheat imported, but not kept separate at all; that was his proposition, the liberalization that he asked.

Senator LADD. And I do not think that that is in the interest of agriculturists in this country and I can not agree with him that there is a demand for the additional amount of bran and of mill feed to come in free of charge; because while it may be of some help to the eastern dairymen. it is simply a direct detriment to the agriculturists of the Central West, where the most of the corn and other feed products are grown.

Senator SMOOT. It would, if there is an overproduction at any time, but as long as there is not enough to meet the requirements I do not know whether that would have any effect upon the price or not. I thought that the danger of it would be in allowing the wheat to come in here and be ground in quantity rather than the identical wheat.

Senator SIMMONS. Senator Smoot, if wheat was selling cheaper in Canada than it was in the United States, would it not lead to the purchase on the part of the millers of the entire amount of wheat that they needed for the manufacture of flour that is exported?

Senator SMOOT. There would not be any American wheat, in my opinion, ground for exportation.

Senator LADD. No, sir.

Senator SIMMONS. There is one other thing in my mind, and that is the reason I asked Mr. Bell to explain to me why he thought there would not be a disadvantage. The same thing occurs with relation to the exportation of sugar to Cuba, and I do know if that privilege was extended it would be very detrimental to the producers of sugar in this country, and I think it would do the same thing to the producer of wheat.

Senator LADD. I think it will.

Senator SMOOT. It means that with wheat cheaper in Canada the situation will be as you contend. The Senator from North Dakota has contended—I think he is wrong in some instances—that sometimes the differences are very small and at other times greater. But assuming it is cheaper in Canada than it is here, that provision would practically take away our export trade in flour to Canada.

Senator LADD. That is what it would do.

Senator MCCUMBER. Mr. Bell admitted that there was practically no wheat outside of durum wheat raised in the Northwest of a good milling grade that was ever exported as wheat. The milling demand under ordinary conditions will cover all of the wheat that we raise of the hard spring wheat in the Northwest?

Senator LADD. Yes, sir.

Senator MCCUMBER. The mills desire to keep up their export trade. They wish to hold their old European and other customers. Canada is a strong competitor in those markets. The time protection will do us good is when we are a little short of the amount necessary to supply those mills; and under the provision that is asked for by Mr. Bell it would seem to me that whenever, by reason of a little less than the American demand, the crop in the Northwest, when we would get a little higher price and begin to get the whole benefit of the protective tariff, that they can reach right over and tap the Canadian granary for all the grain that they need for the export trade and, of course, that would decrease the demand for the American wheat. That is the way it looks to me; if I am wrong, I wish someone would correct me.

Senator LADD. I think you are correct in that, and I think when they can report 30,000,000 or 40,000,000 or 50,000,000 bushels to be exported as excess quantity of wheat to be ground it has a tendency to depress the price of wheat in this country, just that factor alone.

Senator SIMMONS. I agree with you about that. But is not your whole protective theory based in part upon the idea that it is not to apply to raw materials that are imported into this country for purposes of manufacture and sale; does not that run all through your tariff system?

Senator LADD. I would put it this way——

Senator SIMMONS (interposing). I think you have presented a case here where that would work a hardship upon the American farmer.

Senator MCCUMBER. That raises the question of what is raw material.

Senator SIMMONS. Is not wheat the raw material of the millman?

Senator MCCUMBER. It is not raw material to the farmer.

Senator LADD. It is the finished product to the farmer, and if the ultimate manufacturer is to have protection on his finished product—and he is entitled to that—that is all I think that is necessary is to give the farmer the same degree of protection as is afforded the manufacturer. It may be the other man's raw material, but it is the farmer's finished product.

Senator SIMMONS. Of course, wheat is the product of the farmer, but when it is converted into flour it is the raw material of the milling man?

Senator LADD. Yes.

Senator SIMMONS. The theory that your protective tariff laws are written upon certainly is just as I have said a little while ago, that if the imported article is converted into form for the purpose of export, that the duty he has paid upon the raw material that is imported shall be remitted and rebated to him, and that is in the interest of expanding our export trade.

Senator LADD. Yes, sir.

Senator SIMMONS. Here, it seems to me, you have developed a case where there is a conflict between the interests of our export trade and the interests of our domestic trade.

Senator LADD. Yes; and I think in those cases we must consider whether the product that you are going to import duty free is one that is coming in direct competition with a like product in this country.

Senator SMOOT. I think that the greatest danger to the farmer in this country, to grant that request, would be this, that the miller could go to work and grind American wheat here and get a big supply on hand, or he could let it run down, if he desired, and then import Canadian wheat here and get off of the American market as a purchaser of wheat and run his mills upon wheat for exportation.

Senator LADD. Yes, sir.

Senator SMOOT. And bear the market price of the American farmers' wheat down.

Senator LADD. There is not any question but what it has been done for years continuously.

Senator SIMMONS. Is it not true that the sugar refinery importing raw sugar from Cuba or from foreign countries and converting it into granulated sugar or refined sugar for exportation is remitted the duty?

Senator SMOOT. Oh, yes; 99 per cent of it.

Senator SIMMONS. The point I am making is that if we refused to do what Mr. Bell says, would you not be in conflict in this particular case with your provision?

Senator SMOOT. Absolutely; there is no doubt of it. All of the drawback provisions of our law now require that the identical wheat that is placed in bond for exportation shall be made into flour, and that flour exported; and the same with Cuban sugar. The Cuban sugar that comes into this country for exportation goes into bond, and it is not mixed with any other sugar that goes into local consumption; it is refined in a bonded warehouse, shipped from a bonded warehouse to a foreign country.

Senator SIMMONS. Is Mr. Bell asking for more than that?

Senator SMOOT. Yes; Mr. Bell is asking that when that wheat comes in the amount of bushels be kept track of for exportation, but that the identical wheat could be ground and sold into the American market, and at some other time they could make just the amount of flour that the importations from Canada would produce—and it may be from American wheat—and exported.

Senator LADD. At any time within one year.

Senator SIMMONS. Then I think it would be a dangerous provision to put in any law, but, did I understand you, Senator Ladd, as opposing Mr. Bell's suggestion, if it is confined to wheat in bond which is manufactured?

Senator LADD. If it is wheat in bond and the identical flour shipped out, I am not opposing that. But even that is used to the detriment of the American farmer.

Senator MCCUMBER. You say you are not opposing it, but as a matter of fact it does work against the interests of the American farmer?

Senator LADD. That is just what I stated.

Senator MCCUMBER. That is so, without any possible question.

Senator LADD. There is no question there for a moment.

Senator MCCUMBER. Because it allows the miller at any time that we are a little short of wheat and our prices would be increased, and the Canadian prices lower, to reach over and to get all of his grain in Canada instead of making a demand here and compelling the American grain to move?

Senator LADD. That is it.

Senator SMOOT. There is one other question Mr. Bell laid great stress upon for the committee to act upon favorably, not only to assist the millers themselves but the farmer generally, and that is this: He wanted what other wheat there was imported from Canada into the United States in bond for exportation, that all of the flour in the bran come in free and not be counted as wheat, but to come in free as shorts and bran. I suppose you would not agree with that.

Senator LADD. I would not agree with that for a moment at all.

Senator SMOOT. In other words, you take 4½ bushels of wheat and whatever the duty may be upon the 4½ bushels that 4½ bushels would be reduced in wheat by the amount of the pounds of bran and shorts that would come from those 4½ bushels?

Senator LADD. Yes, in other words, 30 pounds out of the 100.

(Senator Ladd thereupon introduced the following statement:)

WHEAT CONSUMPTION IN THE UNITED STATES.

Did the use of wheat for food in the United States decrease nearly 1 bushel per capita during the crop year 1920–21 as compared with the average prewar consumption? That is what the statistics would lead us to believe, yet reason is against it. No economic conditions arose during the year which could have caused such a material reduction in the consumption from the prewar average, yet an analysis of the statistics for the 1920–21 crop season makes it appear that the Nation greatly reduced its wheat diet. But when a proposition runs contrary to reason one naturally turns to look for a way out. In this case the way out seems to be the conclusion that there were somewhere large unaccounted-for supplies of wheat and flour at the beginning of the crop season, July 1, 1920.

The crop harvested in the summer of 1920 was officially estimated at 787,000,000 bushels. Wheat in farmers' hands on July 1, 1920, was officially estimated at 48,000,000 bushels, and stocks of wheat and flour in second hands—that is, wheat in terminal and country elevators, and flour, in terms of wheat, at certain centers—were unofficially estimated at 103,000,000 bushels; a total of crop and supplies on hand at the beginning of the crop year of 938,000,000 bushels. In addition there were imports of 57,000,000 bushels of wheat and flour computed as wheat from Canada during the year for domestic consumption. The total supplies were therefore 995,000,000 bushels.

Exports during the crop year July 1, 1920, to June 30, 1921, were 362,000,000 bushels. This, deducted from the supplies, left 633,000,000 bushels for domestic use and carryover on July 1, 1921. The quantity of wheat in farmers' hands on that date was officially estimated at 54,000,000 bushels, and the stocks in second hands were unofficially estimated at 25,000,000, a total on hand of 79,000,000 bushels. Deducted from the net supplies of 633,000,000 bushels this left 554,000,000 as the quantity used for food and seed from July 1, 1920, to June 30, 1921, according to the statistics.

The foregoing is summarized in the following table:

Supplies, exports, and consumption in the 1920-21 crop year.

Crop harvested in 1920	bushels..	787,000,000	
On farms July 1, 1920	do....	48,000,000	
In second hands	do....	103,000,000	
Imported during year	do....	57,000,000	
Total supplies	do.		995,000,000
Exports	do....	362,000,000	
On farms June 30, 1921	do....	54,000,000	
In second hands	do....	25,000,000	
Accounted for	do.		441,000,000
Food and seed	do.		554,000,000

On a basis of the official estimate of population of 106,000,000 on January 1, 1921, the per capita supplies, taking 554,000,000 bushels as the total for food and seed, were but 5.22 bushels, compared with 6.35 in the 1909–1913 prewar period. The per capita supplies for food only, allowing 80,000,000 bushels for seed, were but 4.47 bushels. Yet according to a statement by the Bureau of Crop Estimates of the United States Department of Agriculture, issued during the early days of the war, the normal prewar food requirements of the United States, not including seed, were 5.3 bushels of wheat. That statement by the Bureau also included an estimate of food and seed requirements for 1916–17 of 615,000,000 bushels. Food requirements were put at 540,000,000 and seed at 75,000,000. On a basis of the 1916 population, this was 6.14 bushels per capita.

This compares closely with the requirements for earlier years, as shown in the following table, which gives the average production of wheat, the exports, supplies reserved for food and seed, and the per capita supplies for 20 years before the war:

5-year periods.	Average production.	Average exports.	Supplies reserved.	Per capita supplies.
1909-1913	690,000,000	105,000,000	585,000,000	6.35
1904-1908	670,000,000	115,000,000	555,000,000	6.45
1899-1903	680,000,000	190,000,000	490,000,000	6.30
1894-1898	590,000,000	170,000,000	420,000,000	6.00

Imports of wheat and flour during the years included in the table were unimportant. No account is taken of the carry-over of wheat from one crop year to another, for in a series of years the carry-over is equalized, or approximately so. That is, a large or a small carry-over in any one year is lost in the average.

All the evidence is against the correctness of the 1920–21 statistics, which show but 5.22 bushels per capita used for food and seed. The estimate by the Bureau of Crop Estimates of 5.3 bushels for food only, as a normal requirement before the war, and 6.14 bushels for food and seed in the 1916–17 crop year; an annual average of 6.35 bushels used for food and seed in the 1909–1913 period, 6.45 bushels in 1904–1908, 6.30 bushels in 1899–1903, and 6 bushels in 1894–1898, based upon official production and export figures—all this constitutes an overwhelming mass of evidence against the 1920–21 statistics of supplies.

Let us revise those statistics on a basis of the 1916–17 requirements of 6.14 bushels per capita for food and seed. This is a fair basis and below the average of the 15 years preceding the war. Taking 6.14 bushels as the per capita requirements, and 106,000,000 as the population, the total requirements of the country were 650,000,000 bushels, or 96,000,000 more than the 554,000,000 shown by the statistics to have been used for food and seed.

Now, how can this invisible 96,000,000 bushels of wheat be accounted for—invisible except when a large part of it was exported and so was necessarily recorded at the seaboard.

Because the demand for flour was dull throughout the country during the early months of the 1920–21 crop year, it was asserted by some members of the grain trade that consumption had decreased. The statement was made that consumption of wheat for the year would show a decrease of 50,000,000 bushels.

Yet a decline in the demand for flour did not necessarily indicate decreased consumption. It probably meant that hoarded supplies were being used. In fact, it is quite certain that the decreased demand for flour was the result of that very condition. During the prolonged period of high prices, up to about August 1, 1920, the impression was widespread that wheat would sell at very much higher prices. The result was that many housewives throughout the country had hoarded a few sacks of flour. These hoards made up an invisible supply of millions of bushels in terms of wheat, probably 40,000,000 but hardly 50,000,000; for the latter would mean one barrel of flour in each of 11,000,000 households.

If this invisible supply amounted to 40,000,000 bushels, this accounts for that much of the seeming decrease of 96,000,000 bushels in consumption during the 1920-21 crop year. Yet this still leaves 56,000,000 bushels unaccounted for. Logically, consumption did not decrease that much, nor is there any reason to believe that it decreased at all. So this unaccounted-for 56,000,000 bushels of wheat must be looked for elsewhere, but where? Where was it when the statistics were gathered showing the amount of wheat and flour on hand on July 1, 1920? The exports included it, but there is nothing to show from what invisible source of supply it appeared.

Exports of wheat and wheat flour from the United States, by months and countries, July, 1920, to June, 1921.

JULY, 1920.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
	Barrels.	*Bushels.*	*Bushels.*		*Barrels.*	*Bushels.*	*Bushels.*
Belgium	106,000	2,650,000	3,129,000	Poland	105,000	....	472,000
France	....	5,153,000	5,152,000	United Kingdom	582,000	9,183,000	11,577,000
Germany	411,000	1,420,000	3,279,000	Others	1,604,000	2,956,000	7,475,000
Greece	3,000	....	11,000				
Italy	212,000	2,157,000	3,112,000	Total	2,404,000	23,838,000	34,655,000
Netherlands	31,000	309,000	447,000				

AUGUST, 1920.

Belgium	77,000	2,356,000	2,706,000	Poland	15,000	....	68,000
France	....	3,306,000	3,306,000	United Kingdom	106,000	11,857,000	12,336,000
Germany	68,000	632,000	938,000	Others	713,000	6,115,000	9,317,000
Greece	7,000	....	31,000				
Italy	73,000	1,603,000	1,932,000	Total	1,107,000	27,694,000	32,674,000
Netherlands	48,000	1,825,000	2,040,000				

SEPTEMBER, 1920.

Belgium	86,000	1,446,000	1,833,000	Poland	9,000	....	38,000
France	....	2,670,000	2,670,000	United Kingdom	118,000	15,622,000	16,155,000
Germany	107,000	906,000	1,386,000	Others	549,000	2,431,000	4,898,000
Greece	3,000	....	15,000				
Italy	1,000	6,310,000	6,315,000	Total	939,000	30,771,000	34,904,000
Netherlands	66,000	1,384,000	1,682,000				

OCTOBER, 1920.

Belgium	73,000	1,984,000	2,311,000	Poland	7,000	....	30,000
France	....	2,896,000	2,896,000	United Kingdom	212,000	14,401,000	15,357,000
Germany	60,000	1,749,000	2,019,000	Others	1,031,000	5,522,000	10,161,000
Greece	5,000	....	22,000				
Italy	4,000	5,574,000	5,593,000				
Netherlands	215,000	3,675,000	4,642,000	Total	1,607,000	35,803,000	43,033,000

NOVEMBER, 1920.

Belgium	117,000	3,322,000	3,847,000	Poland	7,000	....	33,000
France	1,000	2,344,000	2,347,000	United Kingdom	183,000	4,789,000	5,613,000
Germany	53,000	1,117,000	1,356,000	Others	569,000	7,161,000	9,723,000
Greece	2,000	709,000	716,000				
Italy	7,000	3,523,000	3,553,000				
Netherlands	162,000	3,070,000	3,801,000	Total	1,101,000	26,035,000	30,989,000

Exports of wheat and wheat flour from the United States, by months and countries, July, 1920, to June, 1921—Continued.

DECEMBER, 1920.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
	Barrels.	*Bushels.*	*Bushels.*		*Barrels.*	*Bushels.*	*Bushels.*
Belgium	9,000	4,557,000	4,599,000	Poland	1,000	....	2,000
France	1,000	3,339,000	3,344,000	United Kingdom	61,000	2,083,000	2,358,000
Germany	143,000	2,108,000	2,752,000	Others	533,000	6,368,000	8,766,000
Greece	86,000	....	381,000				
Italy	....	5,799,000	5,800,000				
Netherlands	119,000	1,643,000	2,177,000	Total	952,000	25,896,000	30,179,000

JANUARY, 1921.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	9,000	2,774,000	2,816,000	Poland-Danzig	133,000	....	598,000
France	2,000	1,997,000	2,004,000	United Kingdom	193,000	3,382,000	4,248,000
Germany	167,000	4,291,000	5,041,000	Others	662,000	2,752,000	5,738,000
Greece	69,000	....	309,000				
Italy	4,000	5,103,000	5,122,000	Total	1,280,000	21,345,000	27,105,000
Netherlands	41,000	1,046,000	1,229,000				

FEBRUARY, 1921.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	13,000	2,010,000	2,070,000	Poland-Danzig	53,000	....	240,000
France	1,000	1,610,000	1,615,000	United Kingdom	255,000	4,615,000	5,674,000
Germany	104,000	4,098,000	4,565,000	Others	462,000	1,665,000	3,733,000
Greece	75,000	....	339,000				
Italy	3,000	2,780,000	2,795,000	Total	1,024,000	18,469,000	23,075,000
Netherlands	58,000	1,691,000	1,954,000				

MARCH, 1921.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	8,000	1,581,000	1,616,000	Poland-Danzig	234,000	....	1,055,000
France	1,000	796,000	799,000	United Kingdom	270,000	1,343,000	2,559,000
Germany	252,000	3,129,000	4,262,000	Others	387,000	1,755,000	3,498,000
Greece	135,000	976,000	1,582,000				
Italy	....	3,961,000	3,961,000	Total	1,370,000	14,599,000	20,763,000
Netherlands	83,000	1,059,000	1,431,000				

APRIL, 1920.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	20,000	717,000	805,000	Poland-Danzig	163,000	8,000	741,000
France	3,000	70,000	84,000	United Kingdom	439,000	7,157,000	9,134,000
Germany	242,000	852,000	1,941,000	Others	578,000	2,209,000	4,810,000
Greece	36,000	695,000	857,000				
Italy	3,000	4,246,000	4,259,000	Total	1,591,000	17,641,000	24,801,000
Netherlands	107,000	1,687,000	2,170,000				

MAY, 1921.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	18,000	853,000	934,000	Poland-Danzig	145,000	120,000	770,000
France	3,000	213,000	225,000	United Kingdom	307,000	8,805,000	10,185,000
Germany	182,000	1,923,000	2,742,000	Others	461,000	3,184,000	5,265,000
Greece	1,000	1,533,000	1,537,000				
Italy	3,000	8,119,000	8,131,000	Total	1,265,000	25,932,000	31,624,000
Netherlands	145,000	1,182,000	1,835,000				

JUNE, 1921.

Exported to—	Flour.	Wheat.	Total.	Exported to—	Flour.	Wheat.	Total.
Belgium	29,000	2,037,000	2,166,000	Poland-Danzig	157,000	....	704,000
France	....	....	....	United Kingdom	413,000	5,547,000	7,406,000
Germany	200,000	3,290,000	4,189,000	Others	554,000	2,698,000	5,196,000
Greece	....	912,000	913,000				
Italy	4,000	7,949,000	7,967,000	Total	1,546,000	25,235,000	32,192,000
Netherlands	189,000	2,802,000	3,651,000				

BISCUITS.

[Paragraph 734.]

BRIEF OF W. A. MELVILLE, REPRESENTING RIDGWAYS (INC.), NEW YORK CITY.

We would respectfully request your due consideration and revision of the rate proposed by the House bill, which reads—

"Biscuits, wafers, cake, cakes, and similar baked articles, and puddings, all the foregoing by whatever name known, whether or not containing chocolate, nuts, fruit, or confectionery, of any kind, 28 per centum ad valorem."

proposed to take the place of paragraph 194 of the present tariff bill, which reads—

"Biscuits, bread, wafers, cakes, and other baked articles, and puddings, by whatever name known, containing chocolate, nuts, fruit, or confectionery of any kind, and without regard to the component material of chief value, 25 per centum ad valorem."

The new proposed paragraph makes all biscuits, etc., dutiable at 28 per cent ad valorem, as against the present duty of 25 per cent ad valorem, only on those containing chocolate, fruit, nuts, or confectionery of any kind.

We respectfully submit that the new duty of 28 per cent ad valorem on plain biscuits is:

(a) From a protective standpoint unnecessary, as these imported biscuits are higher in price wholesale than the domestic products are retail. See Schedule A, attached, showing comparisons between imported biscuits, ex duty, and domestic official quotations.

(b) From a revenue standpoint very little revenue, if any, will be received, as the new proposed duty would make prices too high to permit imports to compete in any way with domestic products.

Messrs. Huntley & Palmers (Ltd.) are large buyers of American flour, being the largest European buscuit manufacturers, the signer of this having seen in their warehouses at Reading, England, in June, 1921, a floor piled high with flour from Minneapolis. We submit that any excessive rates of duty would tend to check their buying of American supplies when such rates restrict their business with this country.

The following values of imports (figured at $4 to £1 sterling) show that no tariff is necessary for protection:

1907	$156,196	1911	$122,008
1908	189,948	1912	103,932
1909	196,900	1913	125,320
1910	134,004	1920	103,044

We respectfully submit, therefore, that the plain kinds should be allowed to enter free of duty as at present.

SCHEDULE A.—*Comparison between quotations of Huntley & Palmers' English biscuits, National Biscuit Co., and Loose-Wiles Biscuit Co.*

[Cents per pound.]

Biscuits.	Huntley & Palmers' net wholesale prices, July, 1921.[1]	Loose-Wiles Co. retail prices, June, 1921.[2]	National Biscuit Co. retail prices, June, 1921.[2]
Alphabets (H. & P. Kindergarten)	30	....	28
Animals (H. & P. Zoological)	37	25	25
Arrowroot	42	27	32
Albert	40	32	32
Butter Thin (H. & P. Butter Finger)	43	20	20
Dinner	55	....	40
Five O'Clock Tea (Oval Rich Tea)	42	....	32
Ginger Snaps (H. & P. Ginger Nuts)	37	16	16
Oatmeal (H. & P. Oaten)	43	16	18
Petit Beurre	42	32	32
Social Tea (H. & P. Social Thin)	35	....	27
Soda crackers	30	....	14
Sugar Fingers (H. & P. Sugar Wafers)	84	....	35
Vanilla wafers	84	....	32

[1] Laid down New York, ex duty. [2] Subject to discount of 10 and 15 per cent.

NOTE.—Huntley & Palmers' prices figured at $4 to pound sterling. Comparison covers biscuits of the same names put out by all three companies.

APPLES.

[Paragraph 735.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. The House has put the tariff at 25 cents a bushel on apples, paragraph 735. As I understand it, the tariff placed on apples by Canada is 30 cents a bushel. I think that there ought to be an equal tariff. If Canada is going to put 30 cents a bushel on apples I think we should have 30 cents a bushel also. Ours is the market, of course, that they are very desirous of getting into. It is the big market. The apple growers in our section of the country have felt this competition very greatly.

Senator SMOOT. Where does Canada raise apples that come in competition with yours?

Senator JONES of Washington. To the north of our State they have a big irrigation development, north of what is known as the Okanogan Valley, and they produce a great many apples up there.

In the emergency tariff the figure was 30 cents. I suppose you will have a general provision in the bill under which, if the tariff is raised in any other country and it is deemed wise to have it raised in this country it can probably be done?

Senator SMOOT. It will if I have my way about it.

Senator JONES of Washington. I hope it will be done. We had a provision in the emergency tariff bill with reference to apples, providing that where the tariff on apples of any other country is raised above 30 cents, then our tariff would be raised; in other words, so as to maintain an equality. That is all our people ask—an equal tariff.

I do not know why the House made it 25 cents instead of 30 cents. I talked with Mr. Hadley, our Member on the committee, and he did not remember what the reason was, if there was any special reason given. Our people want 30 cents, and that is what the Canadian tariff now provides.

BLUEBERRIES.

[Paragraph 737.]

STATEMENT OF EDWIN M. FRYE, HARRINGTON, ME.

Senator HALE. Mr. Chairman, during the last few years the blueberry industry has been taken up extensively in my State, and we are trying to build it up. I have asked Mr. Frye, who is a blueberry canner from Washington County, Me., to come here and tell you about it. They are asking for some raises in the tariff as provided by the House, and I will ask Mr. Frye to state the case.

The CHAIRMAN. We will be glad to hear him.

State, for the information of the committee, your full name.

Mr. FRYE. Edwin M. Frye.

The CHAIRMAN. Where do you reside?

Mr. FRYE. Harrington, Me.

The CHAIRMAN. What is your business?

Mr. FRYE. Blueberry canner.

The CHAIRMAN. Will you state to the committee your views on the subject? What paragraph of the bill are you addressing yourself to?

Mr. FRYE. To paragraph 737.

The CHAIRMAN. What is it you want there?

Mr. FRYE. We thought that the rates were not quite enough for protection.

Senator SMOOT. You mean the evaporated?

Mr. FRYE. I am talking about blueberries—either in the raw berry or the canned berry.

Senator SMOOT. Berries, edible, are 1 cent a pound?

Mr. FRYE. Yes. A bushel of blueberries weighs 42 pounds.

Senator SMOOT. That is 42 cents a bushel?

Mr. FRYE. Yes.

The CHAIRMAN. What is it you want?

Mr. FRYE. We think we ought to have 1½ cents per pound instead of 1 cent.

Senator SMOOT. Are they worth $2.40 a bushel?

Mr. FRYE. Yes; they are worth more than that.

Senator SMOOT. How much more?

Mr. FRYE. The berries at the factory are worth about $3.50 a bushel.

The CHAIRMAN. Are there many importations of these berries?

Mr. FRYE. Well, there are some.

The CHAIRMAN. How many?

Mr. FRYE. Well, the importations ought not be great, because two-thirds of all the berries that are packed are raised in Maine. But there have been some importations.

Senator CURTIS. From Canada?

Mr. FRYE. From Canada.

The CHAIRMAN. Well, how many?

Mr. FRYE. Well, I think perhaps there have been 2 to 10 per cent importation.

Senator HALE. Please explain to the committee about opening up the Crown lands.

Mr. FRYE. I was going to say that blueberries in Washington County, Me., and in fact all over Maine, are sold for the best berries that grow. But there are 29,000 to 30,000 square miles in the whole State of Maine, bounded by Canada, and the idea in Canada is that they are talking of opening up the Crown lands there for blueberries. In Maine, while the blueberry business is in its infancy here, we have started to lay out a lot of money for raising them. In fact, they have increased the capacity for raising blueberries 100 per cent in the last five years, and they would be a great deal more than that in the five years to come, because they have just got to work in good shape. But they can raise blueberries in the Crown lands in Canada, which are near us. Washington County, Me., is bounded by Canada, where most of the blueberries grow—the whole north and east of us.

Senator SMOOT. Are you a raiser of berries?

Mr. FRYE. Yes.

Senator SMOOT. You are not a manufacturer?

Mr. FRYE. Yes; I both raise and manufacture.

Senator SMOOT. Then I suppose you would want different rates provided for the canned and preserved berries, would you?

Mr. FRYE. That rate of 20 per cent does not compare favorably with the rate in 1909, when we had 35 per cent, because the price of blueberries has advanced. In 1909 No. 10 blueberries sold at $4.50 a dozen; in 1920 they sold at $9.50, or more than twice as much; that is, the canned berry.

Senator SMOOT. Of course, then, the duty is more?

Mr. FRYE. Yes; but they are not more per cent.

Senator SMOOT. No; but more in dollars and cents.

Mr. FRYE. So we would like to have 25 per cent for the canned and 1½ per cent for the raw.

The blueberry growers of Maine have asked me to come before you and to say that because of the outlay of labor and capital there in Maine put out to grow blueberries they feel they would have to have quite a protection until we get the industry further developed than it is at present.

The CHAIRMAN. Have you filed any statement in writing?

Mr. FRYE. I have no brief, but here is a short statement from Jasper Wyman & Son, Milbridge, Me.

The raising and canning of blueberries in the State of Maine is almost wholly done in Washington County. The approximate sales of canned blueberries for this county for the business season of 1920 was $1,200,000, the product of 11 factories operating there. There were blueberries also that were shipped fresh to the market in small boxes packed in crates in addition to the above.

There are two factories in Hancock County and two in Knox County. The output of these two counties would be about $240,000. There are blueberries shipped from these counties in crates for the market, as in Washington County.

The farmers are just leariining, in all the above counties, how to cultivate blueberries on a large scale profitably, for this reason the production in the State of Maine is increasong each year.

The land used for this purpose is valued according to the quality of the land for blueberry production and also for the extent to which it has been cultivated for this particular purpose. It varies, therefore, in value from $4 to $100 per acre.

Washington County borders on Canada, where there are quite a good many blueberries raised, a large part of which come to the United States. The blueberries there are raised on what is known as "the Queen's land on which no stumpage is charged. To allow these blueberries to be shipped into the United States on a tariff less than the McKinley tariff would be a severe blow to the industry here, an industry just in its infancy on account of the fact that, as above stated, the farmers throughout the sections where the blueberries grow are just learning to cultivate them successfully. The crop in Washington County is gathered right after the haying season, at a time when there is not much else going on. The pickers with their whole families move right onto the blueberry fields and earn enough money there in from four to six weeks to stock them up with their winter supplies.

Senator HALE. Mr. Chairman, I would like to state that while the duty was a cent a quart in 1909 and is a cent a pound now, which amounts to 1½ cents a quart, yet the protection afforded is not as great because the berries have gone up very much since that time. In 1909 the price of berries was somewhere around 6 cents a quart, and now, as I understand it, you have to pay 8 or 10 cents a quart and sometimes more. Is not that true?

Mr. FRYE. The average price for the last three years has been 16 cents per quart, as compared to 6 and 7 cents in 1909.

Senator HALE. So the percentage that is allowed now is not nearly as high as it was on the 1909 price, when berries were much lower.

The CHAIRMAN. The committee will give your statement very careful consideration.

CHERRIES.

[Paragraph 738.]

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

In the House bill the tariff on cherries is 1½ cents a pound, paragraph 738. I know that our cherry producers think that it ought to be at least 2 cents a pound.

Senator McCUMBER. That is the way that it is in the emergency bill.

Senator JONES of Washington. Yes.

Senator SUTHERLAND. Is that the maraschino cherry?

Senator JONES of Washington. These are fresh cherries, or cherries in brine. Under the existing tariff law, or, rather, under a construction of the present law by the department, cherries sent here in brine were, I think, admitted free.

Senator SMOOT. Yes.

Senator JONES of Washington. And that worked a very great hardship upon our people.

Senator SMOOT. We have it here 1½ cents in brine or fresh.

Senator JONES of Washington. Yes; that is the way the House bill is, fresh or in brine. Our people think the tariff ought to be 2 cents a pound.

I am just calling it to your attention. It was that way, as you say, in the emergency bill.

Senator McCUMBER. I think it was raised to 3 cents in the emergency bill.

Senator JONES of Washington. They think that 2 cents would fairly well meet the situation.

Senator McCUMBER. Of course, you know that there has been a great deal of testimony here and there have been very earnest objections to the increase of the tariff on cherries. You seem to labor under one disadvantage, that you raise too good a cherry out there; it is too big. You do not get near as many to a quart; and therefore when you want to put a cherry on the top of a piece of ice cream or something of that kind, if they buy a quart of foreign cherries they can cover so many more pieces with them that they are desirous of not allowing you, with your bigger cherries, to force them over their smaller ones.

Senator JONES of Washington. I hope that you will help us to keep up the size of our cherries.

STATEMENT OF JAMES A. RHEINSTROM, PRESIDENT OF THE RHEINSTROM BROS. CO., CINCINNATI, OHIO.

Mr. RHEINSTROM. The proposed tariff, on page 101, paragraph 738, line 12, reads:

> Cherries in their natural state or in brine, 1½ cents per pound; maraschino cherries and cherries prepared or preserved in any manner, 20 per cent ad valorem.

We produce in large quantities maraschino cherries, glacé cherries, and assorted glacé fruits, and already find ourselves in a position where we can not compete with the foreigners who are packing similar goods, which are entering the United States under the

Underwood tariff of 20 per cent ad valorem. This condition exists with us even with using raw fruit that was purchased by us last year before the present emergency tariff was in effect, and that, as you know, provides a duty of 3 cents per pound on cherries in brine, which duty we continually opposed, but without avail.

As it is the intention of the revised tariff to protect American industry and labor, we feel it our privilege as well as duty to ask that it be so drawn as to fill its purpose.

While the western grower thinks he will be benefited with a tariff on raw cherries, he is laboring under a delusion, for the majority of the fruit imported is of a size that is not grown on the coast, the foreign cherry being smaller, and therefore demanded by certain trade because it can be used to better advantage and more economically, and if they can not secure from us they will import the finished article from abroad. We do, however, sell some larger cherries, similar to the Royal Anne variety.

During the past summer I have seen some fresh Royal Anne cherries offered on the Cincinnati market early in the season at $1 per pound retail, and, later, down to 50 cents per pound. With this condition existing I can see no reason why we, as American manufacturers, should be penalized, when the western grower receives such remuneration from this source, together with the demand for cherries for canning, which is of enormous proportions.

If we must pay duty on raw material it will mean that we will be placed in a position where we can not hope to compete with the foreigner in our own market. He will process the fruit abroad and send the finished article to the United States; we will be eliminated, and American labor will suffer through the loss. Thousands now engaged in the industry will be without employment.

To emphasize the point that the small-size fruit only grown abroad is demanded by our trade, I am offering a price list, marked "Exhibit A," dated February 1, 1921, which was published by one of the western cherry preservers, in which the following appears:

> We can also furnish ten to twelve hundred count Italian imported cherries, at $3.25 per gallon in 50-gallon barrels.

Upon glancing over this price list you will see that the price quoted for the Italian imported cherries is higher than any quotation listed for any size of the large domestic cherries. The fact that they are quoted at a higher price certainly is proof positive that the competition of the imported raw cherries is not interfering in any way with the profitable growing of fruit on the coast. These Italian cherries quoted by the western cherry packer were originally imported in brine, and cured on the coast. Why, then, should any duty be levied on raw material which will simply mean that the packers will be driven out of business, and their products supplanted by the finished cherries which will come from abroad?

The saying "One man's loss is another man's gain," will not work out to the advantage of the westerner, because by having us eliminated he will be competing with the foreign packer of the finished product, as I said before, and if any gain is to be derived it will be to the manufacturer abroad instead of the grower in this country.

It has always been our contention that, aside from the size of the fruit, insufficient cherries have been raised on the coast to satisfy the requirements of this country. In evidence of this I am offering a telegram, dated July 6, 1921, which was sent to us by the largest fruit-packing concern on the coast in response to our inquiry for raw cherries, and which reads as follows:

> Sorry advise does not look like will be position pack cherries account crop conditions, which means shortage all over country. If successful securing necessary stock, etc., will advise but can not give anything definite. We regret these conditions and our inability take care your kind inquiry this instance. Accept our appreciation.

We feel that the tariff should be drawn eliminating the duty of a cent and a half per pound on raw cherries, and should provide for a duty on the finished article of 1 cent a pound and 35 per cent ad valorem, which was in effect under the Payne-Aldrich Act.

We positively need this protection on raw and finished fruit if we are to continue in the business, and not to have our years of work cast aside.

We know that our business is still in its infancy, and if the tariff is revised as we outline, it will be commensurate with our costs, and place American goods in competition with the foreign packed. We have superior articles that are worthy of such protection, that will guard their continued production.

GLACÉ, CANDIED, AND PRESERVED FRUITS.

[Paragraphs 738, 741, 745, 746, 747, 748, and 749.]

STATEMENT OF MARIO NARIZZANO, REPRESENTING THE CAUSSE MANUFACTURING & IMPORTING CO., BOUNDBROOK, N. J.

Mr. NARIZZANO. My name is Mario Narizzano, and I am vice president and general manager of the Causse Manufacturing & Importing Co., of Boundbrook, N. J.

The Causse Manufacturing & Importing Co. is the oldest American packer and manufacturer of glacé, candied, and preserved fruits. The plant of the company is located at Boundbrook, N. J. It pays the American scale of wages and employs between 75 and 100 people throughout the year. In addition to its direct operations the various allied trades are materially benefited, such as sugar refiners, corn products, box and paper manufacturers, American colors, etc.

The tariff act of 1913 seriously menaced all manufacturers of glacé fruits through the reduction of duties from the act of 1909, inasmuch as the larger proportion of glacé fruits were imported from France and Italy. The World War alone permitted American manufacturers to continue operations under the conditions of the act of 1913, because it made impossible the shipment of similar goods from France and Italy.

Senator SMOOT. Do you want the Payne-Aldrich rate, the same as Mr. Rheinstrom?

Mr. NARIZZANO. Yes, 1909.

Senator SMOOT. That is what you want?

Mr. NARIZZANO. Yes.

Senator SMOOT. You may proceed.

Mr. NARIZZANO. During the period of the war American manufacturers were called upon to supply American consumption in its entirety, thus necessitating a very large increase in their production, enlarging of plants, and consequent heavy investment.

The proposed tariff, H. R. 7456, in the various paragraphs covering glacé and preserved fruits not only provides no relief, but apparently is identical with the Underwood Act of 1913. In effect it practically means ruin to the American manufacturers, because of the fact that France and Italy have now resumed their exportations to the United States, extensive in volume and at prices far below American cost of production. For example: French glacé cherries are being imported to-day and sold in the American market at a price of about 25 cents per pound, duty paid. This price is at least 7 cents per pound lower than the American cost of production.

In our own case last year, on account of these renewed importations from France and Italy, we were unable to show any profit whatever on our business. This year it is even worse, and we can not foresee anything but a substantial loss. It is thus apparent that American manufacturers can not continue to operate if the present or proposed duties are continued effective.

The act of 1913, as well as the preceding acts—1909, etc.—allowed the importation of fruits in brine, which is the larger part of our raw material (and not edible as imported), on the free list. The proposed H. R. 7456 not only follows the act of 1913 on the finished product, but imposes a further hardship on American manufacturers by placing a duty upon fruits imported in brine.

It is thus easy to see that should the proposals of the bill H. R. 7456 be enacted into law, including this duty on fruits in brine, the effect upon American manufacturers can not but be totally ruinous.

We protest that there should be any duty on fruits imported in brine. It is very essential to the American manufacturers that they be permitted to import their raw material when necessary without the burden of a duty, which immediately creates a material hardship as to cost of production.

It is our recommendation, in which we believe we have the hearty support of every American manufacturer of glacé fruits, that the minimum duty on all glacé and preserved fruits be placed at 1 cent per pound and 35 per cent ad valorem. In making this request of your committee we are merely asking that you reestablish the duty as provided in the act of 1909, paragraph 274. We trust that the judgment of your committee may give us even a greater measure of protection, because of the marked difference in costs and conditions as between 1909 and the present time.

H. R. 7456, as at present written, seemingly presents marked opportunities for misinterpretation. Its division of paragraphs is apparently full of ambiguities. Conflict is bound to follow. Under H. R. 7456 our industry is apparently spread out throughout numerous paragraphs, 738, 741, 745, 746, 747, 748, and 749 all applying. The act of 1913 covered the subject fully and clearly under one paragraph (217), while the act of 1909 did likewise (paragraph 274). We earnestly petition your committee that all glacé fruits, preserved or packed in sugar or having sugar added thereto, or preserved or packed in glucose, molasses, spirits, or their own juices, be covered under one paragraph.

If it should be the decision of the committee that it is essential for fiscal or revenue purposes that a duty be imposed on the importation of fruits in brine, then we earnestly petition that a further differential be established which will give the American manufacturer a protection equivalent to the amount of such duty on fruits imported in brine.

In conclusion, gentlemen, I wish to add my emphatic indorsement to the remarks of Mr. J. A. Rheinstrom, of Cincinnati, made at the hearing yesterday afternoon. On account of the lateness of the hour when Mr. Rheinstrom was heard, I fear that some of the effectiveness of his testimony may have been impaired. All of us who import cherries in brine for the manufacture of glacé cherries and cherries in sirup (so-called maraschino cherries) believe our situation is one calling for the earnest support and consideration of your honorable body. American production is totally inadequate, and it is in fact impossible to purchase for this purpose more than a very small percentage—less than 10 per cent—of the needs of the country. Pacific coast cherries are largely sold as fresh fruit. I wish to call to your attention that the normal consumption of the United States of this commodity—imported in brine—not edible as imported—is 75,000 barrels. The proposed H. R. 7456 rate of 1½ cents on cherries in brine is in effect a duty of 3 cents per pound to American manufacturers of glacé or sirup cherries, as the pits, stems, shrinkage, and sundry losses practically double the rate of duty. We again request that your committee place fruits in brine on the free list, as it is a raw material necessary.

CURRANTS.

[Paragraph 742.]

STATEMENT OF J. E. BRAND, REPRESENTING THE W. H. MARVIN CO., URBANA, OHIO.

Mr. Brand. I am here in place of Mr. Charles Brand.

Senator La Follette. What paragraph do you speak on?

Mr. Brand. I am speaking on paragraph 742, and the subject is currants. At least 99 per cent of the currants are imported, and for that reason I would judge that the duty is one for revenue solely. There are about 15,000 tons of currants imported into the United States a year, taking an average of over 10 years; and it does not seem we will be able to import that many if the duty is made 2½ cents. About the only thing we are directly in competition with, we might say, is raisins, and they have only placed a duty of 2 cents a pound on raisins; and it seems unreasonable when raisins are the chief competitor of currants that a competitor should be charged 2½ cents and damaged in the business that would be done, and at the same time it seems to me there has been overlooked an opportunity to protect an industry in the United States, that of cleaning currants, which is one that amounts to $4,500,000 a year, in not making the duty higher on cleaned currants coming into the United States than it does on the uncleaned or original. These currants come in here in a dirty condition, and we pay duty not alone on the currants, but on the dirt imported with the currants. Many times we have tried to have relief from that and ask that we would be allowed a percentage that would mean 3½ per cent, which is what we clean out of the currants. So that we not alone are paying 20 or 30 per cent ad valorem duty in 2½ cents, but we would be paying 3 per cent besides on the dirt imported, which, of course, we can not sell, or at least we ought not to.

The increase in duty would produce increased revenue of $300,000 to the United States, provided we were able to import the same quality of currants we have heretofore. But I doubt that we will be able to. At the present time the ad valorem duty amounts to 20 or 30 per cent, but if we go back to prewar conditions on both raisins and currants, we will have a price of 4 to 6 cents a pound on them, and then the ad valorem duty would be so great as to make it prohibitive, for you can readily see that at a price of 4 cents, deducting 2½ cents would not leave anything for the freight or for the currants hardly. We have never had a higher duty than 2 cents a pound on currants, and it does not seem there is any reason to-day for making any detrimental increase in duty to prohibit the use of currants in this country. There are a great many people here who want currants, and inasmuch as they are not grown in this country—at least not in any degree that would be sufficient at all—I understand they have sold some 30,000 pounds a year in California, but no one has been able to get hold of any samples, and we do not know whether it has been done. Burbank tried to grow currants in California; he produced them in Florida and warmer climates and acknowledged them a failure.

We would like to see a higher duty on cleaned currants than there is on the uncleaned, as a protection to an industry that has been built up here, because over there we have these same labor conditions that you have all heard of in great quantity here on every subject of an import nature; and we have these same troubles to compete with, and where people want currants—we have a great many people come here from England and who come here from Greece who are used to having currants, and they want them, and I can not see that we have any reason for making it hard for them to obtain them, and wo have the industry here and ready to take care of this business.

Gentlemen, I have come as a substitute for Mr. Charles Brand, and I was called by phone from Pittsburgh last night, and I am here without any data and information, and I would like to submit a brief.

The CHAIRMAN. That will be satisfactory to the committee.

LEMONS AND ONIONS.

[Paragraphs 743 and 768.]

STATEMENT OF FREDERICK W. GEIGER, NEW YORK CITY.

Mr. GEIGER. I reside in New York City, and my name is Frederick W. Geiger. I appear in the place of Mr. Lippmann, who was suddenly taken sick and could not be here. I would like to file these two memoranda on the subject of lemons, covered in paragraph 743, and onions, covered in paragraph 768.

Senator MCCUMBER. The briefs will be printed.

BRIEF OF THE NEW YORK FRUIT EXCHANGE.

The New York Fruit Exchange does not oppose the tariff duty of 2 cents a pound on lemons, as provided in the emergency tariff bill and the proposed permanent bill as passed by the House of Representatives, because of hostility to the growers of lemons in the State of California.

The membership of the New York Fruit Exchange represents all branches and elements of the wholesale fruit trade.

A majority of the members of the exchange derive their principal revenue from trading in California fruits. Thus self-interest alone, if no patriotic or other higher motive, would restrain them from taking or recommending any action which would be detrimental to the interests of the California producers.

The New York Fruit Exchange is opposed to the increase in the tariff duty from 35 cents a box (approximately one-half of a cent a pound to 2 cents a pound, or approximately $1.50 a box) because of a conviction that such an increase is unwarranted; that as long as such a law remained in force it would give to the California growers a monopoly of the traffic in lemons in the United States; that the effect of such a monopoly would be to give to the California producers and operators an opportunity to manipulate the market at will, thus compelling consumers to pay inordinately high prices for lemons, or go without them; and that lemons being a necessity and not a luxury, no action should be taken by the Government to artificially raise the price of them.

The New York Fruit Exchange opposes a duty of 2 cents a pound, too, because of a belief that in the long run it will prove to be disastrous to the California producers themselves. It will create false hopes founded upon a mistaken sense of security and lead to speculation in land at advancing prices, thus adding to the already too high cost of production and provoking resentment upon the part of the masses of the people, which in time will find expression in reprisals.

This is not merely a theory. One need but read the tariff history of our country to perceive that such an unstable thing as a rate of duty is a dangerous foundation for a great industry. The folly of erecting a tall and heavy structure on a foundation of sand is proverbial.

What is the history of the tariff on lemons?

Roughly speaking, the California lemon industry is hardly 30 years of age. In this brief period of time the rate of duty has been changed five times.

Setting the period of the beginning of the industry as a commercial factor as the second administration of President Cleveland, say 1892, we find the duty as prescribed in the Wilson bill the equivalent of about 30 cents a box. The industry grew slowly at first, but steadily. In 1897, after the inauguration of President McKinley, Congress undertook a general revision of the tariff.

Representatives of the California industry petitioned for a duty of 1 cent a pound. When the tariff bill known as the Dingley bill passed both Houses of Congress, it carried a duty on lemons of three-quarters of 1 cent a pound.

The industry flourished, as is shown by the yearly increased output. The importers of lemons and dealers in fruits throughout the United States adjusted their business to the new conditions and accepted the matter as settled. There was no thought of asking for a repeal of the provision of the bill or of a restoration of the former low rate. But it soon appeared that the California growers were not satisfied. In the year 1909, after the inauguration of President Taft, there was another revision of the tariff. The Californians, apparently emboldened by their former success, asked that the duty on lemons be increased to 2 cents a pound. They did not get all they asked for, but the duty was substantially increased. It was doubled. The Payne-Aldrich bill was passed, which fixed the rate of duty at 1½ cents a pound, or the equivalent of about $1.15 a box.

The Californians were warned that reprisals would follow, but they disregarded the warnings and went ahead as if the matter were settled for all time. Some three years later there occurred a great disaster. A cold wave of unprecedented intensity and duration swept over the citrus-fruit producing sections of California and the lemon crop was practically destroyed. Then it was that the fruit trade of the country and observing consumers learned the effect of high tariff duties. Lemons were imported, but in no such quantities as they would have been had the operations of the importers not been restrained and limited by the excessive duty. Lemons sold considerably above the normal prices. Consumers whose incomes permitted them to do so bought lemons. They grunted, but they paid the price. Those who could not pay the price went without lemons. Congress met. The Democratic Party was in control. There was another revision of the tariff; this time it was downward. In the Underwood bill the duty on lemons was fixed at 35 cents a box. The protests of the California interests were unavailing. Dire predictions were made as to the destruction of the industry. But let us see what actually resulted. In the season of 1913–14, 2,954 carloads were shipped. The next season the shipments were 6,851 carloads. In 1915–16 the shipments rose to 7,200 carloads. The maximum was reached in the season of 1918–19, when 10,923 carloads were shipped. These figures represent only the shipment to points within the United States. In the same period there was a steady growth in the export business. In the season of 1913–14, 70,075 boxes were exported. In the season of 1918–19 the export shipments reached a total of 304,351 boxes.

Here we have evidence of a healthy growth, yet the spokesman of the California growers would have us believe that unless protected by a tariff of at least 2 cents a pound the industry will be ruined.

In a brief of the California Citrus League, which was submitted to the Ways and Means Committee of the House of Representatives (p. 1937 of the hearings on general tariff revision), it is stated that—

"The bearing lemon acreage in California was largely planted as a result of the stimulus that followed the tariff duty of 1½ cents per pound in 1909, when the Citrus Protective League promised * * * that if given the protection asked for, California would supply the entire lemon demand of the country. The 33,000 acres of bearing trees, which now more than supply the requirements of the United States, were therefore planted before the duty was reduced to one-half cent per pound in 1913, and as a direct result of the encouragement given by the higher rate."

This statement merits examination, especially as to two important particulars. Twelve years ago a duty of 1½ cents per pound was found to be sufficient stimulus to encourage an enormous increase in the acreage planted to lemons. This being a fact, why is it now necessary to raise the rate to 2 cents a pound?

The other particular in which the verity of the statement is challenged by recent experience is the assumption that the promise made in 1909 that if given protection to the extent of 1½ cents per pound "California would supply the entire lemon demand of the country" has been fulfilled. To refute this assumption one need but recall the trend of the prices for lemons during the period extending from the latter part of the month of May in the present year to the latter part of the month of July. A warm wave in the interior of the country which moved east and spread over a vast area, created the usual hot-weather demand for cooling drinks. It came at a time when the wholesale trade had few lemons in stock and only insignificant quantities of foreign lemons were in transit, because the fear of the passage of the emergency tariff bill had restrained the importers from making their customary spring contracts. What was the result? The prices leaped upward in jumps of $1.50 to $2.50 a box at each successive auction sale. At the crest of the wave, some California lemons sold at auction in New York City above $15 a box. Prices ranging from $10 to $12.50 a box were common.

Such imported lemons as were received also sold at the highest prices within the memory of present-day operators. The prices ranged anywhere from about $7 to $12.50 a box according to quality and condition. And the retail prices soared in company with the wholesale prices. Consumers were compelled to pay from 75 cents to $1.25 a dozen.

California was clearly unable to supply the demand. The prices did not recede to normal levels until lemons were received from the Mediterranean, which the high prices had encouraged the trade to import.

At present (Aug. 29, 1921) California lemons of fancy grade are bringing $5 a box, and those of choice grade are selling up to $4.50 a box in the New York auction rooms. At the last sale of imported lemons, which was held on August 25, the prices ranged from about $2.50 to $3.50 a box, according to quality and size.

In the entire period extending from June 1, 1921, to July 18, 1921, when the demand for lemons was greatest, there were sold in the city of New York only 40 carloads (about 16,000 boxes) of California lemons, all rail shipments, and 30,800 boxes which were shipped by water by way of the Panama Canal. One of these cargoes, which consisted of 10,000 boxes, sold at auction at an average price of more than $10 a box.

Additional facts and figures almost without limit might be cited in refutation of the claim that a prohibitive duty is needed to save the lemon industry of California from extinction, but enough has been submitted to prove conclusively that the industry has grown enormously in comparatively few years and that no further protection is needed. But despite the conviction that the lemon industry of California is strong enough to stand alone without any protection at all in the way of a duty on imported lemons, the New York Fruit Exchange does not ask for a removal of the duty, nor even for a restoration of the rate of 35 cents a box as provided by the Underwood tariff bill. As a whole, the members of the New York Fruit Exchange believe in the principle of protection to home industries and they regard the imposition of tariff duties upon imports from foreign countries as a proper source from which to procure the revenue needed to defray the necessary expenses of government. Hence they believe that the duty on lemons may properly be raised, but that it should not be raised so high as to exclude imports and compel our own people to pay extravagant prices. They believe that the principle of protection should be extended to the masses of consumers and that it should not be limited to a selected few in favored industries. In their opinion the duty on lemons should not be raised above the equivalent of about 75 cents a box. This rate of duty would afford ample protection and encouragement to the growers of California while making it possible to import lemons from the Mediterranean without great hazard at times when the production of California should be found to be inadequate to supply the demand.

BRIEF OF THE NEW YORK FRUIT EXCHANGE AND ASSOCIATED ORGANIZATIONS.

LEMONS.

Paragraph 220 of the act of 1913 is as follows:

"Lemons, limes, oranges, grapefruit, shaddocks, and pomelos in packages of a capacity of 1¼ cubic feet or less, 18 cents per package; in packages of capacity exceeding 1¼ cubic feet and not exceeding 2½ cubic feet, 35 cents per package; in packages exceeding 2½ and not exceeding 5 cubic feet, 70 cents per package: in packages exceeding 5 cubic feet or in bulk, one-half of 1 cent per pound."

Lemons can not be classed as a luxury, nor as merely a pleasant article of a civilized dietary. They are a necessity. In the treatment of febrile disorders and other forms of sickness, they are indispensable. Nothing should be done to deprive the consumers of such a wholesome and necessary article of diet, of medicine, and toilet, or inordinately to raise the price.

The traffic in imported lemons furnishes employment to thousands of our citizens and is a source of no inconsiderable revenue to the Government of the United States.

There is current a great deal of misinformation as to the cost of importing lemons. So much has been said in the past as to pauper labor, that the labor cost of production in foreign countries is erroneously regarded as an infinitesimal item. Yet the fact is that in Sicily, where virtually all the lemons imported into the United States are grown, wages have risen fully 300 per cent above the rate paid before the late war.

The proximity expense of delivering a box of lemons from Sicily to the port of New York is as follows:

Lighterage in Sicily	$0.05
Freight (3 shillings 8 pence)	.70
Insurance	.02
Duty, fees, etc., 35 cents a box, plus an ad valorem duty of 15 per cent on the shooks, when of foreign manufacture)	.42
Wharfage, about	.25
Cooperage, average	.04
Total	1.48

The present depreciated foreign currency is not an advantage to the foreign shippers, for they buy what they need at home with depreciated currency, and are compelled to pay in gold for the shooks, paper, nails, and fertilizer, which they import from other countries.

The expense of delivering a box of lemons from Sicily to the port of New York is shown to be $1.48 exclusive of the cost of the fruit. But high as it is this amount does not represent the cost of delivery to the average dealer who supplies the consumer. To ascertain this cost, there must be added the shipping charge at the port of New York and the freight from New York to the interior destination. The center of population may be stated roughly to be at Indianapolis, Ind. The rate of freight on lemons from New York to Indianapolis is 87½ cents per 100 pounds, which is the equivalent of 72 cents a box. The shipping charge at the port of New York varies from a minimum of 7 cents a box for lightering, to a maximum of 25 cents a box for cartage from certain docks. Placing the average charge at the low figure of 10 cents a box, it will be seen that the expense incurred in delivering a box of lemons from Sicily to the center of population in the United States is $2.30, exclusive of the cost of the fruit.

Sicily, as stated in the foregoing, is virtually the sole source of imports of lemons. Following is a table showing the volume of importations for a period of eight years:

	Boxes.
July 1, 1912-13	2,075,000
July 1, 1913-14	2,332,000
July 1, 1914-15	2,250,000
July 1, 1915-16	1,440,000
July 1, 1916-17	1,260,000
July 1, 1917-18	1,245,000
July 1, 1918-January, 1919	312,000
Calendar year 1919	1,007,000
Calendar year 1920	1,419,000

The price of imported lemons varies according to the season. It is regulated by the law of supply and demand. The lowest price is equivalent of about $1.50 and the highest price the equivalent of $5 a box f. o. b. Sicily. Reckoning over a period of years, the seasonal average cost is about $2.50 f. o. b. Sicily.

Other elements besides price enter into the equation. The importer must take into consideration the hazards of an ocean voyage and the probable market fluctuations between the date of purchase and the date of arrival at the port of entry into the United States.

The domestic production of lemons has not languished for want of a high protective tariff. As a matter of fact and of record, the industry has shown a steady and healthy growth.

The following table shows the annual shipments from California during the periods stated:

	Carloads.		Carloads.
1912–13	2,192	1916–17	7,914
1913–14	2,954	1917–18	6,331
1914–15	6,851	1918–19	10,923
1915–16	7,200	1919–20	9,029

In the period from 1912 to about 1917 a carload consisted of 312 to 336 boxes. In the later periods the average car contained 404 boxes.

Until the year 1912, practically, all the lemons grown in the United States were consumed in this country. In the year 1912 the exports became of sufficient volume to warrant the compilation of statistics. The growth of the export business is shown by the following table:

	Boxes.		Boxes.
1912–13	81,949	1916–17	174,938
1913–14	70,075	1917–18	138,351
1914–15	122,914	1918–19	304,351
1915–16	175,070	1919–20	276,519

Appended hereunto is a statement showing the high and low prices realized for imported and California lemons in the city of New York during the period extending from January 1, 1920, to December 31, 1920.

The fruit trade of New York City is in no sense hostile to the protection and encouragement of domestic industries through the imposition of tariff duties on articles of foreign manufacture. They believe in the principle. But they feel that tariff duties should not be raised so high as to exclude foreign commodities altogether, thus depriving the Government of revenue and imposing unwarranted burdens of taxation upon the consuming public. They believe that if the present rate of duty on lemons were increased, say, 50 per cent, it would afford ample protection to the domestic producer and make it possible to import sufficient lemons to supply the wants of our people in periods of scarcity caused by the partial, or complete, failure of the domestic crop. Should an excessive rate of duty be imposed, there would be no importations at all in normal domestic crop years, and the importations in the years of domestic crop failure would be so limited in quantity as to deprive the consumers at large of lemons, for the prices under such conditions would rise so high as to place the fruit beyond their reach.

The imposition of a prohibitive duty on lemons would also be unjust to a friendly nation, and the principle of excluding the products of other countries through the medium of excessive tariff duties might invite reprisals which would seriously menace our growing foreign trade.

A tariff of 2 cents per pound as a minimum rate would be absolutely prohibitive and would be an increase of approximately 400 per cent on the present duty. At this point the attention of the committee is called to the fact that west of the Mississippi River, where there are no auction sales of lemons, buyers have to pay the price asked for California lemons, and the freight rate from New York makes it impractical in that section of the country to purchase Sicily lemons.

Attention is also called to the fact that recently about 2,500 boxes of California oranges and lemons were sent via the Panama Canal to Philadelphia, and the lemons were reported to have arrived in a very satisfactory condition, and, in fact, better than the oranges. If this method of transportation proves successful, there will be quite a saving in the freight as compared with all rail.

Reference has been made to the fact that the year 1920 was a prosperous one for growers of Sicily lemons, but it was anything but prosperous for importers, whose losses were heavy and continuous, for the tabulation annexed hereto shows clearly the small prices obtained for Sicily lemons and part below the cost price. Among the many charges not heretofore referred to may also be mentioned shipping charges, varying from 7 to 25 cents per box, and brokerage of 10 cents per box if bought at auction.

So far as the tariff is concerned, it is understood that the only desire is to produce revenue, but at the same time it is not believed that that desire to produce revenue extends to the point of prohibiting importations entirely, because if importation is prohibited, clearly there is no revenue from the tariff.

Our attention has been directed to an alleged statement that the cost of producing California lemons is $4.57 delivered in New York, while the average selling price for a period of 16 years has been $3.92. It needs no argument to show that this can not be correct, because no one can believe that in 16 long years business would be done so completely at a loss, and if it were true, what is to be said of the statements of the representatives for California that the production of lemons has increased, with a promise of production equal to 7 million boxes?

Following is a statement of the prices obtained in 1920, which shows clearly that the prices for California lemons were greater than those obtained for Sicily lemons:

Weekly prices of California and Sicily lemons, calendar year 1920.

Week ending—	California lemons.				Sicily lemons.			Remarks.
	Number of boxes.	Number of cars.	Prices. High.	Prices. Low.	Number of boxes.	Prices. High.	Prices. Low.	
1920.								
Jan. 1-10	1,600	4	$5.45	$0.50	....	....	....	
17	....	....	....	....	20,700	$4.12½	$2.00	5,700 boxes frozen cargo, $0.55 to $1.50.
24	....	....	....	....	11,700	4.50	2.25	All in storehouse.
31	....	....	....	....	....	....	....	
Feb. 7	....	....	....	....	11,000	6.00	4.87½	
14	1,600	4	7.00	2.88	....	....	....	
21	5,600	14	7.20	4.25	13,000	5.00	3.25	
28	3,200	8	6.80	5.20	....	....	....	
Mar. 6	8,400	21	6.85	2.35	32,000	4.87½	1.87½	
13	10,400	26	5.65	1.80	30,000	3.50	2.00	
20	6,000	15	4.05	2.00	32,000	3.62½	1.80	
27	3,600	9	4.05	2.00	43,000	3.30	1.25	Some balances down to $1.
Apr. 3	2,000	5	4.25	2.50	51,750	3.10	1.45	
10	400	1	3.75	2.25	25,250	2.90	1.55	
17	400	1	4.88	3.25	....	....	....	Strike week.
24	800	2	3.61	2.25	50,000	2.80	1.55	
May 1	1,600	4	5.00	2.00	....	....	....	
8	2,100	5	5.38	1.91	86,500	3.10	1.05	
15	800	2	4.13	2.75	70,125	3.35	1.20	One lot $3.40, one lot $3.60.
22	800	2	2.38	1.25	70,000	3.05	1.20	Wasty down to 40 cents.
29	1,600	4	5.00	.60	48,700	4.12½	1.15	Wasty down to 50 cents.
June 5	1,200	3	5.30	.88	36,000	5.00	.65	33,750 boxes cooked cargo—best $1 to $1.60, others 90 cents to 25 cents, wasty 30 cents.
12	3,600	9	5.63	.85	57,000	5.00	1.00	15,000 boxes cooked cargo—many abandoned, wasty 60 cents.
19	5,000	12½	4.25	.60	42,000	5.20	1.20	Wasty down to 65 cents.
26	5,200	13	3.20	.30	40,000	4.65	1.85	One lot $5.05, wasty down to 30 cents.
July 3	300	¾	3.45	1.20	69,500	4.35	1.25	One lot $5.20, one lot $4.90, wasty down to 25 cents.
10	2,100	5¼	5.00	.40	37,300	4.35	.50	Wasty down to 35 cents.
17	1,600	29	4.23	.45	13,000	3.35	.70	
24	8,000	20	3.00	1.11	30,000	2.90	.25	
31	1,600	4	3.75	1.50	29,000	3.20	.40	Wasty down to 25 cents.
Aug. 7	125	½	4.25	3.00	34,000	3.55	.55	Wasty down to 15 cents.
14	2,000	5	5.00	3.50	25,000	3.50	1.40	
21	3,600	9	5.00	.95	47,000	4.15	.60	Some abandoned.
28	4,000	10	4.13	.40	22,000	3.85	.50	One line $4.20.
Sept. 4	4,800	12	3.88	.40	....	....	....	
11	4,000	10	5.38	.30	....	....	....	
18	8,800	22	4.38	.60	....	....	....	
25	6,000	15	3.88	.65	4,500	2.65	.60	
Oct. 2	4,400	11	3.88	.30	12,500	2.65	.60	
9	800	2	4.63	2.25	....	....	....	
16	....	....	....	....	18,000	5.65	.70	
23	2,800	7	7.50	2.25	....	....	....	
30	6,000	15	6.38	1.50	9,000	4.75	1.50	Wasty down to 95 cents.
Nov. 6	14,800	37	4.88	1.60	....	....	....	
13	15,200	38	3.50	.50	....	....	....	
20	9,600	24	3.50	1.10	7,000	2.25	.25	
27	6,000	15	3.60	1.50	11,700	2.87½	.80	Two lots $4.12½, one lot $4.50, one lot $3.25, one lot $3.12½.
Dec. 4	7,200	18	3.95	1.35	2,200	3.00	1.65	
11	4,400	11	4.00	1.35	....	....	....	
18	6,000	15	4.16	2.05	....	....	....	
25	3,200	8	4.00	2.97	....	....	....	
31	6,800	17	4.95	2.15	30,000	2.70	1.55	

ONIONS.

Onions: Paragraph 208 of the act of 1913, 20 cents per bushel of 57 pounds. No change in rate is desired. An endeavor will be made in a brief way, to outline reasons why an increase in the present tariff on Spanish onions would completely eliminate this commodity from being imported into this country. The quantities imported during the past few seasons are as follows:

	Crates.
1914-15 (40,907 cases)	454, 519
1915-16 (72,218 cases)	527, 266
1916-17 (176,931 cases)	1, 310, 939
1917-18 (239,799 cases)	1, 092, 229
1918-19 (275,370 cases)	1, 035, 475
1919-20 (304,285 cases)	1, 102, 024
1920-21 (10,378 cases, 22,211 half cases)	73, 981

It would be well to note how small the importations of Spanish onions compare with the domestic crop. Nevertheless, it amounts to a very large percentage of the total quantity which Spain exports.

During the seasons of 1916-17 and 1917-18 Spain exported the following quantities:

	Crates.
1916-17 (2,409,685 cases)	1, 135, 219
1917-18 (1,526,090 cases)	1, 112, 029

This country purchased all the crates and a large portion of the cases.

The average crop of domestic onions in the United States for the year 1918 was 35,000 cars and for 1920 it was 28,000 cars, at an average of 600 bushels per car, and would thus equal 16,800,000 bushels for 1920 and 21,000,000 for 1918. This comparison is illuminating.

A word might be said on the increased cost of Spanish onions during the period covering the last four or five years. Experienced labor could be secured at one time in Spain for 2 pesetas, or 40 cents a day. This has increased to 4 pesetas and in some districts to 5 pesetas per day. The cost of packing has increased 100 per cent, as well as the freight from Spain to New York. We are paying 4½ pesetas per case at the present time, while previous to the war we frequently secured rates of 1½ pesetas per case (pesetas figured at 20 cents each). Labor, packing, etc., has increased in the same proportions.

Spanish onions are easily recognized by the American trade inasmuch as they are always packed in crates and cases and never in bags. The only foreign onions packed in bags are the Egyptians, but these onions do not cut any figure as they only come here when the market is very strong and when there is a scarcity of both Spanish and domestic onions in this market. From statistics we find that the largest importations of Egyptian onions were made during the season 1920, the total amount being 75,000 bags of 100 pounds each.

If it were only a question of looking out for the interests of the United States, we would without a doubt agree to an increase of the tariff—that is, if only the American farmer were to be considered—but we must not forget the effect that the increased tariff would have on the American public, as well as upon our foreign friends.

It is well to bear in mind that Spain, which, it is true, was a neutral country during the war, supplied great quantities to our troops, and in some districts of Valencia where these onions are grown such heavy demands were made that the Spanish public were the sufferers.

Now, if we are in turn going to show our appreciation for what they did for us by depriving them of an outlet for a large quantity of their goods, it will produce a tendency to shun us in some way or other.

It may be here noted what Mr. Arthur N. Young, trade commissioner, writes in the book entitled "Spanish Finance and Trade," Special Agents Series No. 202. In this issue he calls our attention to the necessity of creating a demand for American goods in Spain, and points out the wonderful strides American goods have made in Spain since 1914. If we are to hold this trade, which is an essential one, certainly we must do something in the reciprocity line.

Frankly speaking, it would be suicide for the onion growers to attempt to pay an increased duty over what they are at present paying.

There is another good reason why the tariff should be reciprocal, and that is that while Spanish onions do not conflict in any way with the domestic, owing to the different qualities of the onions, it protects the consumer from paying fabulous prices such as occurred in 1916. In that year it is distinctly remembered that a committee of women stormed the city hall in New York City protesting against the high prices of domestic onions. This was due to the fact that domestic jobbers were able to corner the market. Nothing was accomplished in the way of reducing prices for the public until the Spanish onions arrived in the market, and when this occurred the domestic jobbers were forced to do the proper thing and supply the trade with onions at fair prices.

It might be well to add something regarding the quality of Spanish onions. These onions are very large and contain a considerable amount or water, and for this reason it is the only onion that might be called "sweet," and are seldom if ever used for cooking purposes. Since Spanish onions are of such a superior quality to the domestic they are largely used for a different purpose. Spanish onions are so large that the packers are able to classify them by sizes and pack them in crates containing 50 and 72 onions, size of the crates being the same. The onions are also packed in cases according to size; the larger sizes being packed in cases containing four onions to a tier and the smaller ones five to a tier. The weights of the different size packing are as follows:

	Gross pounds.	Net pounds.
Crates	48	38
Half cases	76	65
Cases	150	128

The duty is paid at the rate of 20 cents per bushel of 57 pounds, which figures out approximately: Crates, 15 cents; half cases, 22 cents; cases, 45 cents.

One more fact might be pointed out, and that is that "necessity is the mother of invention." This statement is made because one of our members, Mr. A. Boera, of Boera Bros., the largest importers of Spanish onions, who imported during the season of 1919-20 some 347,000 packages, states that while in Spain during the war it was impossible for the United States to supply Spain with cotton, Spain being the third largest buyer of cotton from the United States. Due to this condition Spain was thinking very seriously of planting cotton in the most suitable section of Spain; this happens to be in the Valencia district where the onions are now grown. There is no question but that cotton can be grown in Spain, but it would be rather a hard proposition to change the mode of a country from one industry to another. If we are to place a higher tariff on onions Mr. Boera fears it will cause the Spanish Government to again reconsider the possibilities of taking up cotton growing. Should this be the case, our country would be deprived of the import duty on onions and also of an outlet for our cotton.

England, during the war, very foolishly refused Spain quantities of coal, and the result has been that Spain was forced to drill for coal in her own country. Spain, therefore, during the war increased its coal production from 1,000,000 to 7,000,000 metric tons, and from recent reports it will be only a question of time when Spain will be able to supply its own needs.

As in the case of domestic growers, Spanish growers were forced to take very large losses in America due to the fact that the elements play such an important part in this commodity. For instance, in all seasons from 1917 to the present one not one shipper made any money in shipping onions to the United States. To substantiate this fact, the books of any one of the Spanish onion importers are open to inspection, and under these circumstances what will be the result if an increased duty takes effect?

The Spanish onions do not in any way conflict with the Texas onions, as it has been stated that "Texas onions arrive in the New York market between April and June, and then the Northern States supply the onions." Statistics show that it is very seldom that Spanish onions are imported during July, so that prices of Spanish onions do not in any way conflict, at least with Texas onions.

From information obtained we understand that domestic onions can be delivered to railroad station for $1.40 per 100 pounds. Figuring that if the freight rate on imported onions was half of the railroad charges on 100 pounds, the Spanish growers would be losing money at $1.40 per 100 pounds delivered on steamer. Entries at customhouse will substantiate these facts.

BERMUDA PRODUCTS.

Potatoes: Paragraph 581, act of 1913, duty free.

Onions: Paragraph 208, act of 1913, 20 cents per bushel of 57 pounds.

It is respectfully urged on behalf of the merchants doing business with Bermuda that no change be made in the tariff on potatoes, ~~onions~~, and other vegetables coming from Bermuda. A very large percentage of the Bermuda crop is shipped to the New York market at a time when there are practically no new potatoes or onions grown in the United States and ready for shipment, and, consequently, the shipments from Bermuda do not in any way interfere with crops of new potatoes and onions grown in the United States.

Attention is called to the fact that these new potatoes and onions, as well as early vegetables, have been grown especially for the New York and other large markets in the United States for the past 20 years or more; and coming forward at a time when such goods can not be grown in the open fields of this country, it is therefore necessary for the receivers here in the United States to look to Bermuda for their supplies of new potatoes and onions.

The total shipments of new potatoes, onions, and vegetables from Bermuda to the United States each season are very meager and limited as compared with the production of such goods grown in this country, and the bulk of the Bermuda shipments arrives on the New York market between December 1 and April 1.

The approximate output of potatoes for the last eight years has been 153,000 bushels per annum, although at times the output has been between 100,000 and 125,000 bushels per annum.

Attention is also directed to the fact that the bulk of the seed, fertilizer, containers, and other materials required in the growing and shipping of these crops from Bermuda originates in the United States and is shipped to Bermuda for the sole purpose of growing and shipping these crops to the United States markets.

In this connection it is interesting to note that, according to the Department of Commerce statistics, during the 10 months ended October, 1920, the exports from the United States into Bermuda amounted to $3,320,338 and imports from Bermuda into the United States amounted to only $1,532,428, making a trade balance in favor of the United States of $1,789,910.

GRAPEFRUIT.

[Paragraph 743.]

STATEMENT OF JAMES D. POTTS, GLEN RIDGE, N. J., REPRESENTING ISLE OF PINES CITRUS FRUIT GROWERS.

Mr. POTTS. Mr. Chairman and gentlemen of the committee, I represent the citrus-fruit growers on the Isle of Pines. I am also engaged in the industry there as a grower. I desire to present, if I may, for consideration by your committee, a brief statement giving reasons why an increased duty on grapefruit is not required for protective purposes, and should the amount in the new tariff bill stand it would be nonproductive as a revenue measure, for it would act as an embargo. This conclusion is based upon our experience in marketing our grapefruit last season.

The present duty on grapefruit is 35 cents per box, less 20 per cent provided in the reciprocity enactment, which reduces the amount to 28 cents per box. The duty of 1 cent per pound which the new Fordney bill would impose on grapefruit amounts to about 70 cents per box.

Senator SMOOT. Where do you live?

Mr. POTTS. Glen Ridge, N. J.

Senator SMOOT. You sell grapefruit? Do you import grapefruit from the Isle of Pines?

Mr. POTTS. No; I am a grower there.

Senator SMOOT. You are a resident of the United States?

Mr. POTTS. Yes, sir.

Senator CALDER. You are a citizen of the United States?

Mr. POTTS. Oh, yes.

Deducting the 20 per cent reciprocity, the proposed rate is reduced to a duty of 56 cents per box, thus making an increase of 28 cents per box above the present duty cost.

Last season it cost me, in freight, duty, boxes, picking, packing, packing materials, hauling to the docks, and selling charges, $4.21 per box, laid down to the buyer in New York City.

The highest average price obtained in the New York market for an entire orchard crop was $4.85½ per box, leaving a margin of 64½ cents per box, against which must be charged the cost of fertilizer and labor applied on the orchard, and these charges in the best bearing groves will run above 65 cents per box, and in the young bearing orchards it will cost above $1 per box to grow the fruit.

In view of the high cost of transportation, fertilizer, and labor and other materials we will not be able to take on this additional duty charge. If the increase remains in the bill we feel we will have to quit growing grapefruit, and sacrifice our investments. The investments, in some instances, reach large figures. Mr. F. C. Stephens, manager for the Federal Printing Co., of New York, has an investment of over $100,000 in a grapefruit orchard. Last season Mr. Stephens did not break even, as will be observed in his statement herewith submitted.

We have gone through the hard struggles of the pioneer, and we do not want to be forced to give up.

We hold that a duty on grapefruit is not needed for protective purposes, for the following obvious reasons: Last season Florida shipped 4,549,950 boxes of grapefruit. The Isle of Pines shipped 164,249 boxes of grapefruit, Cuba shipped about 45,000 boxes, and Jamaica shipped about 20,000 boxes; making a total of about 229,249 boxes of grapefruit coming in from outside points.

Senator CALDER. Are grapefruit raised in other places in this country besides Florida?

Mr. POTTS. California raises some, but not to a large extent Porto Rico, which is an American possession, raises grapefruit.

The bulk of this 229,249 boxes of outside fruit is shipped in August, September, and early October, before Florida begins to ship in quantities. Thus it will be seen that our small quantity of fruit, most of which is shipped before the Florida fruit is ripe, can have no influence whatever upon the grapefruit market. In fact, the Isle of Pines shipped but 11,412 boxes of grapefruit in the months of November and December last, which are the months of heavy shipments from Florida.

Last season the freight charges from the Isle of Pines via Key West to New York were $1.82½ per box. By water route via Habana the rate was $1.23½ per box. From the Isle of Pines to Chicago the rate was $1.71 per box.

Fully two-thirds of our crop last season was shipped at the $1.71 and $1.82½ per box rate.

Florida paid from Tampa to Chicago, $1.07½ per box as against the Isle of Pines rate to Chicago of $1.71 per box, giving Florida a market advantage of 63½ cents per box. Adding the present duty of 28 cents per box increases this advantage in favor of Florida in the Chicago market to 91½ cents per box. Adding the proposed increase in duty of 28 cents per box would advance the Florida shipper's advantage in the Chicago market to $1.19½ per box.

About half our shipments to New York last season were sent by the way of Key West at the $1.82½ per box rate, therefore the average rate paid for delivery in New York from the Isle of Pines was $1.53 per box.

The maximum rate paid by Florida shippers to New York last season was from the Miami shipping point, which was $1.26½ per box. From Palmetto on the west coast the rate to New York was $1.08½ per box last season. From interior points the price was considerably lower.

Desiring to be conservative and fair in our statement, we have selected for comparison the maximum rate paid by the Florida shippers. By striking an average the rate last season from Florida to New York was about $1.17½ per box as against the average rate to New York from the Isle of Pines of $1.53 per box, which gives the Florida shipper a market advantage in New York of 35½ cents per box in freight rate alone. To this add the present duty of 28 cents per box and the amount totals 63½ cents per box market advantage in favor of the Florida shipper. If the duty be increased an additional 28 cents per box, it would raise the rate to 91½ cents per box, which amount the Isle of Pines grower must pay to lay his fruit down in New York in excess of what the Florida shipper would pay.

We hope in the future to obtain freight concessions. So does Florida. So does the country generally. That, however, would change only the rate amounts and the Isle of Pines grower would still have to pay proportionately the same higher rate. The big factor, the duty, would still remain.

We ship our fruit to the West, Middle West, and East in about equal quantity, therefore we will always have to pay in excess of the Florida shipper the amount of the charges from the Isle of Pines to Key West.

Besides, we pay $15 per ton more for fertilizer than Florida growers pay. We buy our boxes in Florida and, of course, pay the delivery charges on them. These items together with other supplies, implements, etc., which are all purchased in the States and upon which a duty must be paid, will bring our cost up to at least $1 per box in excess of what Florida pays to lay the fruit down in the New York markets.

Further, the wholesale fruit merchants do not care to handle the Isle of Pines grapefruit when the Florida grapefruit is ready for marketing. Their business interests naturally lie with the Florida growers, who give them between four and five million boxes of grapefruit annually, as against the outside growers, who can give them but two to three hundred thousand boxes all told, but a small quantity of which is available after the Florida crop begins moving.

We wish to state that we are not foreigners. We are American citizens. Over 90 per cent of the entire Isle of Pines is owned by Americans. I do not know of a single native on the island who is engaged in fruit growing.

Our investments up to the present will reach at least $2,000,000.

We have established American churches and schools and employ American teachers and support them entirely with our own money.

We have established an American bank, and American money circulates there just as it does in the States, also an American newspaper. An American-owned steamship line operates between the Isle of Pines and the island of Cuba. Also a small line operates direct between Tampa and the island. At our own expense we have built bridges over the small rivers and streams, and have constructed good roads leading into every section of the island. We have taken in the automobile, auto truck, and tractor. In short, we found the Isle of Pines a wilderness, so to speak, and the Americans have made it a progressive, up-to-date American community.

The strategic importance of this American-settled island in relation to the Panama Canal is fully understood.

In area the Isle of Pines is about two-thirds the size of the State of Rhode Island. On the west side of the island there is a bay about 15 miles long and 10 miles wide, into which ocean-going steamers can enter.

The members of your committee, of course, know the history of the Isle of Pines, how Americans became interested and made investments there.

The constitution of Cuba was made under the provisions of the Platt amendment. And the sixth article of the amendment reads: "The Isle of Pines shall be omitted from the constitutional boundaries of Cuba, the title thereto being left to future adjustment by treaty." No treaty as yet has been voted upon.

The Paris treaty reads "Spain cedes to the United States, Porto Rica and the other islands in the West Indies, excepting Cuba."

Gen. Pershing, in a communication addressed to Mr. George Bridges, Carlisle, Pa., dated War Department, Washington, D. C., August 14, 1899, stated:

SIR: Referring to your communication of the 10th instant soliciting information respecting the Isle of Pines, I am directed by the Assistant Secretary of War to advise you that this island was ceded by Spain to the United States and is therefore a part of our territory, although it is attached at present to the Division of Cuba for Governmental purposes.

JOHN J. PERSHING,
Assistant Adjutant-General.

Secretary of War Root, in a message to Gen. Wood, dated Washington, May 16, 1902, used these words:

It is understood by the United States that the present Government of the Isle of Pines will continue as a de facto Government, pending the settlement of the title of said island by treaty pursuant to the Cuban constitution and the act of Congress of the United States, approved March 2, 1901.

In view of these facts, which explain the actual status of this island territory, we feel that we are justified in asking your committee to recommend the elimination from the present bill of the proposed increased duty on grapefruit.

(The witness submitted the following letters:)

NEW YORK, *August 25, 1921.*

Mr. J. D. POTTS, *New York City.*

DEAR SIR: Your letter of the 22d instant duly received.

In reply would state that we can see no reason why there should be a duty placed on grapefruit. The bulk of the grapefruit grown in the Isle of Pines and Cuba comes into the market before the Florida fruit is ripe, the remainder being held on the trees until spring, when the Florida fruit is out of the way; therefore there is no competition with the Florida product.

Further, the quantity of grapefruit grown outside is infinitesimal as compared with the millions of boxes grown in Florida.

We handle our share of the Isle of Pines grapefruit every season, also we handle the Florida grapefruit, therefore in our opinion there is no interest served in placing a duty on grapefruit.

Yours, very truly,

FREDERICK OPOLINSKY.

NEW YORK, *August 27, 1921.*

Mr. J. D. POTTS, *New York City.*

DEAR SIR: Replying to your letter of the 22d instant, beg to advise you that we handle every season a considerable quantity of grapefruit grown both in the Isle of Pines and Florida.

Inasmuch as the Isle of Pines fruit begins arriving in the market about six weeks to two months ahead of the Florida product, their interests as a consequence do not conflict. Besides, the Isle of Pines practically stops shipping after the Florida fruit begins to come to the markets.

Therefore a tariff levy is not needed for the protection of grapefruit grown in the States.

Yours, very truly,

THE CURRAN, ROBERTSON CO. (INC.).

NEW YORK, *August 8, 1921.*

Mr. J. D. POTTS, *Washington, D. C.*

MY DEAR MR. POTTS: As requested, I am inclosing the statement giving the statistics on the number of cases sold and the net operating loss for the year 1920.

I trust this will help you in your quest.

Yours, very truly,

THE UPLAND CITRUS FRUIT CO.
B. BERNARD, *Secretary.*

Upland Citrus Fruit Co. profit and loss statement, Jan. 1, 1920, to Dec. 1, 1920.

Grapefruit sales	$102,060.45		
Orange sales	383.00		
Total sales		$102,443.45	
Less—			
Commissions on sales	7,836.15		
Freight, duty, etc., on sales	45,623.05		
		53,459.20	
Net sales		48,984.25	
Estimated receipt from Snow & Co		1,000.00	
			$49,984.25
Picking and packing expenses:			
Crates	9,437.00		
Crate making	769.91		
Labor in packing house	2,011.42		
Packing fruit	2,137.16		
Picking fruit	3,913.46		
Trucking from field	783.63		
Trucking to dock	2,201.32		
Wraps	2,871.00		
Labels	204.93		
Manager's salary	577.00		
		24,906.83	
Growing cost:			
Ditching	918.40		
General expense	757.95		
Fertilizer	13,158.87		
Fertilizer, labor	237.55		
Ground labor	3,134.85		
Insurance—			
Fire	87.50		
Liability	136.04		
Mule expense	721.76		
Truck	1,362.26		
Manager's salary	1,711.00		
Pruning	1,098.07		
Spraying	1,712.34		
Tractor expense	1,812.02		
Repairs	569.34		
Wagon expense	34.40		
		27,455.35	

General expense:			
Organization expense	$42.95		
Note interest	49.19		
Depreciation	3,289.18		
		$3,381.32	
		55,743.50	
Other income:			
Interest bank balance	73.44		
Discount on purchases	41.97		
		115.41	
Net expense			$55,628.09
Net loss			5,643.84

OLIVES.

[Paragraph 744.]

STATEMENT OF H. C. NEWCOMB, REPRESENTING THE SPANISH GREEN OLIVE IMPORTERS' ASSOCIATION.

Mr. Newcomb. Mr. Chairman and gentlemen, in submitting a brief statement for the Spanish Green Olive Importers' Association, with reference to paragraph 744, olives, attention is called to the fact that most of the members are packers and importers of such olives, to whom those olives are raw material imported in bulk, to be bottled and put into small packages for consumers. The industry has been long established in the United States.

For further data as to the importance of the industry in conjunction with allied industries supplying materials which go to make up the finished product, we refer to the briefs filed with the Committee on Ways and Means of the House of Representatives, published on pages 1616 to 1618 of the hearings on tariff revision, and also to the brief which we file with your committee.

In equity, in the amount of revenue received, and in the question of protection, this association claims that the rates of duty on Spanish green olives should not exceed on green olives in brine 15 cents per gallon.

We submit that a greater amount of revenue would accrue to the Government if the rate of duty were kept at 15 cents per gallon. There is no American industry able to furnish either of the varieties of green olives we import, hence none to protect. No ripe olives are imported from Spain.

We claim that the proposed protection to the California ripe-olive industry is unfair to our American industry and to consumers.

Under the proposed duty of 20 cents per gallon on plain olives the ad valorem equivalent is 42¾ per cent of the value of the green Spanish olives, as an average, for the last 10 years. To this should be added an advantage which the California packers of ripe-olives have on the finished product in the difference between eastbound and westbound freight rates in carloads of 40,000 pounds, between the Pacific coast and New York, and vice versa, making a total advantage of about 68 per cent in duty and freight rate advantages.

This comes from the fact that if the California people send to New York a carload of 40,000 pounds of finished product it costs $1.16 more to send them from California to New York than it does to send the same car back. That is, per hundred pounds.

Senator CURTIS. Let us say, for instance, that there is no duty. If you imported your olives, where could you meet them on freight rates?

Mr. NEWCOMB. The difference amounts to 6.5 cents per gallon. The present duty has existed for about 25 years. It has been 15 cents per gallon. We are perfectly satisfied with that. We have been able to meet competition. We do not claim that it should be placed on the free list. We are perfectly willing to pay what has been paid, but when they attempt to raise it, to make this increase, we think it is unfair. We do not want to evade the payment of a duty.

Senator CALDER. The present duty is 15 cents a gallon?

Mr. NEWCOMB. Under the emergency tariff bill it is 25 cents. For many years it was 15 cents.

The California ripe-olive packers do not need such high protection. They neither need nor deserve it. The Spanish and the California olives are distinct. California does not produce green olives; Spain does not produce ripe olives for import into the United States.

The Spanish green-olive industry, as conducted by the American packers, both needs and merits protection against the excessive claims of California producers and packers.

Taking the importations in seven months, from February to August, inclusive, in 1920, as an illustration, when the importations amounted to 3,094,704 gallons, according to trade statistics, and comparing them with the corresponding seven months in 1921, when the importations amounted to about 1,841,000 gallons, according to the same trade statistics, the falling off in importations amounted to about 61 per cent.

There must be a greater reason for such a decline than the general depression in all lines of business at this time. It is to be found in the tragedies from ripe California olives during the last two years, the latest being a case in Greensburg, Pa., in June last, when three persons lost their lives. The wide publicity given to the various cases throughout the country is said to have destroyed confidence in California ripe olives as a safe food product, and according to the trade journal of that industry has cost a loss of 90 per cent of their trade. As the publicity given did not make plain that Spanish green olives can not—by reason of the different method used in preserving them—cause poisoning of any kind, there has grown up a fear among consumers of olives as to the safety of all olives, and we are led to the belief that of the 61 per cent reduction in the importation of Spanish green olives during the last seven months at least 30 per cent of that decline is to be attributed to the general fear of olives as a food.

Senator CURTIS. How do you know that there was a falling off of 90 per cent?

Mr. NEWCOMB. I was told so by the secretary of the California Olive Association.

Senator CURTIS. Do you claim that was because of the increased duty on the merchandise?

Mr. NEWCOMB. We claim that 30 per cent of that falling off was due to these poison cases.

Senator CURTIS. Then how do you account for the small importation in 1919?

Mr. NEWCOMB. Because there was no demand for them; we could not sell them.

Senator CURTIS. Why couldn't the same argument be made at this time?

Mr. NEWCOMB. I do not get the question.

Senator CURTIS. Would not the same argument apply at this time; that is, that this reduction in importation might be brought about by the fact that there was no demand at this time?

Mr. NEWCOMB. We can make a demand once we can make the consumer understand that this is a safe olive. That is the problem. To do that we shall have to advertise nationally.

Senator MCLEAN. Did I understand you to say there is no market for the green olive?

Mr. NEWCOMB. The business has fallen off 90 per cent.

Senator MCLEAN. On the green olive?

Mr. NEWCOMB. No, sir; the ripe olive.

Senator MCLEAN. Of course, they are green some time.

Mr. NEWCOMB. They do not pick them at that time.

Senator MCLEAN. Why is not the California olive marketable in the green stage?

Mr. NEWCOMB. It has not the size of the Spanish olive. Experience has taught that it is impossible to cure and keep them.

Because of this falling off, from no fault of the green olives, and the double advantage to the California packers and producers in the inequitable freight rates and the proposed duty of 20 cents per gallon, we claim that protection is merited by the American packers of Spanish green olives rather than a protection to the California interests.

In considering the amount of revenue probable from future importations of Spanish green olives, the falling off of 61 per cent in importations during seven months of this year seems to be significant.

That difference, taking the imports for the seven months of 1920 at the duty rate of 15 cents per gallon then existing and for the seven months of this year at the proposed rate of 20 cents per gallon, amounts to nearly $100,000, as shown by the figures submitted.

A tabulation is also presented herewith, as referring to the freight advantage, compiled from recent rates obtained from the Interstate Commerce Commission.

By fixing the rate of duty where it has been for many years under the approval of your committee at 15 cents per gallon, we believe the customs officials may conservatively estimate an income of close to $1,000,000 per year from Spanish olive importations, once normal times are restored, as against the average income for the last 10 years of $500,000.

BRIEF OF H. C. NEWCOMB, REPRESENTING THE SPANISH GREEN OLIVE IMPORTERS' ASSOCIATION.

In submitting this brief, attention is called to the fact that most of the members are packers and importers of such olives, to whom those olives are raw material imported in bulk to be bottled and put into small packages for consumers. The industry has been long established in the United States.

For further data as to the importance of the industry in conjunction with allied industries supplying materials which go to make up the finished product, we refer to the briefs filed with the Committee on Ways and Means of the House of Representatives, published on pages 1616 to 1618 of "Hearings on Tariff Revision," and also to the brief filed with your committee.

In equity, in the amount of revenue received, and in the question of protection, this association claims that the rates of duty on Spanish green olives should not exceed 15 cents per gallon. We submit that a greater amount of revenue would accrue to the Government if the rate of duty were kept at 15 cents per gallon. There is no American industry able to furnish either of the varieties of green olives, hence none to protect. No ripe olives are imported from Spain.

We claim that the proposed protection to the California ripe-olive industry is unfair to our American industry and to consumers.

Under the proposed duty of 20 cents per gallon on plain olives, the ad valorem equivalent is 42¾ per cent of the value of the green Spanish olives as an average for the last 10 years. To this should be added an advantage which the California packers of ripe olives have on the finished product in the difference between eastbound and westbound freight rates in carloads of 40,000 pounds between the Pacific coast and New York, and vice versa, making a total advantage of about 68 per cent in duty and freight advantages.

Importations of Spanish green olives, February to August, inclusive, 1920 and 1921.

[Compiled from trade statistics.]

	Gallons.
Importations in 1920:	
13,263 casks of 160 gallons	2,122,080
20,263 barrels of 48 gallons	972,624
	3,094,704
Importations in 1921:	
About 8,500 casks of 160 gallons	1,360,000
About 8,500 barrels of 48 gallons	480,000
	1,840,000

Hence, a falling off in importations during the seven months indicated of 61 per cent from 1920.

The California ripe-olive packers do not need such a high protection. They neither need nor deserve it. The Spanish and the California olives are distinct. California does not produce green olives; Spain does not produce ripe olives for import into the United States.

The Spanish green-olive industry as conducted by the American packort both needs and merits protection against the excessive claims of California producers and packers.

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In considering the amount of revenue probable from future importations of Spanish green olives, the falling off of 61 per cent during seven months of this year seems to be significant.

That difference, taking the imports for the seven months of 1920 at the duty rate of 15 cents per gallon then existing, and for the seven months of this year at the proposed rate of 20 cents per gallon, amounts to nearly $100,000, as shown by the accompanying tabulation.

Tabulation is also presented herewith as referring to the freight advantage compiled from recent rates obtained from the Interstate Commerce Commission.

By fixing the rate of duty where it has been for many years under the approval of your committee, at 15 cents per gallon, we believe the customs officials may conservatively estimate an income of close to $1,000,000 per year from Spanish olive importations, once normal times are restored, as against the average income for the last 10 years of $500,000.

The Spanish Green Olive Association most respectfully presents this statement and figures for your wise consideration.

California olive packers' advantages over American packers of Spanish green olives, in present freight rates, as confirmed by the Interstate Commerce Commission in August, 1921, on finished products; and in the proposed rate of duty on Spanish green olives of 20 cents per gallon.

[All-rail and Gulf routes, per 100 pounds. In 100 pounds there are net 18.18 gallons of 5½ pounds.]

	Eastbound, in cars of—		Westbound, in cars of—		Difference, in favor of California, in cars of—		Advantage to California, per gallon. By freight.		Advantage to California, per gallon. By duty (at 20 cents per gallon) plus the freight.	
	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.	40,000 pounds.	60,000 pounds.
							Cents.	Cents.	Cents.	Cents.
San Francisco to New York	$1.42	$1.20½								
New York to San Francisco			$2.58½	$1.83½	$1.16½	$0.63	6.41	3.46	26.41	23.46
Plus 45½ per cent for gross gallons, at 10 pounds, instead of net gallons at 5½ pounds							5.24	2.83	31.65	26.29
							11.65	6.29		

The net figures are calculated upon the standard of 5½ pounds of olives to the gallon, as taxed by customs officials; but in shipping 10 pounds are counted as a gross gallon, taking in the brine and package, hence it is necessary to increase the "Advantages to California packers" in freight by 45 per cent in order to show the real benefit accruing to the disadvantage of Spanish green-olive packers.

Ad valorem equivalents.

[For the last 10 years the average value of Spanish green olives has been 46.77 cents per gallon in Spain, at average rates of exchange. The proposed duty of 20 cents per gallon is equivalent to 42.76 per cent of the value of the olives per gallon.]

	California's advantages in freights, in cars of— 40,000 pounds.	California's advantages in freights, in cars of— 60,000 pounds.	California's total advantages in freights and in the proposed duty, in cars of— 40,000 pounds.	California's total advantages in freights and in the proposed duty, in cars of— 60,000 pounds.
	Per cent.	Per cent.	Per cent.	Per cent.
At the net gallon advantage of 6.41 cents	13.70		56.46	
Plus the gross gallon advantage, including brine and package	11.20		11.20	
	24.90		67.66	
At the net gallon advantage of 3.46 cents		7.40		50.16
Plus the gross gallon advantage, including brine and package		6.05		6.05
		13.45		56.21

A high rate ad valorem on finished food products is 40 per cent. But Spanish green olives as imported are a raw material to the American packers, and in reason they should be taxed at less than 40 per cent ad valorem.

PINEAPPLES.

[Paragraph 746.]

STATEMENT OF VICTOR ELTING, REPRESENTING THE WEST INDIES FRUIT IMPORTING CO., CHICAGO, ILL.

Mr. Elting. I shall make a brief statement with regard to the proposed duty on fresh pineapples, as provided in paragraph 746.

We have no concern in the latter part of that provision, which has to do with canned pineapples, and no concern in the first part, so far as it refers to the tax upon pineapples in bulk.

I am counsel for the West Indies Fruit Importing Co., which is a Chicago corporation representing an investment of something over $1,000,000, and the stock of which is held entirely in Michigan, Wisconsin, and Illinois.

It distributes and sells the majority of fresh pineapples that are consumed by the public in the United States.

I have also been asked by a dozen or more of manufacturers of crates—pineapple crates—to appear and file their names with the committee as indorsing the suggestions which I should like to make.

What we want is a change in the method of imposing this tariff and a reduction in the amount of the tariff to not more than the present duty under the Underwood bill.

First, as to the method——

Senator McCumber. What is the provision of the Underwood bill?

Mr. Elting. It is on a different basis, and provides for 6 cents per cubic foot of the capacity of the barrels or crates; and in bulk for $5 per thousand.

The proposed provision, which I assume you have before you, is so much per individual piece of fruit.

Now, as to the method, the three-quarters of a cent on each piece of fruit. That is a novelty in the history of the imposition of duties upon pineapples. No such method was provided in any previous tariff bill. It seems to me that it is obviously an error, and is based upon misunderstanding or failure to understand the pineapple trade.

In the sale and distribution to jobbers and dealers of pineapples in the East, the crate is the unit, both in the importation from Cuba and the sale of Porto Rican and Florida pineapples. The crate is of a standard, uniform size, used universally in the entire trade. The pineapples contained in the crate are themselves uniform in size, so far as each crate is concerned, that is, the larger sizes—what are known as 18s—come in crates of standard size, containing 18 pineapples. Then in 24s there are 24 pineapples; and so it goes up to 36s and 48s. They are known in the trade as 18s, 24s, 36s, and 48s. As I say, in a given crate each one is of the same size.

The tariff of so much per pineapple increases the tariff inversely to the value of the contents, and a crate of 48s would pay twice as much duty as a crate of 24s. In the market, however, a crate of 24s is worth 30, 40, and even 50 per cent more than a crate of 48s, in spite of the fact that it contains only half as many pieces of fruit.

Senator Dillingham. Why is that?

Mr. Elting. Because the public likes the larger sizes. You understand that this fruit about which I am speaking is distributed throughout the entire United States.

Senator CURTIS. And the crates are of the same size but the pineapples are smaller—that is the point?

Mr. ELTING. Yes; that is the point. They are not only of substantially the same size, but they are absolutely of the same size. The 18s are separated and put in crates, and the 24s are treated in the same manner.

This fruit of which I am speaking is distributed and sold throughout the United States as a highly perishable fresh table fruit. It is consumed by the householders and, of course, to a certain extent by restaurants, and to a very large extent canned by housewives for use in the family as desert out of season.

Senator CURTIS. There is a pretty steady trade. I notice the importations have run about the same for the last two years.

Mr. ELTING. The crop matures in April, May, and June of each year. While the public absorbs the entire offering of pineapples, yet the greater bulk, or the larger percentage, of the crop, in fact almost the entire crop, is consumed and distributed during the months of April, May, and June.

There are about 1,200,000 crates of fresh pineapples distributed and sold in the United States in a year, and of those over 1,000,000 come from Cuba.

The Florida output for the past year was about 40,500 crates, and the Porto Rican output about 160,000 crates; so that of the 1,200,000 over 1,000,000 come from the island of Cuba. These three districts produce the only fresh pineapples that are sold in the United States.

Senator CURTIS. We do not get any from the West Indies Islands and Central and South America?

Mr. ELTING. No. The Hawaiian crop, on account of distance, has to be canned and is sold as canned fruit. That comes under a special provision with which we are not concerned.

I should say also, in passing, that this proposed tariff law does not distinguish between pineapples in barrels and pineapples in bulk.

Senator MCLEAN. Just what do you want?

Mr. ELTING. We want the method changed to the old method, and we want the rate reduced to not more than the old rate.

Senator DILLINGHAM. Have you written your proposal?

Mr. ELTING. I have, but if I may I should like to present some facts which affect this country. One other suggestion and I shall be through.

The Cuban crop of pineapples paid the steamship companies which transport the pineapples from Cuba—you understand they are all American-owned steamship companies, including the car ferry which comes to Key West, and which is owned by the Florida East Coast Co.—$323,200 in transportation charges during the season of 1921.

The American railroads that hauled the crop were paid $868,600. You will understand that each individual piece of pineapple is wrapped in paper and packed in the crates. Paper, crates, and nails are purchased from American factories. The amount paid for crates was $467,000; paper, $115,000; and for nails, $30,000.

This crop, being distributed all over the United States, is, to a greater or less extent, a part of the business of jobbers and dealers throughout the entire country; and, of course, the public is concerned, because, as I say, the consumption is household consumption.

Reverting for a moment to this method of so much per pineapple, I should have said that this would involve an excessive cost in administration, as pineapples come in during the busy season in large bulk, sometimes running as high as 25,000 to 30,000 crates per day, at Key West. This would involve tabulation of the individual pieces of pineapples brought in. I do not mean counting each crate. Under the present system, all that is necessary is to count the number of crates. Taking the time to count these 25,000 or 30,000 crates under the new method would make a great deal of difference. This is a highly perishable fruit, which must be rushed. It is but a question of a few days and it decays in transit. This tabulation at the point of entry would involve a delay at least of another day, which is a highly important factor to consider.

Very briefly, the history of the tariff is that pineapples were free in 1890. There was a 20 per cent ad valorem rate in 1894. In 1897 the present method which is now in force was adopted, the rate being 7 cents per cubic foot. In 1909 that was raised to 8 cents per cubic foot, which amounted to about 20 cents per crate on the size of the then crate, which was larger. The Underwood bill provides for 6 cents per cubic foot, which applied to the present size crate, somewhat smaller, makes the tariff at present 11.76 cents per crate.

The proposed tariff of three-quarters of a cent on each pineapple spread over the 1921 season and averaged on all sizes, would make an average duty of 25.6 cents per crate, as opposed to 11.76 cents, which now obtains.

I wish to impress upon the committee that there is no real American industry to protect in this matter. In 1909, when this tariff was raised, Florida was making a very strenuous effort to engage in the pineapple industry, and for the next few years produced a large amount of pineapples. It was done through intensive cultivation of the soil, which was not naturally adapted to the production of pineapples. Production then began to fall off. In 1910 it was less than one-half, and then, with certain temporary rises, it has since steadily gone down until it dwindled last year to only 70,500 crates. This year, as I have said, it dropped to 40,500 crates.

Senator CURTIS. Could you give us the average number per crate?

Mr. ELTING. Per crate?

Senator CURTIS. Yes; the average number.

Mr. ELTING. Thirty pineapples.

Porto Rico has had much the same history. At one time they produced as much as half a million of crates of pineapples. That has dwindled to about 160,000 in the present year. That is due, as in the case of Florida, to the fact that the soil is not adapted to their production. They are likely to have killing frosts. On the east coast of Florida frosts have in times past killed in certain sections the entire crop.

In Porto Rico, so far as I am advised—I can not speak with authority on that—the soil is not adapted to it. Labor conditions, ocean freight, and everything else in Porto Rico is practically the same as in Cuba. The outstanding fact is that the growth of fresh pineapples has dwindled.

The business on the present basis this year has been unprofitable to the Cuban growers. I say this bearing on the question as to whether this industry will stand an increase in tariff. The cost of the pineapples laid down on the dock in Habana, under the most favorable circumstances, is little less than the prices which we have been able to get for them. That is due to the fact that they have to pay more for crates, paper, etc., in the United States, owing to the conditions here, and to the fact that railroad freights have gone up very largely—I think about 40 per cent—in the last four years, and labor over there has gone up.

This year was a very disastrous year to certain growers. Others came out even, and a few made a profit.

This proposed tariff would involve a very substantial increase and would be discouraging rather than encouraging to an industry which affects the United States in a business way, as I have indicated, and also affects the household consumption. I will say that there is business enough for all, for Florida, Porto Rico, and Cuba. The public absorbs what is offered. The prices have gone down about 15 per cent this year over last year; that is, what the public has to pay.

May I have the privilege of filing a brief?

Senator McCumber. You may file a brief, and it will be printed as a part of your remarks.

BRIEF OF VICTOR ELTING, REPRESENTING THE WEST INDIES FRUIT IMPORTING CO., CHICAGO, ILL.

The West Indies Fruit Importing Co., of Chicago, Ill., importer of Cuban pineapples, on behalf of its stockholders, its customers, and the consumers of fresh pineapples throughout the United States, and American manufacturers of supplies connected with such industry, presents the following statement with regard to the proposed tariff:

PROPOSED DUTY.

Paragraph 746 of H. R. 7456 is as follows: "Pineapples, three-fourths of 1 cent each; pineapples, prepared or preserved in any manner, 20 per centum ad valorem."

RECOMMENDATION.

We recommend that this provision as to fresh pineapples be eliminated, and either that fresh pineapples be placed upon the free list or that a duty of not more than that imposed by the Underwood tariff bill be imposed, to be assessed according to the method provided for in that bill.

The provisions of the Underwood bill are as follows: "222. Pineapples, in barrels or other packages, 6 cents per cubic foot of the capacity of the barrels or packages; in bulk, $5 per thousand."

GENERAL STATEMENT.

There were distributed and sold in the United States during the season of 1921 approximately 1,200,000 crates of fresh pineapples, of which more than 1,000,000 crates were grown and shipped from the island of Cuba. The annual pineapple crop matures in April, May, and June of each year, and is shipped and sold immediately after picking as a highly perishable fruit. Only small quantities mature in other seasons of the year, and it is for this reason that the figures for the year 1921 are now available. The fruit is distributed and sold by commission merchants to jobbers and dealers throughout the entire country and is absorbed by the general public during the season when no other fresh home-grown fruits are available in quantity, with the exception of strawberries. A considerable portion of the product is taken by hotels and restaurants, but the bulk of the product is used in small quantities by American families either as a table fruit for desserts and salads or by canning by housewives for later consumption.

REASONS FOR RECOMMENDATION OF CHANGE IN PROPOSED TARIFF RATE.

In support of our recommendation we submit the following facts:

I. The proposed method of computing the tax is obviously erroneous and ill-advised.

(a) *The method of imposing the tax is illogical.*—The method provided by the Fordney bill for fixing the amount of the tax, namely, by imposing a tax of three-fourths of 1 cent upon each pineapple, is obviously wrong, and must have been drafted under a misapprehension as to the conditions surrounding the pineapple trade. If this method were adopted, the tax upon each crate of pineapples would increase as the value of the contents of the crate diminished. This will be plain from the following illustration: Pineapples are packed and shipped in crates of a single standard size, containing pineapples of uniform size; but the sizes of the pineapples in different crates differ widely, so that a standard crate may contain from 12 to 48 separate pieces of fruit. These are referred to in the trade as 12s, 18s, 36s, and so on. The fruit is marketed and sold by the crate; that is, the crate is the unit in marketing; but as the larger sizes are very much more in demand than the smaller sizes, the crates containing 18 and 24 pieces are worth very much more on the market than those containing 36 or 48 pieces. In fact, a crate containing 24s brings usually 40 or 50 per cent more than a crate of the same size containing 48 pieces. If the Fordney provision should be maintained, the tax upon a crate of 48s would be exactly twice the tax upon a crate of 24s.

(*b*) *The administration of the proposed tax would involve excessive cost.*—The placing of a tax on the individual pineapple, rather than upon the crate, is obviously ill-advised, for the reason that the administrative cost would be out of all proportion to the revenue secured. It would necessitate the counting, or at least the tabulating, of the number of pineapples in each crate instead of the mere counting of the number of crates. During the height of the season as many as 30,000 crates are received in one day, and it is plain that the inspection and tabulation of such a quantity would involve a great time and expense.

(*c*) *The proposed method would likewise involve a loss to the importers and consumers.*—Pineapples are a highly perishable fruit, and must be consumed within a few days after picking. As it is, the loss from decay in transit is very substantial. The proposed method, which would require the counting or tabulation of the individual pieces, would necessarily involve delay during the height of the season, when such delay would be more or less disastrous to the product.

We therefore submit that in any event the method of imposing the tax should be changed.

II. The amount of the proposed tax excessive.

(*a*) *History of duty on fresh pineapples.*—Tariff act of 1890, pineapples free. Tariff act of 1894, a tax of 20 per cent ad valorem. Tariff act of 1897, pineapples in barrels or other packages 7 cents per cubic foot capacity of the barrels or packages; in bulk, $7 per thousand. Tariff act of 1909, section 279, pineapples in barrels and other packages 8 cents per cubic foot of the capacity of the barrels or packages; in bulk, $8 per thousand. (The standard crate at the time of the foregoing contained about 2½ cubic feet, so that, at 8 cents per cubic foot, the tax amounted to 20 cents per crate.) Tariff act of 1913, section 222, pineapples in barrels or other packages, 6 cents per cubic foot of the capacity of the barrels or packages; in bulk $5 per thousand. (At the present time the standard crate is smaller in size and contains 1.96 cubic feet, so that the tax of 6 cents per cubic foot amounts to $0.1176 per crate.)

The proposed duty of the Fordney bill of three-fourths of 1 cent upon each pineapple would mean upon the average basis of the season of 1921, in view of the sizes shipped during that season, an average of $0.256 per crate.

(*b*) *Description of pineapple industry.*—The fresh pineapples sold at the present time in the United States are grown for the most part in the island of Cuba, comparatively small quantities being grown in Porto Rico and Florida. The following is a statement of the quantities grown in the three places, as derived from railroad and steamship records:

	Cuba.	Florida.	Porto Rico.
1920	918,944	70,500	145,000
1921	1,010,000	40,500	160,000

Some years ago the State of Florida undertook the raising of pineapples upon a large scale and attempted to overcome the natural disadvantages of soil by fertilizing. Proceedings before the Committee on Ways and Means, Sixty-second Congress, third session, 1913 (Vol. III, p. 3149), shows that in the year 1909 Florida produced more than 1,000,000 standard crates. Immediately thereafter the production fell to 450,000 crates, and from that time on, after a temporary slight increase, production has rapidly decreased, until during the season of 1920 the total production was 70,500 crates, and the shipments in 1921 were 40,500 crates, an insignificant amount. This record is in the face of the fact that as a part of the United States the products of Florida were exempt from the duty imposed upon the Cuban pineapple. It can be fairly said, therefore, that Florida is not a real factor in the pineapple industry. According to our information, this result is due to natural causes. In the first place, the soil is not adapted to the growing of pineapples and can only be made so for the time being through intensive fertilization, the benefits of which quickly disappear. An equally serious disqualification is that of the climate. The east coast of Florida, where the growing was attempted, is subject to sudden killing frosts, which on occasion have destroyed entire crops of pineapples in certain localities. We are advised that these are the principal causes for the practical abandonment of the industry, other causes being matters of labor, transportation, etc.

The island of Porto Rico also produces a comparatively small quantity of pineapples, and this quantity has increased but little during the many years in which pineapples have been attempted to be grown in that island. We are informed that labor, ocean freight, and other conditions are the same as those surrounding the Cuban pineapple trade, but that the soil of Porto Rico is not adapted to the growing of the fruit. We are also informed that the quantity of land available for this purpose in Porto Rico is more limited than in Cuba. Whatever the foregoing facts may be, the outstanding fact is that during all of the past years the quantity of pineapples produced in Porto Rico has not substantially increased and is now a negligible factor, notwithstanding the fact that as a possession of the United States its products have been free from duty, under the protection of the Underwood tariff.

In Cuba the growing of pineapples is an important industry in which large numbers of persons are employed. It has steadily increased during the past years, and its product is readily absorbed by the people of the United States. It can not be said to be in competition with Porto Rico and Florida, as the total supply of pineapples from all sources does not meet the normal demand in the United States.

The Cuban growers purchase all of their crates, paper, and nails required in the packing of the fruit from American manufacturers, and ship all of the product on steamships owned by the United States or upon the car ferry of an American railroad.

(c) *Proposed tariff exorbitant and injurious to United States interests.*—During the season of 1921 the growers of pineapples in Cuba made no profit from their pineapples, and in many instances suffered heavy losses. This was due to the fact that practically all their costs and expenses have greatly increased. The prices of crates, paper, and nails are substantially higher, owing to conditions in the United States; railroad freight rates have largely increased, the increase being approximately 40 per cent during the last four years; and labor and other items in Cuba are likewise substantially higher. Inasmuch as the fruit is shipped by the Cuban growers to the United States for sale by commission houses, as their agents, they receive only what the fruit brings upon the market in the United States, and the actual proceeds of sale in 1921 were insufficient to meet their costs. This condition is likely to continue until these costs are reduced through economic causes.

The increase in duty proposed by the Fordney bill, if applied to the season of 1921, would show an average of $0.256 per crate, as against $0.1176 of the old law, being an average increase of $0.1384, or 117¾ per cent. This will be shown by the following statement:

Under the present Underwood tariff law the duty is $0.1176 per crate, and upon the crop of 1921, consisting of 1,100,000 crates, the duty was $118,776. Under the proposed rate of the Fordney bill a duty upon the crop of 1921 would have required the payment of the following tax:

Size 12, 83 crates, at three-fourths cent per pineapple, or $0.09 per crate..	$7.47
Size 14, 42 crates, at three-fourths cent per pineapple, or $0.105 per crate.	4.41
Size 16, 942 crates, at three-fourths cent per pineapple, or $0.12 per crate.	113.04
Size 18, 13,981 crates, at three-fourths cent per pineapple, or $0.135 per crate	1,987.43
Size 24, 139,139 crates, at three-fourths cent per pineapple, or $0.18 per crate	25,045.02
Size 30, 271,462 crates, at three-fourths cent per pineapple, or $0.225 per crate	61,078.95
Size 36, 350,271 crates, at three-fourths cent per pineapple, or $0.27 per crate	94,573.17
Size 42, 188,563 crates, at three-fourths cent per pineapple, $0.315 per crate	59,397.35
Size 48, 45,517 crates, at three-fourths cent per pineapple, or $0.36 per crate	16,386.12
	258,592.96

The increase shown by the above figures added to the loss sustained by the growers during the season of 1921 would have been disastrous to some of these growers and injurious and discouraging to all.

Any action by Congress in the proposed tariff bill resulting in injury and discouragement to the industry would likewise seriously affect the interests of the United States in the following ways:

All of the Cuban pineapples were transported to this country by car ferry or by American-owned steamships. Freight charges paid to American steamship companies and ferries during the season of 1921 were approximately $323,000.

The amount of freight paid the railroads of the United States for handling the Cuban crop during the season of 1921 was $868,600.

All of the crates, paper, and nails used in 1921 were purchased of manufacturers of the United States. The payments were as follows: For crates, $467,000; for paper, $115,000; for nails, $30,000.

Inasmuch as the pineapples are distributed throughout the United States, they are important to the business of a large number of business houses throughout the entire country, and certain concerns such as the West Indies Fruit Importing Co. are engaged exclusively in the pineapple business. A large amount of capital is involved in its operations, inasmuch as advances are made to the Cuban growers to finance them for the raising of their crops. The West Indies Fruit Importing Co. has a preferred capital stock of $750,000 which has been sold to the public, principally in the States of the Middle West; and the company now has approximately 3,000 stockholders.

THE CONSUMING PUBLIC.

The present supply of fresh pineapples is insufficient to meet the demand, and any action substantially reducing the quantity of the product would deprive the American people to the extent of such reduction of this popular fruit.

In conclusion, we submit that the proposed provision be changed as to the method of fixing the tax, so that the amount of the tax will not increase inversely to the value of the product.

That the tax be fixed at an amount which will encourage and not discourage the industry, so that American business and the American public will reap the benefit. There is no occasion for a protective tariff on pineapples, inasmuch as there is no real American industry to protect.

MANUFACTURERS OF PINEAPPLE CRATES JOINING IN THE RECOMMENDATION OF THE WEST INDIES FRUIT IMPORTING CO.

G. A. Korndorffer, New Orleans, La. (Temporary, Biloxi, Miss.); The D. L. King Lumber Co., Evergreen, Ala.; Beaven Jackson Lumber & Veneer Co., Evergreen, Ala.; Medlin & Ballentine, Gainesville, Fla.; Burton Veneer Co., Mobile, Ala.; Wright & Boggess, Bunkie, La.; Troy Veneer & Crate Co., Troy, Ala.; N. A. Slover & Co., Dialville, Tex.; Fred A. Carlisle, Jackson, Ala.; Rotary Cut Box Lumber Manufacturers' Association, Pascagoula, Miss.; Orange Box Manufacturing Co., Orange, Tex.; Roseland Veneer & Package Co. (Ltd.), Roseland, La.; Cummer Manufacturing Co., Paris, Tex.; Independence Veneer & Box Manufacturing Co. (Ltd.), Independence, La.; Bronson Manufacturing Co., Bronson, Fla.; James P. Heffernan Paper Co., manufacturers of wrapping paper, of New York City.

STATEMENT OF GEORGE McK. McCLELLAN, REPRESENTING THE HAWAIIAN PINEAPPLE PACKERS' ASSOCIATION.

Mr. McClellan. Mr. Chairman, I represent the Hawaiian Pineapple Packers' Association. I desire to speak in connection with the question which has been raised this morning of the adjustment of the rate on fresh pineapples.

I am sure that the representative of the West Indies Fruit Importing Co. would not intentionally mislead the committee; but, as a matter of fact, I understood him to state that there had never before been a rate per thousand assessed in the tariff laws. I call the attention of the committee to paragraph 279——

Senator McCumber. The rate per thousand?

Mr. McClellan. I understood his statement to be that the rate had always been on a per cubic-foot basis and that there had been no rate per piece or per thousand.

Senator McCumber. Yes; I think he mentioned per piece.

Mr. McClellan. As a matter of fact, reference to the tariff act of 1909, paragraph 279, shows the following schedule:

> Pineapples in barrels or other packages, 8 cents per cubic foot of the capacity of barrels or packages, and in bulk, $8 per thousand.

In other words eight-tenths cent per pineapple. So that very statement was mistaken and unfounded in fact.

What the Hawaiian growers are interested in is solely to equalize the tariff rate. We indorse the statement made here that there should be a rate per cubic foot. That is a mere matter of convenience in importing the goods and handling them; but there has been in the pineapple tariff from the time that it was written a joker in the matter of fresh fruit in crates.

The statement made here, I think, is approximately correct—made by the representative of the importing company—that the average crate contains 30 pines. Therefore your figures are on that basis. Those figures show that the present import duty is approximately 12 cents per crate or four-tenths cent per pine. But, at the same time, the bulk rate is five-tenths cent.

I take it that I do not need to argue to the committee that when you are importing fresh fruit you do not want to have a lower rate on fresh fruit in crates than you have on it in bulk. If anything, it should be a higher rate.

All that the Hawaiian pineapple growers are asking of you, in a word, is that you should make a rate per cubic foot which shall equal the rate per thousand—in other words, the rate in bulk, as it passed the House.

We can not very well conceive of any proposition that would be sounder than that from a tariff standpoint, and we can not see any legitimate reason that could be brought to this committee, and I do not understand that any was presented, why there should be a lower rate on fruit in crates than there should be on the same fruit in bulk. That is the entire substance of the matter.

To show you the extent of the joker, in the 1909 law, I had to wade through that whole contention and knew that that was put over on the committee. The facts were misrepresented as to the average number of pineapples per cubic foot. The committee were told that the rate which was assessed in the 1909 tariff was equivalent to the bulk rate of $8 per thousand, which is eight-tenths cent. As a matter of fact, it was practically five-tenths cent. In other words, there was a differential of 60 per cent. The fruit that came in in bulk came in at 60 per cent higher tariff than that which came in in crates.

I assume that I do not have to argue to this committee that you want to equalize this schedule.

Mr. Chairman and gentlemen, the representative of the importing company has spoken about the burden that would fall on the importers by the rate which has been assessed. The bill as it comes before you at the present time carries a rate of three-quarters of a cent per fruit. Our contention is that not less than that should be assessed, because that is slightly below the tariff rate of 1909.

What we ask of you gentlemen is that you should make a rate per cubic foot which would equalize the rate which is already written into the bill for bulk shipments, and that rate would be approximately 11 cents per cubic foot, because a crate contains substantially 2 cubic feet.

The testimony given showing that the average is 30 pines would make the equivalent duty of the bulk rate 22½ cents per crate; that is, the equivalent duty on a crate, and as there are 2 cubic feet, the equivalent rate would be approximately 11 cents; to be exact, 11¼ cents per cubic foot.

What I want to call to the attention of you gentlemen is this, that that increase or the putting in of the rate of 11 cents per cubic foot would be an increase of only 10 cents per crate on the tariff; of this, since almost all of the importation comes from Cuba, only four-fifths would be paid; in other words, the actual addition of the tariff to the Cuban import would be 8 cents per crate. Those crates sell on an average at wholesale of $4.50 per crate, and I do not believe that this committee can be persuaded that an additional cost of 8 cents in tariff is going to be a burden on a crate of fruit which sells for $4.50 wholesale.

I call the attention of the committee to the fact that this being a fruit which is in the nature of a semiluxury, not a standard staple of life, it can very reasonably stand a rate of tariff which shall be at least a reasonable revenue-producing rate. There is no reason why this fresh fruit should come in here at a rate which is negligible and on a tariff from which they get a reduction of 20 per cent in addition.

There is reason for this tariff correction being made, because at the present time there are definite steps being taken to establish large fresh-fruit plantations both in Haiti and Jamaica, and there is reason to think that a substantially large amount will come in. We are not attempting, so far as the Hawaiian growers are concerned, to shut them out. We are only suggesting that this rate, which is a very reasonable rate considering the product and considering its value, should be equalized so that your rate per cubic foot should be established at 11 cents, which would practically be the equivalent of $7.50 per thousand.

We ask that the pineapple schedule shall stand in the form in which it passed the House, with the addition of a rate of 11 cents per cubic foot on fresh pineapples in crates or other containers.

STATEMENT OF HON. WILLIAM A. RODENBERG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS, AND HON. HAROLD KNUTSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA.

We submit the following statement of facts with reference to paragraph 746, Schedule 7—Agricultural products and provisions. This paragraph reads as follows:

"Pineapples, three-fourths of 1 cent each; pineapples, prepared or preserved in any manner, 3¾ cents per pound."

The present duty on canned pineapples is 20 per cent ad valorem. This same duty of 20 per cent ad valorem was contained in the bill as reported to the House from the Ways and Means Committee. Upon motion of Mr. Hawley, of Oregon, an amendment was adopted by the House changing the duty of 20 per cent ad valorem to 3¾ cents per pound. This increase over the present tariff would amount to an increase of more than 300 per cent in the duty. There is absolutely no justification for this increase. Approximately 90 per cent of all the canned pineapples consumed in the United States are produced and canned in Hawaii. Fully 95 per cent of all labor employed in producing and canning these Hawaiian pines is coolie or Asiatic labor, so that the argument can not be advanced that the increased duty would prove in any way beneficial to American labor.

We further desire to call to your attention the fact that the Hawaiian Pineapple Co., which is one of the largest canners of pineapples in Hawaii and which was chiefly responsible for this increase in the duty, has been making abnormal profits even under the present duty of 20 per cent. During the year 1920 the Hawaiian Pineapple Co. paid to its stockholders a stock dividend of 25 per cent, increasing their capital from $1,600,000 to $2,000,000; and in addition to this stock dividend they paid a cash dividend in 1920 on the increased capital of $2,000,000 of 23 per cent. In addition to these stock and cash dividends, the company also placed in its reserve from the net earnings of the year over $900,000. (See page 71, Manual of Hawaiian Securities, 1920, which has been handed to Senator Watson.) During the year 1921 the Hawaiian Pineapple Co. paid a 20 per cent cash dividend to its stockholders.

These figures conclusively prove that this industry is not entitled to this additional duty, as it would operate to give the Hawaiian pineapple canners a complete monopoly of the business. Instead of increasing the duty, it would be more advisable and equitable to reduce the original House provision of 20 per cent ad valorem.

We wish to state further that this unjustifiable amendment does not meet with the approval of all of the pineapple producers and canners in Hawaii, some of whom are engaged in producing and canning other fruits and vegetables, and who fear that the proposed increase will result in retaliatory legislation on the part of other exporting nations.

Pineapples are so generally used in American homes that legislation which would have a tendency to increase the cost and create a monopoly in the industry would prove most unpopular with the great mass of consumers, who are certainly entitled to consideration at the hands of your committee.

HORTICULTURE.

[Paragraphs 751 and 752.]

STATEMENT OF JAMES McHUTCHISON, NEW YORK, N. Y.

Senator McCUMBER. Try to be as brief as possible, Mr. McHutchison.

Mr. McHUTCHISON. Senator, we will try not to take more than 10 minutes of your time. We have put what we have to say in a very concise form. There are just the two of us present.

We represent the Society of American Florists and Ornamental Horticulturists, which embraces in its membership practically all of the florists and horticulturists throughout the United States. We are interested only in the horticultural schedule, which is covered in paragraphs 751 and 752.

First of all, we realize that the new tariff must produce much more revenue than the present one, but the House bill proposes duty rates lower than necessary on some items, while on others they are so high as to prohibit importations; besides, the phraseology is loose and indefinite and would result in loss of revenue. We want to cooperate with you in proportioning the duty rates properly on the different items. We do not ask for reductions except when the increase exceeds 100 per cent of the present tariff. Our recommendations will increase rather than decrease the revenue but will not further unnecessarily depress business. We want only to regulate the rates.

Getting down to the paragraphs, in paragraph 751 the House bill proposes a duty on "tulip bulbs, $4 per 1,000." They are now dutiable at 50 cents per 1,000.

The proposed raise of 800 per cent would prevent the importation of all but high-priced varieties of tulips and would result in decreased revenue. We recommend a duty of $1 to $2 per thousand bulbs, which will be four times as much as the present duty but which will not materially decrease revenue. I am only mentioning items in that paragraph where we recommend changes which we think will be of advantage to the Government as well as to ourselves.

On narcissus bulbs the House bill provides for a duty of $4 per thousand. They are now dutiable at $1 per thousand. As with tulip bulbs, a 400 per cent raise would prevent the importation of the cheaper varieties, thus reducing the total revenue on narcissus. We recommend a duty of $2 per 1,000 bulbs.

On lily of the valley pips the rate in the proposed House bill is $4 per thousand. These are now dutiable at $1 per thousand, and a raise of 400 per cent would prevent the recovery of this line dislocated by the war, thus reducing revenue. We recommend a duty of $2 per thousand pips, which is double the present rate.

Senator McLEAN. They are called clumps here.

Mr. McHUTCHISON. No; the clumps are $10 per thousand. That is acceptable as it now stands. There is a very great difference between clumps and pips.

On lily bulbs the House bill provides for a duty of $4 per thousand, though they are dutiable now at $5 per thousand. While the proposed duty is agreeable, a raise to $5 or even $8 per thousand would not reduce revenue or seriously reduce imports. We can stand rates so as to increase the revenue, but under no circumstances should this item be made dutiable on an ad valorem basis, as it would be quite unworkable. We recommend a duty of $6 per thousand bulbs on lilies.

The other items in paragraph 751, though showing a large increase in duty rates, are acceptable as they now stand. That takes in the lily of the valley clumps and everything else in that paragraph.

Having in mind the necessity for increased revenue, yet wishing to prevent a reduction in revenue as well as a further curtailment of importations and further disturbance of the business of American producers, we recommend that the wording of paragraph 751 be changed to read as follows: There is a slight correction in verbiage and in the commas, which are very important in this technical business. Through the use of a comma and the taking out of an "s" in the last tariff there were thousands of dollars of revenue lost to the Government. I have got the proposed paragraph punctuated very carefully the way I think it should be written to prevent leakage. Shall I read it over?

Senator McCUMBER. Yes; if it is short.

Mr. McHUTCHISON (reading):

Paragraph 751: Tulip, and narcissus bulbs, and lily of the valley pips, $2 per 1,000. Hyacinth bulbs, $4 per 1,000. Lily of the valley clumps, $10 per 1,000. Crocus bulbs, $1 per 1,000. Lily bulbs, $6 per 1,000. Gladioli bulbs, $5 per 1,000. All other bulbs, roots, root stocks, corms, tubers, and herbaceous perennials, which are imported for horticultural purposes, 20 per cent ad valorem; cut flowers, fresh or preserved, 25 per cent ad valorem.

That increases the range so as to make the paragraph definite.

With regard to paragraph 752, while the principal item in this paragraph, rose stocks, represents a raise of 100 per cent over the present tariff, it is acceptable; but the whole wording of this paragraph should be changed to prevent a serious loss of revenue; rose stocks being differentiated from rose plants. The present duty on rose stocks is $1 per thousand and on rose plants $40 per thousand, so that under this paragraph as it now reads, "seedlings and cuttings of manetti, multiflora, briar, rugosa, and other roses, $2 per 1,000 plants," rose plants would be dutiable at $2 instead of $40 per thousand.

Our organization recommends that paragraph 752 be changed to read as follows, which will make it more concise and make it produce more revenue and be understandable to the Government officers as well as to the importers:

Seedlings and cuttings of manetti, multiflora, briar, rugosa, and other rose stocks, 3 years old or less—

So as to define them—

$2 per 1,000 stocks. Rose plants, budded, grafted, or on own roots, $40 per 1,000 plants; cuttings, seedlings, or grafted or budded plants of other deciduous or ornamental or evergreen trees, shrubs, or vines, including greenhouse plants, 20 per cent ad valorem.

That makes that paragraph very much more comprehensive and more definite. We have been having to hire lawyers for years to interpret the tariff, and we want a tariff so that we can understand it without having to hire a lot of lawyers to interpret it.

Above all, we recommend that the items mentioned above which are now dutiable on a specific or per thousand basis be retained on a specific basis. There is no market value on such items, and as several hundred varieties each of tulip and narcissus and hyacinth bulbs are imported, an ad valorem duty causes loss of revenue by the changing of varieties on consular invoice. We want a specific duty on everything that can come in under that heading.

While the American-value plan of the House bill is perhaps practicable on manufactured articles, it is wholly unworkable on the horticultural items we are interested in. Such items are imported only because they can not be commercially produced in this country. Hence there is no American value except cost price after the duty and importation expenses are added; and, being raw materials, they do not compete with other items of American production but are required by American producers. Ad valorem duties on bulbs would result in loss of revenue to the United States through the substitution of varieties by dishonest foreign exporters, making it difficult for honest American importers to compete with them.

These items are imported wholly from Japan, Holland, England, and France, where the value of currency is not materially reduced. Since all items in paragraphs 751 and 752 are imported only because they can not be commercially produced here, the trade requires no protection; hence, the sole purpose of the duty is to provide revenue, but unless these paragraphs are corrected in the Senate bill the revenue will be largely lost by the injury done to horticultural interests.

After a careful study of the duty rates and verbiage of the House bill as compared with the present tariff, you will agree with us that the above recommendations will increase the revenue without further dislocating business. Hence we earnestly seek your cooperation in having the horticultural schedule changed in the Senate bill as suggested.

ALMONDS.

[Paragraph 754.]

STATEMENT OF T. C. TUCKER, MANAGER OF THE CALIFORNIA ALMOND GROWERS' EXCHANGE, SAN FRANCISCO, CALIF.

Senator SMOOT. Will you give your name and address and whom you represent?

Mr. TUCKER. T. C. Tucker; I am manager of the California Almond Growers' Exchange and my address is San Francisco. I represent the California Almond Growers' Exchange.

Senator SMOOT. You may have 15 minutes, Mr. Tucker, and you may file any brief that you desire.

Mr. TUCKER. I first want to express my appreciation of your courtesy. I would not have asked for this opportunity to appear before you had it not been very, very necessary that I return home, for the reason that our crop is coming in at the present time and my duties as manager call upon me to finance and handle and sell the crop. Therefore I had the choice of asking to be heard at this time or of going home without being heard.

Briefly, the California Almond Growers' Exchange is a nonprofit association of growers, representing about 85 per cent of the almond crop. Its membership is very nearly 4,000. We have more than a hundred thousand acres of almonds planted, mostly nonbearing. Our investment is something over $50,000,000.

California has been producing almonds for many years commercially, but only in a limited way until the last few years. Prior to 1919 the average annual production of almonds in California was about 2,000 tons. In 1919 the production was 7,500 tons and in 1920 approximately 6,000 tons. Practically all of our crop prior to 1919 was marketed as almonds in the shell.

Senator WATSON. Where is your competition?

Mr. TUCKER. Our competition is from Spain and Italy, principally from the Mediterranean countries.

Senator WATSON. Do you know about the difference in production costs, generally speaking?

Mr. TUCKER. Yes, sir.

Senator SMOOT. Is that in your brief?

Mr. TUCKER. It will be; yes, sir.

Senator JOHNSON. State it generally, because you will occupy time turning in your brief to the figures.

Senator WATSON. I thought he could just state generally the situation.

Mr. TUCKER. In 1920, not including interest, the cost of production in California was 14.3 cents per pound, and in Europe it was 3.6 cents per pound.

Senator SMOOT. Shelled or unshelled?

Mr. TUCKER. That is based on the unshelled almonds. The difference is 10.7 cents a pound. That does not include interest on either land or capital invested in orchards or equipment. That represents the actual out-of-pocket cost for the production of almonds.

Senator WATSON. Can you answer another question quickly? What is the American consumption and what proportion do you supply?

Mr. TUCKER. At the present time we supply from 20 to 25 per cent of the American consumption. Our acreage when bearing is sufficient to supply the normal demand of the United States.

I want to bring out this point right here, that the great demand for almonds in this country is for shelled almonds. Eighty per cent of the money spent for almonds is for shelled almonds, and this American market for shelled almonds is absolutely monopolized at the present time by the importers.

Senator SMOOT. Have you as good machinery for the shelling of them as they have in Europe?

Mr. TUCKER. In Europe almonds are shelled under the most primitive conditions, without machines, by hand, by old women and children, at night. In California we have invented and made homemade machinery which answers our purpose fairly well on which we will make other additions and experimentations and improvements. In California the shelling of almonds must be handled by machinery, because of the labor situation.

Senator WATSON. What were your imports last year?

Mr. TUCKER. The imports last year of almonds were about 25,000,000 pounds.

Senator WATSON. Shelled or unshelled?

Mr. TUCKER. Shelled and unshelled, both. In 1919, under the most prosperous marketing conditions in America, the importation of almonds was 35,490,000 pounds.

Senator WATSON. Do they raise almonds anywhere in the United States except in California?

Mr. TUCKER. Only in California commercially.

Senator WATSON. Could you, if properly protected, supply the entire American demand?

Mr. TUCKER. When our present acreage is bearing.

Senator SMOOT. What percentage of your present acreage is bearing?

Mr. TUCKER. I would judge that less than one-fourth of the present acreage is bearing at the present time.

Senator WATSON. Now, let me ask you this, Mr. Tucker. Paragraph 754 of the bills says:

Almonds, not shelled, 4 cents per pound; shelled, 12 cents per pound.

Is that the proper proportion?

Mr. TUCKER. Yes, sir.

Senator WATSON. Are you satisfied with those rates?

Mr. TUCKER. No, sir.

Senator WATSON. What do you want?

Mr. TUCKER. Five and fifteen.

Senator JOHNSON. Are those rates absolutely essential for the protection of that industry, Mr. Tucker?

Mr. TUCKER. Absolutely, Senator. And I want to say this, that in basing a request for a rate of 5 and 15 originally we selected the minimum under which we felt we could go ahead and develop this business along the lines that would warrant. Statistics show that the actual difference in the cost of production—and that is allowing everything in favor of the European—is 8 cents a pound on almonds not shelled and relatively 24 cents a pound on shelled almonds. That is taking the highest rates of wages, etc., in Europe.

We have taken the cost of labor in Spain, the cost of labor in Italy, and yet there are countries in Europe that are producing almonds where the labor problem is easily solved.

I just want to point out that we had a gentleman in our office about a year ago from Palestine. Palestine has been producing almonds for centuries. I asked this man, "How much do you pay your help, how much money?" He said, "We don't pay them any money. We give them permission to eat of the fruits of the plantation." "Don't you give them any money to buy shoes or anything else of that kind?" "No; they would not know what to do with a pair of shoes."

In Spain labor at the present time is from 25 to 35 cents a day. Freight, as will be brought out in our brief, varies. It is one-fourth or one-third of our freight.

Senator JOHNSON. The almond people feel that they may have blundered in stating the original rates in the House at 5 and 15, because they fixed the very least possible rate on which they could live. They asked 5 and 15, but if they had done like most industries have done, asked more than the very least possible rates upon which they could live, they might have been reduced and they might have received the 5 and 15.

Is that the way the almond people feel, Mr. Tucker?

Mr. TUCKER. That is correct.

Senator JOHNSON. What is happening to your groves?

Mr. TUCKER. I want to say at this time, Senator—naturally, I will think of a lot of things after I am out—that we have at the present time a large percentage of our 1919 crop unsold; 1919, as you know, was the most prosperous business year in this country. The 1919 importations were the heaviest we have had, being an increase of nearly 700 per cent over a period of some 15 years. Recently we shipped back from New York to San Francisco 5,000 bags of almonds we could not sell. The almonds had remained in the warehouse, most of them for a year, and we could not get any kind of a decent offer for them, and finally their condition, by reason of remaining in the warehouse, was such that we had to ship these almonds back to California where they could be shelled and salvaged as well as possible. The bags had been stained and damaged. Rats had gotten into them.

We have been anxious and willing to sell our crop at any reasonable price we could get, but we found that every time we got into the market the other fellow seemed to be able to cut our price. That is particularly true of shelled almonds. There is a certain amount of demand for almonds in the shell.

Senator WATSON. What can you sell them for profitably per pound in New York?

Mr. TUCKER. Under the present cost of production?

Senator WATSON. Yes.

Mr. TUCKER. The costs of 1920 were nineteen and a fraction cents a pound for almonds not shelled. Freight is 2½ cents a pound additional. Anything above that would bring a profit.

Senator WATSON. What does Italy or Spain lay them down for in New York?

Mr. TUCKER. At varying prices.

Senator WATSON. But they can always undersell you at that price?

Mr. TUCKER. Always. I think they always have been able to undersell us.

I want to say that of the 1920 crop, Senator, at the present time we have approximately 30 per cent unsold.

Senator SMOOT. What kind of almonds are you speaking of now?

Mr. TUCKER. Nuts in the shell.

Senator SMOOT. They are of different grades, are they not?

Mr. TUCKER. Yes. We have a proportion of all grades, but the great bulk of our crop is what we call the seedling varieties. We produce about 35 per cent paper shell and about 65 per cent seedlings.

Senator SMOOT. What do you get for paper-shelled now?

Mr. TUCKER. We have not been able to sell any for such a long period of time that I do not know what we could get now.

Senator WATSON. Why have you not been able to sell any?

Mr. TUCKER. Because at the present time there is no sale for nuts in the shell after January 1. The great year-round demand is for shelled almonds. The consumption of nuts in the shell, by habit, has been confined principally to the holidays.

Senator WATSON. You think that if there had not been any imports you could have sold your product?

Mr. TUCKER. We could have shelled our product and have been able to enter the shelled-almond market. We have quite a quantity of shelled almonds now, and we found that shelled almonds were brought from the Mediterranean countries into the city of San Francisco and sold for less money to the people out there than the price previously prevailing on almonds in the shell. To-day the people of California are eating the peasant-grown almonds of Europe.

Our business is right at the point where it either is going to go ahead very fast or disintegrate. We are pretty good sports. We are not going to pull up our trees, but are going to make the best fight we can for a market; but if the grower for two or three years does not get enough to pay for the cost of production, he can not keep it up very long. We have a little bank up in the Esparto district. One of the principal products of the Esparto district is almonds. They grow almonds and grain. I think those represent their entire production. That bank is existing only by courtesy of the bank examiner. They can not lend a penny to the growers in the district. The situation is very, very serious, especially when almonds are the predominant crop. At the same time we see in the East a demand for shelled almonds and the consumer paying a pretty high price.

Senator WATSON. That is a pretty fair statement. I think you have given us all the salient facts, as many as you would have given us if you had talked for an hour. You have given the fundamentals.

Senator SMOOT. If you desire to file a brief you may do so.

Senator JOHNSON. Mr. Tucker may file a brief on behalf of the almond people?

Senator SMOOT. Certainly.

Senator SHORTRIDGE. I thought it might be helpful to the committee to submit these telegrams [indicating].

Senator SMOOT. I think we have just the same telegrams, Senator. I have a larger bunch than that.

Senator SHORTRIDGE. I am not asking that they be inserted in the record—far from it—but I want to say, if you will permit me, that here are a hundred and odd telegrams that have come to me not only from the growers but from banks and bankers and shippers; of course, all to the same effect.

They claim, and I believe it to be absolutely economically true, that they must have at least 5 and 15 cents, respectively, on the shelled and the unshelled.

Senator WATSON. They have been very liberal in their telegrams with all of us.

Senator SMOOT. I think I have more than you have there.

Senator SHORTRIDGE. Of course, I have a great many letters.

BRIEF OF T. C. TUCKER, MANAGER CALIFORNIA ALMOND GROWERS' EXCHANGE.

The California Almond Growers' Exchange, a nonprofit cooperative association of approximately 4,000 growers, operating under the cooperative organization laws of the State of California, and representing about 75 per cent of the almond crop produced in America, respectfully asks the Congress of the United States to grant the following tariff schedule on almonds:

Rates requested.—Unshelled almonds, 5 cents per pound; shelled almonds, 15 cents per pound.

Rates granted in Fordney bill.—Unshelled almonds, 4 cents per pound; shelled almonds, 12 cents per pound.

Previous rates (cents per pound).

Year.	Tariff.	Unshelled.	Shelled.	Year.	Tariff.	Unshelled.	Shelled.
1913-1921	Underwood bill	3	4	1890-1894	McKinley bill	5	7½
1909-1913	Payne-Aldrich bill	4	6	1883-1890	Morrison bill	5	7½
1897-1909	Dingley bill	4	6	1864-1883	Morrill bill	6	10
1894-1897	Wilson bill	3	5				

The present Underwood tariff is the lowest since the Civil War. It has had no test of its protective powers, as it did not become commercially effective as regards almonds until after the World War began. Furthermore, the Payne-Aldrich rates were, at the time they were in effect, the lowest since the Civil War with the exception of three years from 1894 to 1897, when the Wilson bill was in effect. Previous tariff schedules on almonds do not, however, constitute sound precedents upon which to erect just duties on almonds.

DOMESTIC PRODUCTION AND VALUE.

The domestic production of almonds is limited almost altogether to California, although there are small areas in a number of other States where almonds are produced successfully. The normal production in California at the present time is about 12 to 15 million pounds annually. In California, as in Europe, almond crops are more or less uncertain because of liability to frost injury. Large crops some years are offset by poor crops other years.

While 3,000 tons of the 1919 and 1920 crops grown by members of the California Almond Growers' Exchange remain unsold, the estimated value expressed in returns to the growers is $2,500,000 for the 1919 and $1,500,000 for the 1920 crop. (Production since 1900 is shown in Exhibit D.)

The California growers have received to date on their 1920 crops 10 cents per pound for some varieties and 7 cents for others. Due to deterioration, spoilage, storage charges, and loss in value through age, total returns to the growers on this crop can be but very little more than they have already received.

Foreign competition comes chiefly from Spain (over 50 per cent) and Italy (over 25 per cent), with some production in France and other Mediterranean countries. Total production in the Old World is estimated at approximately 700,000,000 pounds. (Production by countries may be found in Exhibit D.)

American importations of almonds amounted to approximately 35,000,000 pounds in 1919 and 25,000,000 pounds in 1920. Figures supplied by the United States Bureau of Foreign and Domestic Commerce show the total value of the 1920 importations to be $7,786,910. The total value of the 1919 importations according to the same authority was $11,887,346. Segregating values for shelled and unshelled almonds imported shows that the value of unshelled imported during the calendar year 1920 was $1,017,984, while the value of shelled almonds for that year was $6,768,926, or almost 7 to 1.

In weight the unshelled shipments to this country in that year amounted to 6,703,181 pounds, while the shelled nuts weighed 18,150,588 pounds. (Detailed information on imports may be found in Exhibit I.)

A very careful estimate of acreage based on reports from over 1,200 growers throughout California indicates that there are at the present time considerably over 100,000 acres of soil planted to almond orchards, numbering in the aggregate approximately 7,000,000 trees. The capital investment of the growers in California is reckoned conservatively at over $50,000,000. About 20,000 white laborers are employed in the culture and harvesting of almonds seasonally.

The basic rate on unshelled almonds granted in the Fordney tariff bill is still too low. It is impossible for us to compete with the cheap European products on the same rates which prevailed before the war.

With an 8-cent rate on unshelled almonds justifiable solely on the basis of difference in cost on a prewar basis, experts are agreed that 5 cents is a reasonable basis under postwar conditions. In asking a 5-cent and 15-cent schedule of duties the American almond grower rests his case upon the wide divergence of production costs of the peasant-grown Mediterranean almonds and the California product employing American labor and modern American methods and machinery.

The estimates of foreign costs used in the calculations contained herein are figured at 25 per cent of American costs, though official and unofficial figures of labor costs, as given in Exhibit A, all show them to be only 10 per cent to 20 per cent of American costs. For safety, calculations reducing foreign money values to American values are figured at higher exchange rates than actually prevailed at the time covered by the data presented. This gives any advantage that may exist to the foreigner rather than the American producer. In fact, such a method has been pursued throughout, fully recognizing that the merits of the case being presented are sufficiently convincing, even if estimated to favor the foreign producer.

In Tariff Information, 1921 series, in a publication of the Committee on Ways and Means, entitled "Wages in the United States and Foreign Countries," is a general résumé of wages on page 6, which shows that Italian labor costs in agriculture are only 20.75 per cent of American costs. On page 34 of the same publication Spanish labor costs are shown to be but 13.30 per cent of American costs. Furthermore, on the same page it is shown that costs in the far West are well above the average for the United States. In spite of this official evidence we have, for safety, figured foreign costs at 25 per cent of American costs.

Estimates on California costs are based on the results of the investigations published in Bulletin 297 of the California Agricultural Experiment Station, entitled "The Almond in California," by R. H. Taylor. These investigations covered a continuous period of six years.

Figures on European costs are shown in detail in Exhibit A. The official statistics quoted fully bear out the conservatism of our estimates of foreign costs as compared with those of California. We would call particular attention to the report, No. 33697, of the American consul at Malaga, Spain, dated July 11, 1921, given in Exhibit AA. This report throws much light on European methods and costs in general.

This report shows that men who may be used as foremen in almond orchards in Spain received from $0.63 to $0.76 per day with quarters but no meals. Ordinary male labor receives from $0.44 to $0.50 per day without meals, or $0.25 per day and board. On the other hand, ordinary California labor at the same time costs $3.50 a day. In Spain "the average earnings of a farmer laborer aided by his wife and children," the consul reports, "are from 1,000 to 1,500 pesetas annually," or from $126 to $189.30 in American money.

The American consul further reckons the Spanish cost of production, including taxes, interest on investment, exhaustion of soil, and all other charges, at from $0.0748 to $0.0997 per pound of shelled almonds, or, on the basis of American shelling percentages, which are more favorable than the foreign, $0.0249 to $0.0332 per pound unshelled. On the basis of foreign shelling percentages given by the American consul, the cost per pound on unshelled almonds is from $0.0187 to $0.0249 per pound.

Recent consular reports from other Spanish points are in accord with the one quoted. Consular reports from southern Italy show costs in the almond-producing sections to be much less than those used in our estimate. Labor costs in both Europe and California, as shown in Exhibit A, are quoted from official sources as indicated.

Claims made by opponents of the American almond farmers that California almond lands are overvalued are disproved by a report made by R. L. Adams, professor of farm management of the University of California, in 1916, on comparative land values in California. (His estimates are given in detail in Exhibit J.) Prof. Adams shows that the high price for land adaptable to almond culture in California in 1915 was $300 per acre, the low price $100, and the usual price $150. These figures are at the bottom of the list of fruit-land values in the State. According to the same author the high value of developed almond orchards in 1915 was $800 per acre and the usual $400 per acre. No other developed fruit land in California sold as low. After a later and more exhaustive study, reported in Bulletin 297 of the California Agricultural Experiment Station, the average value of bare land ready for almond planting in California was placed at $250 per acre, while the average value of land in bearing was placed at $500 per acre. There is an apparent discrepancy in these valuations due to the fact that Adams's figures cover land in raw condition, while those in Bulletin 297, in a general way, cover cost of rough clearing necessary before the land is ready for laying out for orchard purposes. These reports dispose of the argument that the California almond grower is overburdened with a top-heavy capital investment. He has the least land rent of any class of California fruit grower. This is unquestionably due to the poor returns almond growers have had in the past and are now receiving.

The charge has been made that the efforts of the California almond growers to secure a readjustment of the tariff rates is nothing more than a gigantic land-promotion scheme. As a matter of fact, the company referred to had nothing whatever to do with any effort to secure an adequate almond tariff. They have made no efforts themselves, nor have they communicated with us or we with them in any way. Surely the Senate Committee on Finance can not for a moment consider as competent evidence or argument newspaper real-estate advertisements designed to dispose of lands by promotional companies.

Furthermore, we maintain that no matter how many land-promotion schemes may have been launched in California, and most of them have been perpetrated by nonresidents of California with nonresident capital, the fact remains that the orchards are sold to private owners, who are entitled to fair returns from their almond orchards on a reasonable valuation basis. This, of course, assumes that the orchards have been planted on adaptable land, which has, generally speaking, been the case. Our figures are not in any way based on promotional land values but upon conservative estimates of land valued for other purposes.

It should be further borne in mind that our claims for tariff revision are more than justified by valuing the land at $1, or in effect not considering land value at all.

DOMESTIC MARKET CONDITIONS.

Conditions in American almond growing have been revolutionized since 1918. Up to and including that year the California almond growers, by sound business methods and judicious sales and advertising methods, were able to create markets for their entire crops annually in the shell. In 1919, however, production, steadily increasing year by year, reached a point where the American unshelled-almond market was satiated. This condition was aggravated with the harvest of the 1920 crop, and the American grower, despite the fact that he has taken losses of from 9 cents to 12 cents per pound on portions of the 1919 and 1920 crops sold, has still on hand 3,000 tons of almonds from those years, with the 1921 crop of heavy proportions being harvested at the present time.

The unshelled-almond market is seasonal and limited. The American growers have only one hope with production increasing heavily as thousands of trees come into bearing annually, and that is the American shelled-almond market, which always has been and is now completely in control of the handlers of the Mediterranean crop. It is a physical fact, not a theory, that if the American grower can not sell his almonds he will not pay upkeep costs on his orchards, and American almond growing will languish into eventual extinction.

In a few instances growers have recently begun pulling up their trees or grafting them over to other fruits. The latter procedure can not be done on many types of land adapted to almonds, however, and in such instances the land must eventually revert to pasture. This is unfortunate, as it requires from 5 to 7 years of unproductive labor and investment to bring an almond orchard into commercial bearing.

Nothing less than a 5-cent and 15-cent schedule will permit the American grower to gain a foothold in the American shelled-almond market. This market absorbs 80 per cent of the money spent for almonds in this country. The American farmer can not hope to enter it under the 4-cent and 12-cent schedule provided in the Fordney bill.

This tremendous increase in production, with further increases to come, makes obvious the earlier statement that previous tariff bills constituted no sound precedents upon which to erect equitable almond duties in the tariff bill now before Congress.

The domestic production is more than sufficient to supply the entire domestic consumption of unshelled almonds and soon will be able to supply the domestic consumption of shelled almonds as well. This is evident from the fact that 100,000 acres of orchards producing 700 pounds to the acre will produce, when all the trees attain bearing age, approximately 70,000,000 pounds. New acreage already planted above the 100,000 acres of 1918 will place the coming California production far beyond the 1920 total American consumption of 68,854,945 pounds on the unshelled basis. (This estimate is arrived at by multiplying the shelled imports by 3 to put them on an unshelled basis, and then adding the unshelled imports and the total American production less the portion of the crop still on hand unsold.)

Freight rates from California to all points east of the Rocky Mountains are from 2.4 to 3 times higher on regular established lines than they are from the Mediterranean ports to New York. This is clearly shown in Exhibit C. In many cases tramp steamers bring cargoes of almonds for little more than the cost of handling, making the cost of transportation as low as one-sixth of the freight rates from California in carload lots.

QUALITY OF DOMESTIC AND FOREIGN ALMONDS.

The claim, often made by the importers and others, that the California almonds are inferior to the foreign almonds, being woody and dry in texture, lacking in oil, and unsuited to the needs of the manufacturers, is entirely unfounded in fact. In the Annual Report of the Director of the California Agricultural Experiment Station for the year ending June 30, 1919, on page 37, is given a table of analyses of foreign and domestic almonds. On page 38 he comments as follows:

"The nutrition division, cooperating with that of pomology, made complete chemical examination of 14 different varieties of domestic almonds grown at Davis and, for the sake of comparison, 5 varieties of imported nuts.

"The following table contains the analytical data for these nuts. The imported varieties were received in the shelled form, and, therefore, no figures are given for refuse or shells.

"The data presented are interesting in showing that the domestic almonds are equal in nutritive value to the imported article. The protein content of the former is higher on the average than that indicated by the latter, while the average for the nitrogen-free extract is correspondingly lower."

The table as printed is given in Exhibit G, together with further comments furnished by Prof. Jaffa, of the nutrition division.

The unshelled-almond business is a seasonal one, limited almost altogether to the holiday season and covering a period of not over three months. Consumption in this class of business can not be increased indefinitely. With the keen character of competition from the foreign unshelled product we must have some of the shelled-almond business in order to dispose of our surplus, which now amounts to more than we can sell in the shell and more than California has previously produced in any one year.

From 5 to 12 million dollars annually goes to southern Europe from this country to pay the pauper labor of those countries, while American producers can not sell their product even at a loss. There are no exports of almonds from this country and never have been. We can not even get business in Canada on account of the ability of the foreign producer to undersell us.

Spain, Italy, and France have all enacted higher tariff schedules than have ever existed before in those countries. They have taken cognizance of increased values and have raised their rates accordingly. Spain and Italy particularly have placed much higher duties on most commodities exported from the United States. They frankly admit that they are aiming to keep their own domestic manufacturers busy. Under such conditions should not America protect her own industries, when such protection is sadly needed, as in the case of the almonds? At the same time that the foreigners are protesting high tariff duties in America they themselves are doing the very thing they object to on our part. The United States Department of Commerce has in its possession the tariff schedules of these countries, which corroborate the statements just made.

The 4-cent rate on unshelled almonds was barely sufficient under the most favorable conditions existing before the war. A 1-cent increase to 5 cents certainly will not for many years, if ever, give us a greater chance in the market than before the war, and under conditions probable for the next few years will not give us that much.

The United States is now a creditor nation. The gold reserve in this country is enormous. It is entirely improbable that living or other costs will return to prewar standards as compared with other countries for a good many years, if ever. This condition alone would warrant an increase in the rate of 1 cent per pound above the Payne-Aldrich rate, which tariff was in effect, as far as almonds were concerned, practically to the beginning of the World War.

It is evident, therefore, that an increase to 5 cents on unshelled almonds will still leave us at a disadvantage and force us to fight hard for any share of the market for unshelled goods.

American producers never have had any share in the shelled-almond market on account of the illogical rates obtaining in the past on shelled almonds as compared with unshelled, with the result that it has been impossible for us to compete successfully with the foreign product, which was always able to just underbid any quotations we might make.

After investigations by members of the agricultural subcommittee of the Committee on Ways and Means, the proper ratio of rates on shelled and unshelled was found to be 3 to 1. That ratio was accepted as correct by the full committee, as shown by the rates of 4 cents on unshelled and 12 cents on shelled almonds provided in the Fordney tariff bill as passed by the House.

A recent test of shelling percentages conducted by the United States Department of Agriculture shows that the average meat content secured from shelling, by the best and most up-to-date shelling machinery in California, of 12 leading varieties of California almonds to be less than 33 per cent. The varieties tested represent the great bulk of the entire California production. (Quotations from the official report of this test are given in Exhibit F.)

With a reduction in weight by shelling from 3 pounds of unshelled almonds to 1 pound of shelled almonds or almond meats for the domestic product, and from 4 pounds of unshelled almonds to 1 pound of shelled almonds for the foreign product, it is evident that to enable us to compete the rate on shelled almonds should be three times the rate on unshelled in order to give the same returns as if unshelled, and this does not figure the cost of shelling at all. As a matter of fact, cost of shelling in southern Europe is practically nothing, as it is done by the peasants' families at home at spare times and in the evening in their huts, while the American workers must be paid substantial wages, and machinery, equipment, and power necessary for operation must be provided at additional expense.

The California almond growers have a well-equipped automatic almond-shelling plant at Sacramento, the only one of its kind in the world, representing an investment of over $300,000, which has never yet turned a wheel commercially. This plant was built in anticipation of the imperative necessity of getting into the shelled-almond business and with the belief that Congress would afford the necessary relief when the time came.

A rate of 15 cents on shelled almonds is in keeping with the comparative value of the product and will do no more than enable the American producer to fight for a share of the market for shelled almonds and will in no way shut out the foreign product. As a matter of fact, what it will mainly do will be to insure to the American producer new markets, which he may, by his own initiative, develop. Under present conditions, as soon as a market is developed by our producers the foreigner is able to come in and take it completely away from us. We need, therefore, protection against such a procedure in the future. Even at the rate requested every effort must be put forth to maintain markets which we may develop for ourselves through widespread advertising and sound business procedure.

Upon the American almond growers' ability to gain a foothold in the American shelled-almond market lies the salvation of almond culture in the United States. Our American growers can not persist in their life's work, to which they have devoted years of toil and millions of dollars, unless they are given a fighting chance to compete with the Mediterranean growers by adequate adjustment of cost of production differentials through the imposition of a 5-cent and 15-cent tariff schedule. In asking these duties our American growers are seeking the absolute minimum protection which will enable them to compete with the peon labor of southern Europe and the cheap methods and equipment employed in the foreign almond-producing countries.

A comparative study of prices received by the foreign grower and those received by the California grower shows that the foreign producer receives a most variable price, while the domestic producer, before the present complete demoralization of the market, received considerably more. In this connection, it must be remembered that foreign quotations are always higher than the prices actually received. Correspondents in Europe invariably state that such is the case and that it is done with the very evident intent of boosting the market.

Here again it must be thoroughly understood that prices quoted in foreign markets must be reduced considerably to represent the prices at which actual sales take place. The declared value of imports into the United States is based upon quotations at the time shipments are made, rather than upon the actual sales price.

RETAIL PRICES OF ALMONDS.

An examination of the schedule of retail prices in Philadelphia and New York and a comparison with the varying tariffs indicates that retail prices are no higher with a high tariff than with a low tariff. In other words, the revenue that should have gone to the Government has been going into the pockets of speculators in foreign almonds. Murton observes that fortunes are constantly being made and lost in the almond business in Spain due to speculation. It is safe to say, also, that fortunes are being made in foreign almonds here due to the large margins of profit which are possible under conditions as they exist in this country.

An examination of a list of retail prices mentioned above shows that almonds were selling at Philadelphia as far back as 1899 for 35 cents a pound. In no year since that time have they exceeded that amount until the year 1918, when they went to 40 cents. In view of the unusual conditions throughout the country and abnormal increase in costs of all kinds, this increase is not to be compared with those which have taken place in other commodities.

It is well to call attention to the business philosophy of the California Almond Growers' Exchange. It has been the policy of the exchange from its inception in 1910 to sell at the lowest figure possible consistent with a fair return to the grower. The repeated statement of the manager of the exchange has been that "if we try to take advantage of the consumer one year because we find ourselves in a position to do so, we shall pay for it in the following year." This policy of selling at the lowest possible prices consistent with returning a reasonable profit to the producer should encourage the widespread distribution of the product through the maximum development of old and new markets. Up to the time the American market became saturated at the close of the World War the effectiveness of this policy was amply demonstrated. Figures secured from the Bureau of Foreign and Domestic Commerce on retail prices in New York for the Nonpareil almond show that this variety sold for uniformly lower prices from 1913 to 1917, inclusive, than from the period between 1907 and 1912. Prices for the earlier period were from 4 cents to 8 cents higher. Remembering that the association was organized in 1910, but took two or three years to gain sufficient strength to materially affect the market, these figures are striking.

We believe the figures on retail prices show that the operation of the growers' organization to date has resulted in lower prices to the consumer than would otherwise have obtained due to a sane selling policy as outlined above and to more economical methods of distribution. Here we might call attention to the fact that while most commodities rose in value from 100 to 200 per cent and even more from 1915 to 1920 the retail price of almonds generally only rose about 30 per cent during the same period.

Under such conditions it is reasonable to expect the California producer, if encouraged to produce in quantity by adequate tariff protection, to develop new markets for shelled almonds and stabilize old ones, until eventually the consuming public will pay less for the American product than they have for the foreign. All we ask is an opportunity to demonstrate these possibilities.

If the increases to 5 cents and 15 cents are not granted, the California almond industry must languish and eventually die through neglect. This is no idle statement. Without returns sufficient to pay production costs, orchards must of necessity be neglected; cultivation, spraying, pruning, and other operations will be omitted. The obvious result will be a gradual deterioration of the orchards, until finally they must die or be dug up, with consequent loss of years of toil and heavy financial investment. A forecast of this condition may be drawn from a letter written by the president of one of our California country banks at Esparto. (See Exhibit K.)

Returns to California producers have never been high and are now far below cost of production. If the entire amount of all previous crops were fully sold, the average returns on the entire crops of members of the California Almond Growers' Exchange would have been as follows: 1910 to 1916, inclusive, \$0.1309 per pound; 1914 to 1916, inclusive, \$0.1265 per pound; 1920, \$0.1408 per pound.

The first two prices above indicate actual conditions. The figure for 1920 is based upon what the growers would receive if entire crop were sold at prices prevailing when sales were possible. As a matter of fact, 3,000 tons of the crops of the past two years still remain on hand, and deterioration and storage and other costs make it probable that little further returns on these crops will be made to the growers. It is evident, therefore, that this figure is too high. The actual facts pointed out above show that the growers have not received over 8 cents per pound, the 10 cents being paid on Nonpareil and similar varieties representing but a small proportion of the crop.

A false impression has been given by the importers in their testimony before the Senate Committee on Finance (see Committee Print, Part 29, Aug. 30, on the tariff, H. R. 7456, p. 2329), in which they quote the retail prices of almonds and then draw the conclusion that the difference between the grower's cost of production and the retail price is all profit to the producer. It is perfectly evident to anyone desiring a fair statement of the matter that from this difference in price must be deducted the profits of all the handlers along the line, including broker, wholesaler, and retailer, as well as transportation and other similar costs attendant upon the marketing of any crop.

They further quote Mr. Tucker as having stated that the cost of producing almonds in 1920 was approximately $0.16 a pound. That is a palpable error, as all of our claims and all the figures show that the cost was over $0.19 a pound. All of the evidence submitted by the California Almond Growers' Exchange is aimed to bring out the conservative nature of the estimated cost of $0.1945 per pound.

The demand for unshelled almonds is limited, being confined principally to the holiday trade, the demand for these after January 1 being very light. Numerous efforts on the part of California producers to develop a year-around trade in this class of goods has proven that such development is necessarily limited.

The demand for shelled almonds is continuous the year round, the nuts being used by confectioners, bakers, paste manufacturers, and many others. This market, on the other hand, is susceptible of a reasonable amount of development if rightly handled. The speculator can not and will not attempt to develop new markets. The producers, when organized as the California growers are, can and will foster developments of these markets in such a way as to be beneficial to all concerned, provided, of course, that the proper stimulus for normal competition is provided by an equitable import duty.

Up to the present time California almonds have been marketed almost altogether in the shell, the small percentage (less than 3 per cent) sold shelled being marketed west of the Rockies.

Those California almonds which have been shelled in the past have been largely off grades that could not be handled otherwise, such as "sticktights" and "rain-stained" nuts. The balance were shelled in the hulling machines, which are used to separate the whole nuts from the hulls which surround them at the time of harvesting. A certain amount of such shelling can not be avoided.

The estimated total output of shelled almonds in California amounts to only a small fraction of 1 per cent of the total amount of almonds consumed in the United States, and of the shelled almonds only that were so consumed.

In 1919, under the most prosperous marketing conditions this country has experienced, the almond grower offering his product at a price that did not yield to him more than the cost of production plus a fair interest on his investment could not sell his crop, and there is to-day in the warehouses approximately 9 per cent of that crop that could not be sold because of the overproduction of almonds for sale in the shell and the low price at which almonds from the Mediterranean were imported. Over 30 per cent of the 1920 crop is also still unmarketed. The prices at which the balance of this crop must be sold will not even return the cost of production.

The limit of marketing almonds in the shell having very evidently been reached, the growers must plan to develop a domestic trade for California shelled almonds, and this must be done quickly in order to care for the rapidly increasing size of each new year's crop. With each coming year additional acreage will come into bearing in the same way as that indicated by the doubling of production from 1915 to 1919. (An examination of Exhibit D will show the detailed character of the increase.)

With the present low tariff it is impossible to get into the shelled-almond business with our rapidly increasing tonnage for two reasons: First, at present prices the cost of shelling and handling completely prevents competition except at a heavy loss to the California producer; second, because the competition from abroad and the possibility of underselling prevents the American producer from investing the necessary capital to put the shelled-almond business on its feet.

In other words, with the present duties, foreign competitors are underselling the American producers to such an extent as to keep them out of the shelled-almond business completely. Some relief must be provided soon.

PROFITS ON IMPORTED ALMONDS ENORMOUS.

To the claim of the importers and manufacturers that the proposed rates will increase the cost to the consumer so much that it will greatly curtail consumption, we reply by stating it as our belief that they can absorb the increased duties without increasing the cost, and in support of this statement quote the following article from the front page of the New York Times for Monday, August 1, 1921:

"Candy company cuts prices 50 per cent. Concern's head says it is undeniable 300 per cent profits have been general. Ice cream and sodas, 10 cents. Fancy chocolates go from $1 to 59 cents; bonbons drop to 39 cents; hard candy, 29 cents; brittles, 15 cents.

"Reductions amounting to approximately 50 per cent on candies, ice cream, and soda-fountain drinks go into effect to-day in the Miller Candy Co. in the confectionery stores, said an announcement last night by Benjamin Miller, head of the corporation controlling this chain of stores. This is the first general reduction to be made since the war by the Miller Candy Stores, of which there are seven in Manhattan and one in Brooklyn.

"In a memorandum sent to Herman Heide, head of the Confectioners' Association, Mr. Miller says that the confectionery stores generally have been making a profit of 300 per cent on their goods, which are classed as luxuries. He says he has found that he can cut his prices in two and still make a profit. Despite any action that may be taken by his association, Mr. Miller feels that he is doing the right thing by reducing the prices in his stores to prewar levels and so doing his bit to help along the 'return to normalcy,' advocated by President Harding. The price reductions, he explains, affect everything in the Miller Candy Stores, including expensive candy, both boxed and loose, and ice cream and ice-cream sodas. His statement addressed to Mr. Heide is as follows: 'The order goes into effect Monday morning, August 1. I know that it may not seem regular, but I am faced with two facts of business. One is that for several years we have been getting nearly 300 per cent on what are called luxuries. That has been the profit. It is undeniable. The other is that in a brief experiment it has been shown to me that I can make a regular profit by getting down to natural business tendency, and the tendency is to restore what President Harding calls normalcy.' "

Under a 5-cent and 15-cent tariff schedule the California almond growers are convinced from years of experience that they will have to constantly develop new and broader American markets to give outlet to their annually increasing production. This will work in favor of the American consumer eventually by cutting the cost of almonds on the table. The American almond grower realizes that he must popularize the almond, especially the shelled nut, the same as the peanut has been in the minds of the consuming public. He can do this only by national advertising and low prices. The California Almond Growers Exchange is planning to put up almonds in consumer packages to educate the American public to eat almonds, and at the same time protect that public against excessive distributors' profits by stamping the price on the package. The American grower knows that in doing this he is also developing markets for the foreign grower in the United States. Consequently, he does not look forward to any appreciable decrease in importations. On the contrary, importations are likely to increase under future conditions, even with a 5-cent and 15-cent tariff schedule.

The consumer gets no benefit from a foreign monopoly. The importers never have and never will carry our advertising campaigns to inform the consumer of the uses or value of almonds in any form nor will they make any efforts to develop new markets. This is the natural function of an American organization and should be encouraged. To do this involves an outlay of money for advertising, equipment for handling, packing, etc., and to do so the growers must be assured of an opportunity of continuing to sell in the markets in which they have spent money to develop, without the danger of the importers taking the entire market away from them after having been developed. Under present conditions this is not only possible but has been done many times.

REVENUE TO THE UNITED STATES.

An almond tariff schedule of 5 cents and 15 cents would mean an average revenue to the United States of $2,964,024.65. This figure is based upon the average imports for the years 1914 to 1920, inclusive, these average importations amounting to 5,312,671 pounds of unshelled almonds and 17,989,274 pounds of shelled almonds. The average is below present annual importations and is therefore a fair basis of computation. (Details of these figures are given in Exhibit II.)

Claims of the almond importers that the 5 and 15 cent schedule of duties asked will shut out importations are obviously without substantiations. If foreign exporting and American importing margins of profit are so large and have proven so elastic in the past, when the American almond grower tried at various times to enter the American shelled-almond market, it is reasonable to believe that the duties asked will be absorbed by the foreign producer, the exporter, and the American importer, and that the American grower and distributor will find keen competition in the almond markets of the United States.

If the American producer is throttled by being forced to produce at a loss, the reduction of said production to a minimum once more will give the foreigner full control of the American market at his own prices.

Even if the entire cost should be passed on to the consumer, it would not amount to more than a total of 4 cents per capita per year, as shown by the following table:

Consumption of almonds in United States per capita.

[Figures given are for the fiscal year ending June 30.]

	1920	1921
	Pound.	*Pound.*
Unshelled almonds	0.065	0.061
Shelled almonds	.247	.130
Shelled as if unshelled (x's 3)	.741	.390
Total, on unshelled basis	.806	.451

Surely the committee and Congress will bear in mind that the almond is not a basic food necessity. Less than half a pound of almonds were consumed per capita in the United States during the year ending June 30, 1921. This might well give rise to the characterization of the almond as a luxury, and the strongest argument against a protective tariff for American almond growing could not brand the schedule asked as a tax upon the mass of the American consuming public, even if the import duties were not to be absorbed by the foreign grower and exporter and the American importer.

CALIFORNIA THE LOGICAL PLACE TO PRODUCE ALMONDS.

National economy of natural resources demands the utilization of adaptable lands at points distant from the marketing centers of the country for the production of concentrated crops of high unitary value, thus tending to equalize transportation and distribution costs as compared with gross products of low value. Only in this way can the highest efficiency be secured in the use of the land and of the labor of the producer and his employees. The Nation should, therefore, encourage the production of relatively high-value crops, such as almonds, at distant points, as in California, and especially where such distant points are so well suited to their economical production.

Arguments that the American almond growers should be denied adequate tariff duties because European countries must sell their goods here to pay their debts has as its corollary that 5,000 American citizens, who have invested their toil and their money in the soil, should be put in pawn in Europe's effort to exchange her depreciated currency for sound American dollars. The American almond growers are loath to believe that a Republican administration will consider an argument so specious.

CONCLUSION.

The almond growers of California, therefore, respectfully and earnestly request that the rate on unshelled almonds be raised to 5 cents and on shelled almonds to 15 cents. We have from the very start asked for barely sufficient to enable us to continue in business. From the many expressions of principle and belief enunciated by the leaders of the Republican Party in Congress we feel fully justified in asking most earnestly that these rates be granted for the most conservative protection of an industry owned and operated by Americans. They feel certain that if the Senate Committee on Finance recommends their just plea the House of Representatives will concur.

EXHIBIT A.

Comparative cost of producing almonds in California and Europe.

[All foreign costs figured at 25 per cent of California costs, though actual costs in Europe much less.]

	Including interest.		Not including interest.	
	1915	1920	1915	1920
California .... per pound..	$0.109	$0.195	$0.066	$0.143
Europe .... do....	.027	.049	.016	.036
Difference .... do....	.082	.146	.050	.107

The above figures are based upon the data immediately following.

Average cost of production per acre of all bearing orchards in California.

	1915	1920
Maintenance:		
Pruning	$3.00	$6.50
Plowing	2.75	6.00
Harrowing	.75	1.65
Cultivation and weed cutting	3.00	6.50
Spraying	3.00	7.00
Irrigation	2.00	4.40
Handling:		
Harvesting, hulling, etc	20.00	44.00
Warehousing (including bleaching), at one-fourth cent per pound	1.75	3.80
Miscellaneous expense for maintenance and handling	2.00	4.40
Overhead charges (not including interest):		
Taxes and insurance	4.00	8.00
Depreciation on working equipment only	4.00	8.00
Cost per acre	46.25	100.25
Cost per pound	.066	.143
Interest at 6 per cent on valuation of $500 and $600 per acre, respectively	30.00	36.00
Total cost per pound	.109	.195

Depreciation on buildings and trees and other unfigured costs are too variable to estimate, but they must come from the profits.

Valuation of land is based upon the conservative value of bare land plus the actual cost of bringing same to bearing age. The interest charge covers the entire cost of bringing the orchard to production, as well as the value of the land itself, which latter charge constitutes only one-half of the full interest charge. Even if interest on the land should not be allowed in the calculations, certainly interest should be allowed on the cost of the developmental work necessary to make a producing orchard.

Wages of male farm labor in California.

[From Monthly Crop Reporter, United States Bureau of Crop Estimates.]

	1915	1919	1920	Per cent of increase over 1915.	
				1919	1920
Per month:					
With board	$35.00	$66.30	$79.00	88.7	125.7
Without board	51.00	91.20	107.00	78.8	109.8
Per day at harvest:					
With board	1.97	3.84	4.50	94.9	128.4
Without board	2.47	4.69	5.40	90.0	118.6
Per day other than harvest:					
With board	1.55	2.99	3.60	92.9	132.3
Without board	2.02	3.90	4.60	93.0	127.7
Average				89.7	123.7

SPANISH COST OF PRODUCTION.

Itemized cost of production, 1918.

[Conversion into dollars made at par value of peseta, 19.3 cents.]

Location.	Item.	Cost in pesetas.		Cost in dollars.	
		Amount.	Per—	Amount.	Per—
Tarragona	Land (average)	500	Hectare.	39.05	Acre.
	Nursery trees (2-year-old grafts)	0.75-1.25	Each	0.145- .2412	Each.
	Harvest labor:				
	Men	3.5 -4.0	Day	.675- .772	Day.
	Women	2.0 -2.5	...do	.386- .4825	Do.
	Not harvest labor:				
	Men	3.0	...do	.579	Do.
	Women	2.0	...do	.386	Do.
All Spain	Unskilled labor:				
	In villages	1.50	...do	.2895	Do.
	In large cities	3.00	...do	.579	Do.
Almeria			...do	.35 - .50	Do.
Balearics	Men	2.0 -3.0	...do	.386- .579	Do.
	Women	1.0 -1.5	...do	.193- .2895	Do.

Spanish labor cost is from 15 per cent to 20 per cent of California costs in 1915.
Spanish labor cost is from 10 per cent to 15 per cent of California costs in 1920.
Rates per day in Vigo, Spain, at end of the year 1919 for farm laborers: Minimum, $0.39; maximum, $0.58.

Wages of farm labor in the United States and other countries, 1920.

United States	per month	$64.95	France	per day	$1.19
Germany	do	6.25	Spain	do	.58
Italy	do	9.73	United States (at harvest)	do	4.36

Wages in Spain, 13.30 per cent of wages in the United States.

ITALIAN COST OF PRODUCTION.

Wages for farm labor in Italy equals 20.75 per cent of cost in United States.

Rates per day (8 hours) for farm labor, March, 1921.

Occupation.	Lire.	United States currency.	Occupation.	Lire.	United States currency.
Plowing	[1] 30	$1.17	Mowing	20	$0.78
Harrowing	15-20	$0.58- .78	Gathering (men)	16	.62
Cleaning of seed and sowing	6- 8	.23- .31	Gathering (women)	14	.52
Reaping	9-10	.35- .39	Binding and pressing	25-30	$0.97- 1.17
Thrashing	23-25	.89- .97	By machinery	[2] 3- 6	.12- .23
Stripping	8- 9	.31- .35			

[1] Oxen furnished by laborer, hay by landowner. [2] Per quintal.

Working time and overtime fluctuate according to seasons.

Rates per day (8 hours) in the lemon industry, March, 1921.

In lemon groves:		In packing houses:	
Superintendent	$0.97-$1.17	Superintendent	$0.74
Men	.42- .54	Men	.70
Women and boys	.31- .35	Women and boys	.23

Data secured from the Bureau of Labor Statistics, of the United States Department of Labor, further illustrates the differences in labor costs between Europe and the United States.

Wage rates of casual day laborers in the Province of Vicenza, agricultural year 1920-21.

[1 lire at par=19.3 cents. Conversion to dollars on the basis of 1 lire=4.2 cents.]

Month.	Men over 18 to 60 years of age.		Boys over 16 to 18 years of age.		Boys 14 to 16 years of age.		Girls 16 to 18 years of age.		Women over 18 years of age.		Daily hours of labor.
	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.	Per hour.	Per day.	
	Lire.		*Lire.*		*Lire.*		*Lire.*		*Lire.*		
January	1.30	$0.327	0.97	$0.245	0.65	$0.164	0.65	$0.164	0.78	$0.197	6
February	1.30	.382	.97	.285	.65	.191	.65	.191	.78	.229	7
March	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302	8
April	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302	8
May	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343	8
June	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343	8
July	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343	8
August	1.70	.571	1.27	.427	.85	.286	.85	.286	1.02	.343	8
September	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302	8
October	1.50	.504	1.12	.376	.75	.252	.75	.252	.90	.302	8
November	1.30	.382	.97	.285	.65	.191	.65	.191	.78	.229	7
December	1.30	.327	.97	.245	.65	.164	.65	.164	.78	.197	6

Costs in southern Italy, where almonds are produced, are even less than in northern Italy, in which latter portion the province of Vicenza is located. Labor is better organized in the north and consequently better cared for and better paid. The figures given are without board or furnishings of any kind.

Exhibit AA.

THE ALMOND INDUSTRY IN THE MALAGA CONSULAR DISTRICT.

[American Consulate, Malaga, Spain, July 11, 1921.]

The production of almonds in the Malaga consular district must be considered under two separate heads:

1. The production and cost of the shelled almonds to the grower.
2. The handling and added cost of these almonds after being cleaned, polished, assorted, and packed by the almond exporter ready for shipment.

1. The arroba is the usual standard unit of measure in the almond trade of the interior. One arroba equals 11½ kilos, or approximately 25¼ pounds.

The entire crop of almonds in this district, both "Jordan" and "Valencia," are all shelled by hand right on the farm where they are grown. They are cracked by hand; the only implement used for this task is a flat stone held between the knees of the sheller, who is seated, and a small bar of iron or smaller stone used as a hammer.

There are practically no paper shelled almonds produced in this region. The almond trees are found both along the coast and in the interior. The tree blossoms in January and February and the nuts are ripe by July. They are then knocked off of the tree with sticks or poles and left on the ground in order to dry the husk and kernel preparatory to shelling.

Only shelled almonds are known and traded on the local market.

There are no agricultural statistics obtainable here with reference to this crop, which, as a rule, is not a staple one. Formerly every farmer had a few almond trees, from 25 to 300, which were grown on hillsides where the soil could produce little else. During the past seven or eight years the farmers have begun to pay more attention to this crop, and having observed that they obtained considerable higher prices for the larger size almonds, are now usually more careful to prune their trees, whitewash the trunks, turn up the earth around the roots, and in some instances even irrigate the soil where possible.

The almonds from these trees are usually gathered by the farmer or his family in the off hours of the day during the months of July and August and shelled by the women and children of the family. Where labor is employed to gather the almonds, it is usual for a squad composed of one man and three women working together to gather about 20 arrobas, or 230 kilos (506 pounds), of almonds in the shell per day. The women who usually do the shelling shell from 40 to 50 kilos of almonds, which produce about 10 to 15 kilos of kernels.

One hundred kilos of almonds in the shell produce approximately 25 kilos of kernels.

The wages paid to adult male laborers in this district are as follows: Expert peons, men who have some practical knowledge of agriculture and can be used as foremen, from 5 to 6 pesetas ($0.63 to $0.75) per day with quarters but no meals; ordinary labor, 3.50 to 4 pesetas ($0.44 to $0.50) per day without meals, or 2 pesetas ($0.25) per day and found; women, 2.50 pesetas ($0.32) per day without meals; children (supposed to be over 14 years of age), 1 to 1.50 pesetas ($0.13 to $0.19) per day. The women are sometimes paid by piecework for shelling. The rate is 4 pesetas ($0.50) per 100 kilos (220 pounds) of almonds in the shell.

The legal number of hours constituting a day's work is eight, but the laborers here are very deliberate and, excluding the time for meals, cigarettes, and frequent rests, they usually work about five hours a day.

The almond shells are sold at from 4 to 5 pesetas ($0.50 to $0.63) per 100 kilos (220 pounds) to village bakers to be used as fuel. The wages paid agricultural labor is practically the same during the harvest as at other seasons. During the harvest the agricultural laborer obtains more money, because the women and children of his family are employed.

According to various producers one almond tree yields on an average of from 5 to 8 kilos (11 to 17.6 pounds) of almonds in the shell, depending upon the age of the tree and its size. These trees are usually planted from 140 to 220 per hectare (a hectare is 2.471 acres), or 56.7 to 89.1 trees per acre. These trees must be pruned and whitewashed each year and the earth around them spaded. It is estimated that one expert peon with a helper can prune and clean from 20 to 30 trees per day. The value of the land has been variously estimated by private individuals from 300 to 500 pesetas per hectare ($15.32 to $25.55 per acre) for the bare land, and from 1,500 to 3,000 pesetas per hectare ($76.64 to $153.40 per acre), with from 150 to 200 almond trees (60.7 to 81 trees per acre).

The Spanish land bureau makes a lower estimate—250 pesetas per hectare ($12.77 per acre) for bare land and 1,000 pesetas ($51.08 per acre) for land with 140 bearing trees (56.7 trees per acre).

Of the estimated 250,000 arrobas of shelled almonds brought each year from the interior to Malaga, about 85,000 are "Jordans" and the remainder "Valencias." This represents a total crop of 11,500 metric tons of almonds in the shell.

Due to the methods of cultivation and harvesting of this crop, it is almost impossible to fix the cost of production. However, it has been variously estimated, taking in consideration all overhead charges, taxes, interest on investment, exhaustion of soil, labor, etc., that each arroba (11½ kilos) of shelled almonds costs the producer from 15 to 20 pesetas ($0.0748 to $0.0997) per pound.

The kernels are sold by the producer in bulk unassorted as to size.

The prices obtained for shelled almonds by the producers were as follows:

Jordans: 1919 crop, from 50 to 60 pesetas per arroba ($0.25 to $0.30 per pound); 1920 crop, from 65 to 70 pesetas per arroba ($0.32 to $0.35 per pound).

Valencias: 1919 crop from 30 to 40 pesetas per arroba ($0.15 to $0.20 per pound); 1920 crop, from 35 to 45 pesetas per arroba ($0.175 to $0.225 per pound).

It is impossible to give a correct estimate of the cost of living in Spain. This is especially true in regard to the small agricultural proprietor and farm laborer. The former has made a great deal of money during the last years of the World War and the 18-month period succeeding the armistice, due to the urgent demand for all his products at top prices. But the farm laborer's earnings in Spain did not increase in proportion to the ever-increasing cost of articles of prime necessity. Both classes always have been accustomed to a very low standard of living, scant and simple food, few clothes, and poor and insanitary living quarters. The small proprietor has, as a rule, improved his farm somewhat with his own earnings and has possibly laid aside a few pesetas to weather the succeeding reaction, but the farm laborer finds himself poorer and more discontented than ever and endeavors to emigrate to America.

The average earnings of a farmer laborer aided by his wife and children are from 1,000 to 1,500 pesetas ($126.30 to $189.30) annually.

2. The exporters of Malaga who handle the almond crop consist of one principal firm, which handles from 60 to 70 per cent of the crop, and an association of merchants, formed to control prices, handles from 15 to 25 per cent, and the remainder is exported, on a smaller scale, by the various exporters of Spanish products.

The price at which the almonds are purchased from the growers is practically fixed by the exporters, but as in the latter years the crop has only been about equal to the demand the producers have been receiving very fair prices, and the exporters, having the advantage of the premium on exchange on the moneys of the two countries taking the greater portion of the crop, have also been very satisfied with their earnings.

The largest of the almond-exporting firms in Malaga employ from 400 to 600 women during the almond season, which lasts from August 15 to November 15. This number is exclusive of the number of employees packing raisins during practically the same epoch.

The women work by the day, of eight hours, and are paid as follows: Skilled assorters, 3 pesetas ($0.38); novices, 1.50 to 2 pesetas ($0.19 to $0.25).

An experienced assorter can usually assort 30 kilos of almond kernels per day.

The "Jordan" almonds are assorted exclusively by hand, as their elongated form renders it impossible to make even the primary operation of segregation according to size by mechanical means.

The "Valencias" are first passed through several perforated hoppers, each with different sized perforations, which allow the various sizes of almonds to fall into its proper receptacle.

The almonds are then poured and spread on a wide movable belt or table slowly moving between two rows of expert women assorters, who quickly and accurately make a second and more perfect assortment of the kernels, picking out the various larger sizes and dropping them in receptacles placed by their side.

The almonds are now properly assorted as to size and quality, they are then poured into revolving hollow drums to be cleaned and polished by rotary centrifugal force. Once cleaned and polished they are packed in wooden boxes lined with oiled paper, each box containing 28 pounds of shelled almonds, and once the box is strapped and stenciled it is ready for shipment.

The exporters estimate the actual labor, the cartage, and the cost of packing material at from 3.05 to 5 pesetas per box of 28 pounds of shelled almonds ($0.0137 to $0.0225 per pound). The overhead expenses are variously estimated by several exporters at 0.50 to 0.60 peseta per box ($0.00225 to $0.00270 per pound) and by others at 2½ per cent on sales price of almonds.

From one of the exporters the following tabulation of assortment of almonds according to size and grades was obtained:

Jordans:	Per cent.
7 crowns (largest size)	3
6 crowns (next largest)	8
5 crowns (medium large)	15
4 crowns (medium)	25
3 crowns (medium small)	12
Gemellos (doubles)	9
Broken	3
Refuse	5
2 crowns (medium small)	20

Valencias:	Per cent.
6 crowns (largest size)	5
5 crowns (next largest)	10
4 crowns (medium large)	15
3 crowns (medium)	25
2 crowns (small)	25
Gemellos (doubles)	10
Broken	5
Refuse	5

The almonds sold by the producers are, of course, unassorted and are sold by weight only, and it is the exporter who assorts, cleans, and packs them.

Exports of shelled almonds from Malaga, Spain, during the past five years.

Year.	To all countries.		To the United States.	
	Metric tons.	Pounds.	Pounds.	Value.
1916	2,063	4,546,852	2,873,356	$924,031
1917	1,120	2,468,480	2,183,659	730,528
1918	2,116	4,663,664	2,882,597	1,031,350
1919	3,027	6,671,508	3,821,341	1,681,574
1920	2,281	5,027,324	2,521,078	1,080,670

The outlook for the 1921 crop is good.

Conversion to dollars made at 1 peseta = $0.1262, the rate prevailing on the date of this report, as recorded by the Federal Reserve Board.

ALMOND INDUSTRY IN VALENCIA CONSULAR DISTRICT.

[From Consul John R. Putnam, Valencia, Spain, July 6, 1921.]

Mr. Henry W. Carey, American consular agent at Alicante, has submitted the following report concerning production conditions in the almond industry, covering such information as he has been able to obtain. Mr. Carey is an important shipper of almonds.

An almond tree costs from the day it is planted until the day it produces—about five years—approximately 20 pesetas.

Wages paid per day of eight hours are: Male, 5 pesetas; female, 2.50 pesetas; children, 2.50 pesetas.

Wages paid for different kinds of agricultural labor vary considerably, but what is generally paid in the Alicante district is: Male, 9 pesetas; female, 4.50 pesetas; children, 4.50 pesetas.

Cost of living can be given at about 3 pesetas per day per person.

The value of bare land can be calculated at about 800 to 1,000 pesetas per hectaria (2.471 acres), and when planted to almonds at about 2,000 pesetas.

The prevailing method of shelling almonds is by hand, costing about 14 centimos per kilogram, 100 kilograms in shell give about 23 kilograms of kernels.

The principal varieties of almonds grown in the district are Planeta, Comuna, Pestana, and Marcona, the two first being grown in larger quantities.

EXHIBIT B.

Gross returns to growers in California.

Year.	Total pounds unshelled.	Returns to grower members.	
		Total amount.	Per pound.
1914	2,261,250	$310,544.34	$0.1376
1915	4,239,117	455,665.83	.1075
1916	4,236,034	591,846.04	.1307
1917	5,272,325	750,969.84	.1424
1918	5,738,703	1,137,059.86	.1982
1919 (estimated)	10,744,129	1,919,500.00	.1786
1920 (estimated)	8,708,020	1,226,600.00	.1408
Average			.1551

These figures were secured directly from the books of the California Almond Growers Exchange and can be verified to the last figure, with the exception of the crops for the years 1919 and 1920.

Unfortunately, the books have not been completely closed for the two last years owing to the inability of the exchange to sell their entire crop in competition with the cheap almonds coming in from abroad. These figures, however, are based upon returns actually secured up to the present time on those which have been sold, adding to those amounts the estimated returns on the balance of the crop on the basis of such sales as have been recently made. Actually, growers have to date received only 7 cents on Drakes and similar varieties, constituting over 65 per cent of the crop, and 10 cents on Nonpareils and similar varieties (this for the 1920 crop).

Some varieties of almonds sold for higher prices than those indicated, and some sold for lower prices. These represent, however, the actual returns on the almonds delivered by the growers to the exchange and do not represent any costs such as transportation, marketing, etc.

Exhibit C.

Comparative freight rates, American and trans-Atlantic.

To New York from—	Before the war.	During the war.	Present rates, July, 1919.	Quoted by—
Genoa	75 shillings per ton	No rate obtainable	180 shillings per ton	Pierce Bros. & Co.
Barcelona	$3 to $5 per ton	$45 per ton	$12 to $15 per ton	Manuel Diaz & Co.
Bilboa	do	do	do	Do.
Havre	No rate obtainable	No rate obtainable	120 francs per 2,204 pounds.	French Line.
Bordeaux	$18 per ton	$5.50 per 100 pounds	60 cents per cubic foot, or $1.25 per 100 pounds.	Cosmopolitan Steamship Corporation.
Marseille	No rate obtainable	No rate obtainable	130 francs per 1,000 kilos.	Fabre Line.

Many ships carry almonds as ballast on the western trip for almost nothing, barely sufficient to pay the loading and unloading charges.

Freight rates from California to all points east of Denver, in carload lots, per 100 pounds: Unshelled, $2.40½; shelled (in boxes), $3.00¾; shelled (in bags), $4.51¼.

These figures represent a very actual part of the cost of marketing almonds from California. They are not figured, however, in the difference in the cost of production between California and Europe, nor are they used as a basis for requesting a readjustment of the tariff rate as indicated.

It is evident that the proposed tariff rate is justified even without the consideration of this important factor.

Exhibit D.

Old World production.

[The best available statistics concerning European production are those of Don Manuel Vines de Casas, professor "La Escuela Superior de Comercio de Baleares."]

	Metric tons.		Metric tons.
Italy (Bari)	110,000	France	5,000
Sicily	70,000	Algeria	2,500
Spain	75,000	Asia Minor	2,500
Persia	20,000		
Morocco	20,000	Total	320,000
Portugal	15,000		

Metric ton amounts to 2,204 pounds.

California production by years, 1900–1920.

Year.	Tons.	Pounds.	Year.	Tons.	Pounds.
1900	2,740	5,480,000	1911	1,450	2,900,000
1901	1,500	3,000,000	1912	3,000	6,000,000
1902	3,270	6,540,000	1913	1,100	2,200,000
1903	3,200	6,400,000	1914	2,250	4,500,000
1904	800	1,600,000	1915	3,500	7,000,000
1905	2,100	4,200,000	1916	3,400	6,800,000
1906	750	1,500,000	1917	4,000	8,000,000
1907	750	1,500,000	1918	5,100	10,200,000
1908	2,900	5,800,000	1919	7,250	15,500,000
1909	1,500	3,000,000	1920	5,500	11,000,000
1910	3,300	6,600,000			

Exhibit E.

ESTIMATED ACREAGE IN CALIFORNIA.

Acreage in California almonds at the present time is estimated at well over 100,000, of which over 50,000 acres have never borne any nuts.

That acreage which has reached commercial bearing is in all probability at the present time not more than 35,000, and probably less. It is evident, therefore, that production within the next few years will reach at least 30,000,000 pounds, and probably much more.

This increase in acreage is due to the stabilization of marketing competition, owing to the formation of the California Almond Growers Exchange, coupled with the extraordinary demand due to the unprecedented prosperity accompanying the war period.

Practically all of the increased plantings have been made since 1910, and no noticeable increase in tonnage was secured until after 1915. With highly stimulated markets the gradual increase in production was not difficult to market in the shell before the close of the holiday season. With a reasonably good market thousands of people throughout the United States have invested in almond orchards in the West, as have many California growers. Unfortunately, perhaps, the average man who invests in an almond orchard or who plants an orchard does not understand all the factors that may make the industry profitable or unprofitable in the future. He looks at the past and compares it with the present, as far as his data may permit him to do so, and if it looks good he figures it will continue to get better, so he proceeds to plant. Perhaps it is fortunate that he does so, for if he did not there would be no new industries in this country to protect, except such as were fortunate enough to have no competition from outside.

Exhibit F.

SHELLING PERCENTAGES.

The following record of Government tests of shelling percentages of California almonds explains itself and shows that a given weight of whole nuts will yield less than 33 per cent kernels:

Cracking tests by machine method of 12 leading commercial almond varieties.

Variety.	Nuts put through cracking machine.	Weight of kernels, whole and broken, actually obtained.	Kernels (whole and broken) actually obtained.	Weight of nuts in sample which did not crack.	Weight of kernels of nuts not cracked, computed on column 3.	Added for kernels in nuts which did not crack.	Total kernels, including nuts which did not crack in machine.
	Pounds.	*Pounds.*	*Per cent.*	*Pounds.*	*Pounds.*	*Per cent.*	*Per cent.*
Drake	100	35.25	35.25	3.75	1.32	1.32	36.57
Texas	100	35.00	35.00	4.00	1.40	1.40	36.40
Golden State	100	31.00	31.00	11.00	3.41	3.41	34.41
Ne Plus Ultra	100	41.00	41.00	4.50	1.84	1.84	42.84
Nonpareil	100	38.50	38.50	9.87	3.80	3.80	42.30
Peerless	100	30.75	30.75	4.00	1.23	1.23	31.98
IXL	100	46.00	46.00	3.00	1.38	1.38	47.38
Hardshell	100	19.00	19.00	4.25	.81	.81	19.81
Lewelling	100	26.00	26.00	4.50	1.17	1.17	27.17
Eureka	100	27.50	27.50	16.75	4.60	4.60	32.10
Boutier	100	21.50	21.50	6.50	1.40	1.40	22.90
Jordan	100	17.00	17.00	22.00	3.74	3.74	20.74

Average per cent of kernels of the 12 commercial varieties, exclusive of the nuts not cracked by the machine, 30.71.

Average per cent of kernels of the 12 commercial varieties, including the nuts not cracked by the machine, 32.88.

EXHIBIT G.

Analyses of foreign[1] and domestic almonds.

[By M. E. Jaffa, professor of nutrition, University of California.]

Name.	Water.	Ash.	Protein.	Fat.	Fiber.	Nitro free extract.
Sicily	5.57	3.34	21.18	54.47	2.77	12.67
3 Crown Bull Valencias	3.72	3.08	20.92	52.23	2.71	17.34
Medium Jordan	3.58	3.18	22.40	53.05	2.71	15.08
Large Alicante	3.82	3.00	21.88	54.53	2.33	14.44
Medium Avola	3.42	2.93	20.57	59.42	1.95	11.71
Nonpareil	4.20	3.36	23.54	54.14	2.02	12.74
California Paper Shell	6.55	3.48	24.07	52.30	2.57	11.03
Princess	6.52	3.38	22.84	54.59	2.22	10.45
Kings Soft Shell	9.79	3.01	22.37	55.81	2.51	6.51
Ne Plus Ultra	4.17	3.03	22.75	55.92	2.40	11.73
IXL	4.65	3.06	21.88	53.64	2.39	14.38
Reams	5.50	3.52	20.22	56.62	2.63	11.51
Drake	8.37	3.38	26.25	53.78	2.39	5.83
Jordan	3.41	3.17	26.78	49.34	2.57	14.73
Peerless	6.63	3.37	25.47	52.32	2.30	9.91
Harriot	3.73	3.33	22.23	54.98	2.22	13.51
Llewellyn	7.50	3.35	24.33	51.92	2.28	10.62
Languedoc	4.68	3.74	25.75	48.90	2.34	14.59
Texas Prolific	4.51	3.14	24.24	54.25	2.20	11.66
Average domestic	5.74	3.31	23.72	53.49	2.56	11.38

[1] Only shelled nuts received.

The data presented is interesting in showing that there is no material difference nutritionally between the domestic almond and the imported article.

The water percentage of the imported article is lower than that yielded by the home product, but it may be that the former was somewhat dried out before we received the sample, inasmuch as said samples consisted only of the kernel, while the domestic product was furnished in the shell, and therefore any loss by evaporation of moisture in the kernel was prevented.

There is practically no difference between the average percentage of ash in the foreign and domestic. The difference between the two averages is 0.2 of 1 per cent. The maximum registered for the foreign is 3.34, while the maximum registered for the California is 3.74; the minimum percentage for the foreign is 3 and for the domestic 3.01 per cent.

The protein content differs more than any other, and the difference is decidedly in favor of the California article, in that the average protein for the foreign is 21.39 per cent, with a maximum of 22.40 per cent and a minimum of 20.57 per cent. The corresponding figures for the home product are: Average, 23.7 per cent; maximum, 26.78 per cent; minimum, 20.22 per cent. It will be noticed that the average for the California rates more than 2 per cent higher than for the foreign.

The nitrogen free extract is represented by a higher percentage in the case of the foreign nut than in the domestic. As the amount of starch in the almond is small and the availability of other nitrogen free extract compounds is not as great as is the starch, the lower percentage noted for the domestic article is really an advantage.

The caloric value is almost identical, being 2,860 for the foreign almonds as against 2,800 for the domestic.

It must also be remembered that we are averaging the analyses of 5 varieties of foreign almonds while we are averaging 14 varieties of California almonds.

It is true that there is a slight difference in the average fat content in favor of the foreign nut, but an examination of the individual ~~varieties or kinds~~ shows that the general run of both domestic and foreign are about the same. In fact, the two domestic varieties that are below the general run are the two varieties that were originally brought here from Spain and France, viz, Jordan and Languedoc. If those out of line with the general average are thrown out, the average fat content is in favor of the domestic almonds.

Exhibit H.

Actual and possible revenue to Government from almond imports.

For 1914–1920, inclusive, as a whole:	
37,195,697 pounds, at 3 cents	$1,115,870.91
125,924,918 pounds, at 4 cents	5,036,996.72
Total actual revenue	6,152,867.63
37,195,697 pounds, at 5 cents	1,859,784.85
125,924,918 pounds, at 15 cents	18,888,737.70
Total possible revenue	20,748,522.55
For an average year (1914–1920):	
5,312,671 pounds, at 3 cents	159,380.13
17,989,274 pounds, at 4 cents	719,570.96
Total actual revenue	878,951.09
5,312,671 pounds, at 5 cents	265,633.55
17,989,274 pounds, at 15 cents	2,698,391.10
Total possible revenue	2,964,024.65
Revenue actually lost, 1914–1920, inclusive	14,595,654.92
Revenue actually lost for average year	2,085,073.56

Exhibit I.

Imports of almonds, shelled and unshelled, into the United States, 1900–1920, inclusive.

[Note the increased importations from the year 1900–1901.]

FISCAL YEAR.

Year.	Pounds.	Year.	Pounds.	Year.	Pounds.
1900–1901	5,140,232	1904–5	11,745,081	1908–9	11,029,421
1901–2	9,868,982	1905–6	15,009,326	1909–10	18,556,356
1902–3	8,142,164	1906–7	14,233,613	1910–11	15,522,712
1903–4	9,838,852	1907–8	17,144,968	1911–12	17,231,458

CALENDAR YEAR.

Year.	Unshelled.		Shelled.	
	Pounds.	Value.	Pounds.	Value.
1913	5,767,765	$639,707	13,580,697	$3,739,067
1914	4,753,525	494,141	10,114,901	2,970,229
1915	2,776,073	261,066	13,078,966	3,423,373
1916	4,875,473	523,099	16,700,794	4,232,358
1917	4,455,533	508,619	18,326,914	4,608,822
1918	6,149,374	947,761	21,544,757	5,731,630
1919	7,482,538	1,305,167	28,007,908	10,582,179
1920	6,703,181	1,017,984	18,150,588	6,768,926

EXHIBIT J.

California crop production.

	Raw land.			Developed land.	
	High.	Low.	Usual.	High.	Usual.
Almond	$300	$100	$150	$800	$400
Apple	600	150	200	1,000	800
Apricot (with water)	400	150	200	1,200	800
Cherry	800	200	600	2,000	1,000
Fig	300	100	150	800	400
Grape (raisin)	300	150	150	400	300
Grape (table)	300	25	100	500	300
Grape (wine)	300	50	150	400	200
Lemon	1,200	250	500	4,000	1,000
Olive	300	75	150	1,000	500
Orange	1,200	200	500	4,000	1,500
Peach	300	100	150	600	300
Pear	400	150	200	2,000	800
Plum	600	150	250	800	600
Prune	500	150	300	1,000	600
Walnut	1,200	250	400	2,000	1,000
Alfalfa	250	75	150	400	200
Asparagus	300	100	200	400	250
Barley	250	40	125		
Beans	400	75	150		
Beans (Lima)	1,500	200	400		
Hay	100	40	60		
Hops	1,000	300	400	1,000	400
Onion	600	200	350		
Potatoes	400	100	250		

EXHIBIT K.

THE BANK OF ESPARTO,
Esparto, Calif., July 6, 1921.

Mr. T. C. TUCKER,
Manager California Almond Growers' Exchange.

DEAR SIR: I have before me yours of June 29, and in reply beg to say that the attitude of the Bank of Esparto is just as it has been from the start—perfectly loyal and ready to do anything we can for the almond growers in our section and the association or exchange that is in our power. But owing to the shortage of crops and the price of products of every kind and the failure on the part of the various exchanges and associations operating in this section, we find a difference in deposits between the highest and lowest levels during the year of more than $216,000 in the little Bank of Esparto.

Is there any wonder that we have reached the limit? We have been trying to get help from the associations and exchanges all this time, and just hanging on by the "skin of our teeth," hoping they would make payments to the farmers that would give us relief; but instead of advances in money some of them paid them in notes and expected the bank, that was carrying all the load that it could possibly carry, to continue to put up when the limit of human endurance had been reached. It took us three weeks to get rid of these notes, and only then by our becoming responsible as to the having them charged back to us when they were due. Our borrowing limit has long since been reached, and we are now only existing through the leniency of the superintendent of banks, with a limit on that privilege. When we borrow money we have to have a limit on it, and it has to be met when due. When the farmer comes to us for money, and we ask him when he can meet it, he is up against it and can only say, "I hope to be able to meet it some time in the 'Sweet by and by.'" Then we give him the money if we have it and wait and wait as we are still waiting for the tail end of the 1919-20 crops, with the expense of harvesting another staring us in the face, with no promise as to when relief will come.

Then we are asked what out attitude is regarding advances to farmers. Our main crops in this section are almonds and barley, and when they fail we are simply up against it. No one can say that the almond crop, both as to yield and price as realized up to the present time, was not a failure. No one can realize more than the writer what everyone interested in the marketing of farm products has been up against, and I have not entered a complaint but, as a matter of fact, have talked and kept many a man in line that would have otherwise drawn out in disgust. We would gladly advance the farmer more money if we could, but it simply is not here to advance. They are beginning to come to us now and ask where they are going to get money to harvest. What can we tell them? We have no money to advance. If your association could deposit in our bank the amount to meet the needs of the growers, we would be only too glad to distribute it around where it was most needed.

We have a fair barley crop, and if the farmer would sell it would give us temporary relief, but it is worth only about a cent a pound, and when it cost him about that one can hardly expect him to sell just now.

Trusting you may see our position and not leave the impression that the local bank could and should take care of his wants. We have many notes in our pouch that should have been met and was promised out of 1919 and 1920 crops, with nothing definite as to their payments.

If you have any solution of the problem and can assist us as well as the farmers, we would like to hear from you.

Very truly, yours,

M. O. WYATT, *President.*

EXHIBIT L.

SENATE JOINT RESOLUTION NO. 24 OF THE LEGISLATURE OF CALIFORNIA.

Whereas, The production of almonds constitute one of the basic industries of the State of California, which State has demonstrated that she is capable of producing almonds in sufficient quantities to meet all the demands of the United States;

Whereas, In order to properly protect this industry a tariff on almonds, which are principally imported from the cheap labor sections of Europe, Asia, and Africa, is necessary if this industry shall not perish;

Whereas, The present tariff on almonds is wholly inadequate for such protection: Now, therefore, be it

Resolved by the senate and assembly, jointly, That the Legislature of the State of California hereby memorializes Congress to provide such a tariff on imported almonds as will equalize the cost of production and marketing between the home grown and imported product; and be it further

Resolved, That California's Senators and Representatives in Congress be, and they are hereby, urged to use all honorable means to secure the adoption of such a tariff; and be it further

Resolved, That the secretary of the senate be, and she is hereby, instructed to forward copies of these resolutions to the Secretary of the Senate of the United States, to each member of the Committee on Ways and Means of the House of Representatives, to each member of the United States Tariff Commission, and to each of California's Senators and Representatives in Congress.

C. C. YOUNG, *President of the Senate.*
HENRY W. WRIGHT, *Speaker of the Assembly.*

Attest:

FRANK C. JORDAN, *Secretary of State.*
By FRANK H. CORY, *Deputy.*

ALMONDS, FILBERTS, AND WALNUTS.

[Paragraphs 754, 755, and 758.]

STATEMENT OF G. W. R. WALLACE, CHICAGO, ILL., REPRESENTING THE ASSOCIATED SHELLED NUT INTERESTS.

Mr. WALLACE. I represent the associated shelled nut interests, with headquarters at Chicago, and will ask permission to file a brief with some memoranda within the next few days. I shall only now occupy two or three minutes to bring out some points.

Senator MCCUMBER. Very well.

Mr. WALLACE. We are asking that the rates of duty on almonds, both unshelled and shelled, shall be for the unshelled 3 cents a pound and for the shelled 6 cents a pound.

The reason for that request is this: We are not opposed to the protective theory, especially where, as with peanuts, the imported nut and the domestic nut are alike in character; but where there is a difference in character and where the character of the article is suitable for particular purposes, then we believe that any duty that should originate with your committee should be merely for revenue.

Shelled almonds are used almost entirely by manufacturing confectioners and bakers. There is, of course, a small sale in the retail confectionery stores, but the great majority of them are used in the manufacture of confectionery of different sorts and by bakers.

The California almond is not and will not be used by the manufacturing confectioner for one very good reason, and that reason is that the California almond does not have the almond flavor and its fiber, its construction, is too woody to permit it to be used in the manufacture of confectionery.

These attributes of flavor and structure in the imported almond are suitable in an unusual degree for the purpose of manufacturing confectionery and for bakers.

The rate of duty on the shelled almond should not be so high as to exclude the shelled almond, and it may be so high that it would exclude it, because the confectioner realizes, as well as the baker, that there is a limit to the price that he can get for his product, and, as one of my predecessors here said, any little bit added always makes a little bit more, and it would be impossible for him to sell his product if the rate of duty was so high that the imported nut could not come in; and he could not and would not use the American nut for the same purpose.

The rate of duty asked on the unshelled nut we are not particularly interested in, because the American nut unshelled brings more in the American market than the imported nut; and the imported nut unshelled, especially almonds and walnuts, forms a very small proportion of the total amount imported. They are mostly imported shelled.

This is true of the walnuts, also, and more especially is it true because the California walnut is the best walnut that is grown anywhere in the world. There is no walnut that can compete with it. They can get such a price for it in the shell that it would not pay them to take the shell off and sell it as a shelled walnut.

The imported nut is not as good. It has not as soft a shell. It would not be as easy for you and me to sit at a table, as we can with the California nut, and crack them in our hands.

Senator DILLINGHAM. You say that the California walnut is superior to all others, and the almond is not?

Mr. WALLACE. Yes, sir; it is just the reverse of the almond. The reason for the shelled walnut being imported is because they are inferior nuts and can be shelled at a price which the confectioners can pay and use the shelled walnut.

In regard to the proportion in the rates between the unshelled and the shelled, I remember reading, when the bill was introduced in the House, that the Tariff Commission had found that, scientifically, there were approximately 3 pounds of unshelled nuts used to get 1 pound of nut meats; and then in some of their calculations in the hearings before the Ways and Means Committee they used the 3 pounds, and in some others they used 4 pounds and in one other, in tabulating their output, they tabulated the shelled at 50 per cent. So I do not really know exactly whether three to one or two to one would be absolutely accurate. But if you will look at the prices at which these nuts, unshelled, are sold and the prices at which the shelled nuts are sold, you will find that the ratio should be nearer two to one than three to one.

After all, they are really separated, so that while I do not pretend to be a scientist myself in that regard, I have had some experience with five different tariff laws, and I think it has been shown in the past that the specific rate ascertained and put in the law has been founded not on some scientific thing, but on the value that the unshelled nut represents and the value that the shelled nut represents. You have figured on the percentage of duty that you wanted and you have made a specific rate.

The Payne-Aldrich tariff bill had on almonds 4 cents a pound, unshelled, and 6 cents a pound on the shelled. So far as the unshelled are concerned, we do not care really whether you put it at 3 or 4 cents. It will make very little difference. There is only a very small proportion of almonds or walnuts that are imported in the shell, anyhow, and the domestic producers of unshelled almonds get as good a price, with the exception of one brand of imported, as is received on the imported goods. That one brand, the Jordan almond, is not sold to any very appreciable extent in the shell. It is sold practically exclusively shelled. It comes in boxes 28 pounds to the box and is used in the higher class of trade.

The smaller Sicily almond has the flavor and the texture, but has not the appearance—and after all, we Americans look at the appearance when we are buying something. It can be and is used in making almond paste, to which it gives the almond flavor and the softness and the desirability in taste and in feeling in your mouth that the almond paste must have.

With your permission I will file a brief later, and I thank you for your courtesy.

BRIEF OF G. W. R. WALLACE, REPRESENTING THE ASSOCIATED SHELLED NUT INTERESTS.

SHELLED ALMONDS.

It is well established that the domestic almond is not suitable for use in the manufacture of confectionery and in the production of bakery goods for natural reasons, and the consumption of shelled almonds by these industries forms practically the entire market therefor. The imported almond, on the other hand, has both the almond flavor and the structure required.

The sale of unshelled almonds for general consumption is largely controlled by the domestic producers, and takes so large a part of that production that the limited demand for domestic shelled almonds is supplied by the shelling of culls and nuts otherwise undesirable for sale in the shell.

We read on page 1969 of the hearings before the Ways and Means Committee, Part III, Schedule F, Schedule G, and Schedule H, a statement by Mr. G. W. Pierce to the effect that the almond industry has developed four or five hundredfold in the last 10 years. That is three years under the Payne-Aldrich tariff law, act of 1909, with duty of 4 cents per pound and 6 cents per pound on the unshelled and shelled almonds, and seven years under the existing law, with its 3 cents and 4 cents per pound duty, including a year or two war period of some diminished foreign competition; and yet, in spite of the vast increase in the domestic almond industry, only about one-half of 1 per cent of the domestic crop has been sold shelled. (Statement of Mr. T. C. Tucker, page 1971, hearings before the Ways and Means Committee.) It can only be true that the natural characteristics of the domestic almond, rendering it unfit for manufacturing purposes, prevented a much larger proportion of the domestic almond being sold and used by manufacturers.

No rate of duty that could be devised would render the domestic almond suitable for manufacturing purposes, and therefore an excessive rate would only result in the restriction of the use of the shelled almond and would not materially enhance the market for the domestic shelled almond.

The market quotations demonstrate that the domestic shelled almond is offered for sale at less than the imported almond, and yet there is only a fraction of 1 per cent of the domestic production sold shelled. The following prices are taken from the New York Journal of Commerce, page 12, issue of August 31, 1921:

Imported:		California:	
Valencia	35@36	Nonpareils (medium size)	54
Jordan	58@75	IXL	46
Alicante	37@48	Dipping	34
		Drakes (medium size)	39

The unshelled almonds sold as follows on the same date, August 31, 1921:

Imported:		California:	
Cartagena	16½	I X L	26½
Tarragona	17	Ne Plus Ultra	26@27
Ivica	13	Nonpareil	29
French, hard shell	9@9½	Languedoc	16
		Drakes	16

It will be observed that the California almond, unshelled, brought prices ranging from 16 cents per pound to 27 cents per pound, while the imported unshelled almonds were sold for prices ranging from 9 cents to 17 cents per pound. Under conditions like these the great increase in the domestic almond industry took place, and an almond was produced that seemed to have found a ready market, in the shell, and that protection by high rates of duty has not been found necessary. Any rate of duty, therefore, that is provided would of necessity be for revenue. The members of this association are for the most part interested in the greater development of the market for almonds, whether domestic or imported, as their business is in part the buying and selling of almonds, and the larger the demand the greater their business, and they are naturally opposed to anything that will serve to lessen demand or restrict the market. They believe that any rate of duty higher than has heretofore existed, either on the shelled or unshelled almonds, will inevitably lessen the demand and therefore restrict the market.

SHELLED WALNUTS.

Much that has been said above as to almonds is equally true of walnuts. The domestic walnut, as has been said, is the best that is grown, but the selling price of the walnut in the shell is so favorable that there is little, if any, advantage in shelling for the market. The imported shelled walnut is one which could not be sold in competition with the domestic walnut if in the shell and is therefore worth less than the domestic walnut unshelled. These imported shelled walnuts are of good flavor and structure and readily adapted to manufacturing confectionery, etc.

The increase in the domestic production and sale of walnuts seems to have almost paralleled that of the almond industry, as from an output of 9,600 tons in 1910 to one of over 28,000 tons in 1919 an increase of over three hundredfold is shown. On the other hand, while the imported walnut shows an increase in actual quantity imported, yet the proportion of imported walnuts to the total of sales in the United States shows a reduction. For example, in 1910 the domestic production was less than the importation, but in 1919 the domestic production and sales were 28,100 tons, as compared with 22,391 tons, an excess of approximately 6,000 tons in favor of the domestic producer. It is difficult to understand, therefore, just why any additional protection is needed or desirable under circumstances such as these. At the prices prevailing, however, the demand gives evidence of being curtailed, and unless prices can be reduced rather than advanced a still further lessening of demand will occur. The domestic production would not be benefited by any materially increased rate of duty, as a lessening demand naturally results in a restricted market; and as the domestic producer, under present conditions, is able to dispose of all he produces at attractive prices, we are therefore convinced that the rates of duty at present prevailing, viz, 2 cents per pound for unshelled walnuts and 4 cents per pound on shelled walnuts—or not to exceed the rates in the act of 1909, viz, 2½ cents on unshelled and 5 cents on shelled walnuts—should be incorporated in the forthcoming tariff law.

STATEMENT OF E. B. HUTCHINSON, MONTCLAIR, N. J., REPRESENTING DRIED FRUIT ASSOCIATION OF NEW YORK.

Mr. HUTCHINSON. I live in Montclair, N. J. I am manager of the shelled nuts and confectioners' supply department of Birdsong Bros., New York City, and I am representing the Dried Fruit Association of New York with reference to paragraphs 754, 755, and 758, referring to almonds, filberts, and walnuts, both shelled and unshelled, and I am here particularly to protest against the enormous rates of duty advocated before you gentlemen by the California growers.

Senator SMOOT. Are you interested in dried fruit?

Mr. HUTCHINSON. No, sir. That was an error in the schedule. I first want to point out, with reference to these demands of California, that under their own showing they have sold 60 per cent of the total quantity of almonds in the shell that were marketed in this country, and have also sold and marketed 70 per cent of the walnuts in the shell that were marketed in this country. In connection with their request for further increases of duty I want to refer to the testimony given by Mr. Tucker before the Ways and Means Committee, as shown on page 1908 of the record. In answer to a question he said:

> In normal times paper-shell almonds brought 35 cents a pound in the shell, 25 cents per pound for the seedling variety, which represents the major portion of our crop. The average last year, during the war and war conditions, was about 47 cents a pound for paper shell and 35 cents a pound for seddlings.

Later on Mr. Tucker testified with reference to the cost of producing almonds, as shown on page 1909 of the record, as follows:

> The University of California gave their estimate of the cost of producing the 1920 crop at approximately 16 cents per pound in the shell.

Between 16 cents per pound and his statements of 35 and 47 cents there is an enormous profit somewhere, and I submit that their argument for enormously increased duties is unwarranted.

This is a long subject, and I have a brief which I will ask permission to submit. What I want to do is to call a few salient points to your attention.

To show the greediness of California in contending for this largely increased duty on a product which up to the present they are not able to produce—I refer to shelled almonds and shelled walnuts—the growers ask for a duty of 12 cents per pound on shelled walnuts and 15 cents per pound on shelled almonds. These goods are entirely different in character from the nuts in the shell and are sold to an entirely different trade.

Senator McCUMBER. You say they do not raise the shelled walnuts commercially?

Mr. HUTCHINSON. For the purposes I have mentioned they are not known commercially. The shelled almonds they produced last year, under Mr. Tucker's own statement, was one-half of 1 per cent of the crop.

Senator McCUMBER. Maybe I misunderstood you. You mean the shelled product?

Mr. HUTCHINSON. Yes, I am speaking of the shelled product.

Senator McCUMBER. Not the entire production?

Mr. Hutchinson. No, not the entire production. The point I want to bring out is that these shelled goods are practically the raw material of bakers, manufacturing confectioners, almond paste manufacturers, bread and cake bakers, biscuit and cracker manufacturers, blanchers, salters, and similar industries, just as much raw material to them as flour or sugar, because it enters into their product in combination with those articles.

In regard to almonds, the manufacturering confectioners and their allied industries that I have mentioned have in the past endeavored to use California almonds, but they found they could not get a good product, one suitable to the trade, and the reason was that they found the California almonds were fibrous and lacking in flavor. I have the authority of Mr. Henry Heide, of New York, who is a large manufacturer of almond paste, as well as confectionery, to state that his company some time ago bought a quantity of California almonds for the purpose of making a thorough test, and he had to sell on the market the majority of what he bought, and what he did use he could only do so in conjunction with 90 per cent of the foreign imported almonds.

Now, gentlemen, the point that I want to bring up to you is that to produce 1 pound of shelled almonds it is necessary to have 3 pounds of almonds in the shell. California sold practically all its almonds in the shell last year. There were between ten and eleven million pounds. The importation of shelled almonds was 27,543,521 pounds. In order to arrive at a determination of the comparative volume with the California product it is necessary to multiply that by three. Therefore we get a result of importations of shelled almonds, but in terms of almonds in the shell, of 82,636,568 pounds. In other words, there were eight times the quantity of shelled almonds imported as California produced last year; they are now asking you to put a duty of 15 cents a pound on those shelled almonds when they can not produce them. They might be able to produce them in 7 to 10 years if they would plant trees now, but I would think it doubtful whether they could produce any such quantity. Where are they going to get the capital to-day to plant the trees for that quantity? On the surface it is plain that their demands are absurd. It looks like the fable of the "fox and the grapes." There is a big trade here, and they can't get it. They haven't the quality or the quantity. Yet they want it, and so they want to make the consumer, the people of the United States, pay a big increased duty simply to satisfy their spleen.

I am not going to talk further on almonds. Yes; there is one other point I want to mention. In the shelled almonds it is necessary for importers to go to the various countries of the world. Of course, we get them from Europe, but we do not get almonds of the same type, quality, and description from every place. We have to go to Andalusia, Spain, for a certain almond, the sweetest almond known, used for table purposes. They are known as the Jordan almond. There is no such thing as the Jordan almond grown in California. We have to go to the Alicante district of Spain for a certain almond used very largely in confectionery. We have to go to the district of Valencia for the Valencia almonds; and to Majorca for the Majorca almonds. The almonds used in the manufacture of chocolate-almond bars come from the Island of Majorca. The Beraude almonds are largely used for table use and for blanching and salting, and are produced in the Province of Provence, France. Then the Avola almonds used by manufacturing confectioners are produced in the Island of Sicily. They are used for salting and small sizes for chocolate coating. The Aetna almonds also come from Sicily, and are used by manufacturing confectioners. The Palma and Girghenti almonds also come from Sicily, and are used by bakeries, confectioners, and chocolate-almond bar manufacturers. The Bari almonds come from the Puglia district of Italy and are similar to the Palma and Girghenti almonds. The Cretan almonds are produced on the Island of Crete, a Grecian island. The Canary almonds come from the Portuguese Canary Islands. Each grade has its own particular use. Each one of them is distinct. You can not obtain one grade except in that particular place. You can not go to Italy and get the Jordan almonds, and you can not go to Spain and get the Palma and Girghenti or the Aetna or the Bari or the Avola almonds.

This, for 20 years, has been a highly technical business. We importers have had to know just what our customers' requirements were. They often did not know where to go themselves for these almonds, and we have had to seek them in these countries I have mentioned. We did not find them in California. If they are there, we have no prejudice against California. It is an American State, and we are Americans, and we do not want to go abroad if we can get them in this country.

Senator McLEAN. When was that statement made as to the cost of raising almonds in California?

Mr. HUTCHINSON. That is on page 1909 of the record before the Ways and Means Committee. It says:

> The University of California gave their estimate of the cost of producing their 1920 crop at approximately 13 cents per pound in the shell.

Senator McLEAN. 1920?

Mr. HUTCHINSON. 1920. That is Mr. Tucker's testimony. I do not know what date the statement was issued.

Senator McCUMBER. Your time is up. I would suggest you make your statement as brief as you can.

Mr. HUTCHINSON. I would like to say a few words in regard to walnuts, and then, if you will permit me, I will file this brief, which gives it in detail.

Senator McCUMBER. Very well.

Mr. HUTCHINSON. In shelled walnuts the importations were about 20,000,000 pounds. That was in the year 1920. It is necessary to use 4 pounds in the shell to produce 1 pound of shelled walnuts. That makes a total of 80,000,000 pounds of walnuts in the shell. The latest statistics indicate that California produced in 1919, the only year I could gather statistics for, 56,496,000 pounds. That conclusively shows that for these manufacturing purposes, California could not commence to supply the need. Now, California asks a duty of 12 cents a pound on these shelled walnuts, and they can not supply the quantity, even if they could supply the quality, which they can not do. They claim they can, but the manufacturers, who know better than I do, tell me they can not obtain the same results from the California goods. I am going to leave now the subject of walnuts.

On shelled filberts, there are none grown here commercially. In fact, they do not enter as a factor at all.

Therefore, the only question for you to consider, gentlemen, in placing the rate of duty, is what will bring the greatest revenue from them. The recommendation of the committee of the dried fruits association on the duties in these various paragraphs are as follows:

In paragraph 754, almonds—almonds in the shell 4 cents per pound, shelled almonds 6 cents; paragraph 755, filberts—filberts in the shell, 3 cents per pound, shelled filberts 6 cents; paragraph 758, walnuts—walnuts in the shell 3 cents per pound, shelled walnuts 6 cents.

These figures will give almost a 50 per cent increase over and above the present rates, and are practically the same as those contained in the Payne-Aldrich bill. I don't think they will interfere with the volume of the importations. Therefore, they will not affect the Treasury receipts. In fact, they will enhance the Treasury receipts by the amount of this 50 per cent. What I wish to point out is that excessive rates of duty will undoubtedly tend to lower importations and will decrease revenues to the United States.

BRIEF OF E. B. HUTCHINSON, REPRESENTING THE DRIED FRUIT ASSOCIATION OF NEW YORK.

ALMONDS.

The quantity of almonds produced in California in the year 1918, as shown on page 1954, Tariff Information, 1921, Bulletin No. 17, was 10,200,000 pounds. The importation of almonds during the year 1919, as shown by the United States Bureau of Statistics of Imports, was 27,543,521 pounds shelled almonds, and 7,482,538 pounds unshelled almonds. As a method of comparison it is necessary to arrive at a total figure as denominated under the term of "almonds in the shell," and for this purpose we multiply the quotation of shelled almonds by 3 (on the ratio of 3 pounds of almonds in the shell to produce 1 pound of shelled almonds), which gives us a figure of 82,636,563 pounds, to which add the importations of almonds in the shell, 7,482,538 pounds, giving a grand total of importations of 90,119,101 pounds, based on the denomination of "almonds in the shell."

This indicates that there was imported into this country at least eight times the quantity of almonds that were produced in California in the year 1918, consequently the consumers of the United States, if an increased duty was imposed, would be subject to heavily increased prices for their raw materials and simply for the benefit of a few comparatively small producers in California.

In addition, the larger consumption (over 90 per cent) of shelled almonds is by consumers east of the Mississippi River.

These shelled almonds are used mainly by manufacturing confectioners, chocolate manufacturers, almond-paste manufacturers, bread and cake bakers, biscuit and cracker manufacturers, blanchers, salters, and similar industries, and, due to the variety of their products, they need a very large variety of these goods, varieties which are only obtainable in certain countries and which have not been produced in California and from experiments which have been made it appears it would be impossible to produce in that State. For instance:

Jordan.—There are about 1,500,000 pounds of this grade imported annually into the United States, and they are used chiefly for table purposes (being known as the best flavored almonds grown), also for blanching and salting, and also by confectioners for the manufacture of what is known as "sugar-coated Jordan almonds." These almonds are grown in the Province of Andalusia, in Spain, and it has been impossible to produce them elsewhere.

Alicante.—There are about 2,000,000 pounds of this grade imported annually into the United States and they are used chiefly in the manufacture of candies and confectionery, for chocolate coating. The largest sizes are also used for blanching, roasting, salting, etc. These are grown in the Province of Alicante, in Spain, and can not be produced elsewhere.

Valencia.—There are about 3,500,000 pounds of this grade imported annually into the United States. These almonds are used principally in the grocery trade, who sell them to the general public for the making of almond cakes. They are especially in very large demand by the Hebrews, with whom it has been a custom to make such cakes for their various religious holidays. They are produced in and near Valencia, Spain.

Majorca.—There are about 2,000,000 pounds of this grade imported annually into the United States. They are mainly used by the manufacturers of chocolate-almond bars, which is a well-known, very large industry. They are produced in the Balearic Islands.

Beraude.—There are about 75,000 pounds of these almonds imported annually into the United States. They are used chiefly for table use, and also for blanching and salting, and are produced in the Province of Provence, France.

Avola.—There are about 700,000 pounds of this grade imported annually into the United States. These are used mainly by manufacturing confectioners for chocolate coating. The larger sizes are also used for blanching and salting and are in particularly good favor for this purpose, because of their flatness, and, also, the skins being thin, render them easily blanched. They are produced in the island of Sicily.

Ætna.—There are about 2,000,000 pounds of this grade imported annually into the United States. They are chiefly used by the manufacturing confectioners for chocolate coating and chocolate dipping, and also for topping, the larger sizes also for blanching and salting. These are likewise produced in the island of Sicily.

Palma and Girghenti.—There are about 4,000,000 pounds of this grade imported annually into the United States. These almonds are used chiefly by manufacturers—of chocolate-almond bars and by manufacturing confectioners and biscuit manufacturers, also by bakers, and they are also retailed through the grocers to the consuming public. These are also produced in the island of Sicily.

Bari.—There are about 7,000,000 pounds of this grade imported annually into the United States. They are used chiefly by manufacturers of chocolate-almond bars, also by cake bakers and bread bakers. They are produced in the Puglia district of Italy.

Cretan.—There are about 500,000 pounds of this grade imported annually into the United States. They are used largely by manufacturing confectioners and also by bakers and allied industries. They are a product of the island of Crete (Greece).

Canary.—There are about 1,000,000 pounds of this grade imported annually into the United States. They are used by manufacturing confectioners and bakers. They are grown in the Canary Islands (Portuguese).

There are also a large number of almonds produced in other countries than those above named.

It is a well-established fact that these various varieties can not be produced in California, and it is well known that the California product is of a fibrous nature and lacking in flavor, and they have been trying to produce shelled almonds for commercial purposes for the last 25 years, but without success to the present time, and for this reason manufacturers of confectionery and cakes have found it impossible to use it in their business.

In the argument submitted by the California growers they have claimed additional protection, so that the present uncultivated lands in that State may be utilized for the growth of almond trees, and they claim that such trees would commence to bear fruit in from two to three years. This has been positively contradicted by experience, which has shown that almond trees do not bear fruit before they are at least of five to seven years' growth. We urge, therefore, that it would be a burden to a very large number of consumers in the United States, which is practically the entire general public, if additional import duties be imposed.

The Californians also mention the amount of capital invested in their almond orchards and approximate the same as $60,000,000 and the number of persons employed as 50,000 during the harvest season, which is presumably not more than two months, and 5,000 for the remainder of the year. This is stated on page 2004 of the testimony given by Mr. Pierce before the Ways and Means Committee.

As against this investment, we would point out that the manufacturing confectioners and chocolate manufacturers have an estimated capital invested in their businesses to the amount of $250,000,000 and employ 120,000 people all the year round. These figures do not include about 75,000 small retailers, very many of whom manufacture candy in a small way and employ from two to five people in each store. The baking industry has a capital of about $500,000,000 and employs about 250,000 people all the year round. The biscuit and cracker manufacturers have an invested capital of about $100,000,000 and employ about 50,000 people all the year round.

We now beg to refer to the testimony given before the Ways and Means Committee on January 25, 1921, "Tariff Information, 1921, Bulletin No. 17," by Mr. T. C. Tucker, representing the California Almond Growers Exchange.

On page 1907 Mr. Tucker stated that he represented about 85 per cent of the crop. We presume he meant of the California growers. He furthermore stated that the crop in California in 1920 was about 5,500 tons; that is, equal to about 11,000,000 pounds in the shell.

We submit to the committee that the importations of almonds during the year 1919 were 90,119,110 pounds, as shown by the United States Statistical Department. This indicates that there was imported into this country in the year 1920 at least eight times the quantity of almonds that was produced in California in the same year. We therefore call to the committee's attention that, inasmuch as California produces only one-ninth of the amount of almonds consumed in this country, it would not be right that the large number of consumers of these goods should be penalized by the imposition of a very heavy additional import duty.

We furthermore submit that if the additional duties are imposed, it will result in a very large decrease in the quantity of almonds which will be imported, and as a consequence, the United States Treasury will not receive the equivalent in duties that is expected if Congress anticipates that imports will continue as before.

In connection with this subject, we would also mention that in our opinion the resultant decrease in the importation would have a tendency to place out of employment a very large number of people who now are employed in the confectionery and baking and allied trades.

Furthermore, the witnesses for the California Almond Growers' Association have tried to convey the impression to Congress that the imposition of an additional tariff would not affect the cost of almonds to the consumer.

This is absurd, in view of the testimony given by Mr. Tucker and shown on page 1908 as follows:

"In normal times paper-shell almonds brought 35 cents a pound in the shell, 25 cents per pound for the seedling variety, which represent the major portion of our crop. The average last year, during the war and war conditions, was about 47 cents a pound for paper-shell and 35 cents a pound for seedlings."

At the ratio, which they state is 3 pounds of almonds in the shell to produce 1 pound of shelled almonds, the price of shelled almonds to the California growers would be three times the above; in other words, from 75 cents to $1.05 per pound in normal times, and, on the basis of the prices that obtained last year, it would be from $1.05 per pound to $1.41 per pound for shelled almonds.

The average price of imported shelled almonds to the manufacturing industries which use them was, last year, not more than 30 cents per pound.

The question is raised whether it is wise to impose this additional cost upon the consumption of food products, of which almonds constitute an important part, and also as to whether this increase would not lead to practical substitution, and consequently the elimination of almonds from a large part of bakery and confectionery products.

With further reference to the prices obtained for the California almonds in the shell, as above mentioned, we beg to refer to page 1909, in which Mr. Tucker stated:

"The University of California gave their estimate of the cost of producing the 1920 crop at approximately 16 cents per pound in the shell."

It is very evident that if the goods were sold to consumers at from 35 cents per pound to 47 cents per pound, there was an enormous profit to the growers, and they surely do not need any further protection.

On page 1908 Mr. Tucker testified:

"We have sold a few shelled almonds on the Pacific coast, our sales being probably one-half of 1 per cent of our total cost." (A typographical error, as it probably meant "crop.")

On page 2005 Mr. Pierce stated in his testimony:

"The present existing law has put us out of the shelled-almond business."

It is evident from Mr. Tucker's testimony that to all intents and purposes the Californians were never in the shelled-almond business, as they acknowledged that their output has been infinitesimal. Why, therefore, should the very large numbers of consumers of shelled almonds be penalized for what, after all, is only a possible (and we would say, very improbable) future benefit to Californians, and certainly not a benefit that they would derive at the present time, as they acknowledge that they have not got the yield.

In passing, we would point out that the very large quantity of shelled almonds imported shows that these are necessities of the manufacturing confectioners and the other industries which we have previously mentioned, and can practically be considered as part of their raw material.

We have the authority of Mr. Henry Heide, New York City, who is a large manufacturer of almond paste, as well as confectionery,—to state that his company and one other large company manufacturing chocolate products combined would consume as many almonds as are now produced in California, provided that the quality of the same was suitable for their purposes, but experience has shown that this is not the case. Mr. Heide states that at one time he purchased some California almonds, but that the articles he manufactured with them were so unsatisfactory, owing to the fibrous nature of the nuts, that he was compelled to sell in the market the larger part of the quantity of California almonds which he had bought. And he further states that California almonds for manufacturing confectionery purposes could only be used by mixing them with the imported, and then not in excess of a ratio of 10 per cent.

As corroborative to this matter we quote the following letter:

JULY 12, 1921.

CALIFORNIA ALMOND GROWERS' EXCHANGE,
311 California Street, San Francisco, Calif.

GENTLEMEN: To be perfectly frank, your letter of the 6th does not strike a very responsive chord. The experience of the confectionery trade with California shelled almonds is, we believe, not favorable enough to induce them to make any strenuous efforts in their behalf, and we are quite sure that other manufacturers are of the same opinion.

If California shelled almonds were able to take their place in real competition with the foreign almonds, this question of protection would not be as seriously pushed and your sales efforts would have been productive of a larger distribution of shelled almonds in the confectionery trade. Whether the factors of flavor and texture can be brought up in California almonds to the standard of foreign almonds so that they can be generally used by the manufacturing trades is a question that is undoubtedly interesting you. From our own standpoint the California almond is a negligible quantity until it can really compete in these two essentials with the foreign almond.

On this basis, as you may see, we are not particularly interested in furthering your ideas for duty. In fact, we are quite on the other side of the question.

Very truly, yours,

THE WALTER M. LOWNEY CO.
WALTER H. BELCHER, *Vice President and General Manager.*

We are also authorized to inform you that recently Mr. Heide endeavored to purchase a small quantity of California shelled almonds for experimental purposes and appplied for them to the California Almond Growers' Exchange and was informed that they could not supply him, not having the goods on hand.

We wish to ask what would become of the necessities of the chocolate manufacturers, the confectioners, and the other allied trades should an increased rate of duties be imposed? Should they be compelled to depend upon California to supply their shelled almonds to carry on their business all the year round, when California can not supply any shelled almonds now?

It is in view of the importance of these products to the manufacturers that we respectfully contend that the duty on shelled nuts should not be based on a ratio of three times the duty on nuts in the shell.

On account of the natural growth in the use of these nuts in the bakery and confectionery trades, it is probable that the total consumption for last year was upward of 25,000,000 pounds of shelled almonds, which increases the ratio above mentioned to about 10 times. It is hardly consistent, therefore, to penalize the consumers and the baking and confectionery businesses for the benefit which might accrue to the California yield of one-eighth in volume of the whole consumption in the United States, all of which benefit, if any, would inure to one State only, namely, California, and would be paid for by consumers of the other 47 States.

With reference to the length of time necessary to produce fruit-bearing almond trees, we quote from page 1955, under the head of "Yield":

"Almonds first commence bearing at from 2 to 4 years of age, the first crop ranging from one to two nuts up to a hatful or possibly more. The trees would first commence to bear a crop which will pay to harvest at from 3 to 5 years of age. Ordinarily it will be nearer the latter, depending upon the type of soil in which the trees are growing and the moisture conditions surrounding."

From this statement it appears that at least five years would be consumed before any of the trees in the almond groves which might be established at the present time would be in such condition as to give any considerable yield. This is not the way American industries are built. The bakers and confectioners have to be assured at all times that they can get their raw material. California admits that it is not yet in position to furnish this, and yet is unreasonable enough to request the adoption of this very unbusinesslike plan of protection of an industry which, by their own statement, does not need protection, and from which they could derive no benefit for at least five years to come, if then.

We furthermore point out and reiterate that even though California were to start planting almond trees for the purpose of obtaining a yield in the time mentioned, it is exceedingly doubtful indeed whether they would be able to produce almonds of the qualities and grades which are needed by the confectioners and bakers' industries.

The following are the statistics of the California almond crop for the years 1900 to 1920 and of the importation of almonds for the years 1912 to 1919 (as taken from the California Fruit News, annual review number, 1920), and the very large quantity of shelled almonds imported shows conclusively that California has been unable to supply the requirements of the manufacturing enterprises above enumerated.—

California almond crop.

Year	Tons.	Year	Tons.
1900	2,740	1911	1,450
1901	1,500	1912	3,000
1902	3,270	1913	1,100
1903	3,200	1914	2,250
1904	800	1915	3,500
1905	2,100	1916	3,400
1906	750	1917	4,000
1907	750	1918	5,100
1908	2,900	1919	7,250
1909	1,500	1920 (not final)	5,500
1910	3,300		

United States imports of almonds (fiscal years).

Year.	Not shelled.	Shelled.	Total.	Year.	Not shelled.	Shelled.	Total.
	Pounds.	*Pounds.*	*Pounds.*		*Pounds.*	*Pounds.*	*Pounds.*
1912–13	2,592,187	13,078,771	15,670,958	1916–17	5,010,833	18,413,225	23,424,058
1913–14	5,730,774	13,307,631	19,038,405	1917–18	4,278,990	19,561,155	23,840,145
1914–15	4,902,713	12,208,551	17,111,264	1918–19	6,733,542	23,594,915	30,328,427
1915–16	2,929,155	13,667,766	16,596,921	1919–20	7,355,804	26,326,245	33,682,139

We suggest that the rates of duty on almonds in the bill now before Congress, paragraph 754, should be changed to read as follows:

"Almonds in the shell, 4 cents per pound; shelled almonds, 6 cents per pound."

This would give an increased revenue to the United States Treasury and, we believe, would not be a serious burden to the manufacturing industries.

Walnuts.

The last statistics indicate that California produced in the year 1919 56,496,300 pounds of walnuts in the shell (p. 1743, Tariff Information, Bulletin No. 16).

The quantity of walnuts imported into the United States in the year 1920 was 10,041,342 pounds of shelled walnuts and 20,235,078 pounds in the shell. As it takes 4 pounds of walnuts in the shell to produce 1 pound of shelled walnuts, it is necessary to multiply the quantity of 10,041,342 by 4 in order to arrive at a basis of comparison with the output of California. This makes a figure of 40,165,368 pounds, to which must be added the 20,235,078 pounds imported in the shell, making a grand total of 60,400,446 pounds.

The shelled walnuts imported into this country in the year 1920 as above were of several varieties and from various countries, for instance:

Mayette.—There are about 500,000 pounds of this grade imported annually into the United States. These are known to be the finest flavored walnuts grown and are sold mainly to the household trade through the fancy grocers. They are also used by manufacturing confectioners and bakers for topping chocolate and fancy cakes. They are produced in the Grenoble district in France.

Chabert.—There are about 2,500,000 pounds of this grade imported annually into the United States. They are used likewise by manufacturing confectioners and bakers for topping purposes. They are, as a rule, small in size, and for this reason are economical in use for the purposes mentioned. These walnuts are also used extensively by manufacturers of fruit sirups for retail soda fountain use, and the consumption for this purpose is very large. These are also produced in the Grenoble district of France, and also in the Dauphiné district of France.

Bordeaux.—There are about 10,000,000 pounds of these walnuts imported annually into the United States, and they are used mainly for household purposes, being sold to the consumers through the grocery trade. They are also used by manufacturing confectioners and by bakers and ice-cream manufacturers. They are a product of the southwestern Provinces of France.

Spanish.—There are about 1,500,000 pounds of this grade imported annually into the United States. These are similar to the Bordeaux shelled walnuts, and are used for similar purposes. They are a product of Catalonia, in Spain.

Turkish.—Owing to the distress caused by the war, there have been comparatively small quantities imported in recent years, but prior to the war they were imported in large quantities and were sold here for similar purposes as the Spanish and French walnuts.

Mr. Teague, of the Walnut Protective League, states that California walnuts are superior to imported. Why then put a higher duty on an inferior walnut?

In 10 years production increased two or three times, during which time the cost of California walnuts also increased about 30 per cent. With a higher duty California Walnut Growers' Association would be able to ask the public higher prices with no competition of foreign nuts, and with increased acreage and higher duty and no competition would have a monopoly of the walnut business in this country.

French.—Cost of importations on French walnuts to-day for 1921 crop is 1,550 to 1,600 francs c. i. f. New York; figuring exchange at 8 cents, would cost about 58 cents in bond; proposed duty, 15 cents; expenses (cost of importation), 2 cents; duty paid, cost to import, 75 cents per pound.

The consumer and public would be paying $1 a pound for shelled walnuts, a food article.

We ask why should the public be taxed the difference in price for a food article used by confectioners and bakers to satisfy an association which can not supply the demand for shelled walnuts, and with an increase in duty cut the importation to such an extent that less revenue will be received by the Government?

In summary of the brief of the American walnut industry they state increased tariff on shelled walnuts will not add to price of the consumer. Our answer is, if not, who will pay the increased duty?

Our contention is increased duty has to be added to the cost price, and naturally this increases the cost to the public.

California shelled walnuts to-day are selling at a higher price than imported and can not supply the demand for walnuts in this country.

We ask, then, why should shelled walnuts pay a higher duty to allow an association to demand from the public even higher price and cut off revenue from the Government?

Our contention is that the importation of walnuts will not increase, as during the war a great many walnut trees were cut down, especially in France, for the manufacture of gun stocks, and the consumption of walnuts for home use in France has increased, thereby increasing the price considerably.

REPLIES TO STATEMENTS MADE BY C. THORPE, REPRESENTING THE WALNUT PROTECTIVE LEAGUE.

Mr. Thorpe stated that the American producers are supplying 70 per cent of the total consumption of walnuts used in America. This statement is not correct, as statistics indicate California produced in 1919 56,496,300 pounds walnuts in shell, against the total importation of 60,400,446 pounds. Mr. Thorpe stated he speaks of English walnuts. Such a walnut is not grown, but walnuts are grown on the Continent of Europe.

Mr. Thorpe states the imports for 1920 were over 38,700,000 pounds. Where does he get his figures from when the season for importation of 1920 is not yet over and will not be over until October 1, 1921? This statement, therefore, is incorrect, as 1920 crop figures can not yet be obtained.

Mr. Thorpe stated a tree has to be 10 years old before it reaches profitable production—15 to 20 years before it reaches full bearing. Does he expect the American public and the manufacturer to wait, say, 15 years until California can produce sufficient walnuts (shelled principally) and in the meantime ask that the public be made pay higher prices through advance in duty until such time arrives that California can actually supply the demand of the American public at a reasonable price?

Furthermore, Mr. Thorpe asks for higher rate of duty because of increased production, for protection to a monopoly. Increased production should be for lower prices to the consuming public and not higher by an increased rate of duty for which the consuming public has to pay for protection to an association or so-called trust.

Under date of September 9, 1920, Messrs. Wood & Stevens (Inc.), representing the California Walnut Growers Association, stated in their circular as follows:

"We cannot remember a year when the early fall demand for California walnuts did not greatly exceed the supply. It is our prediction that this year will be no exception, for the association reports that the California crop will be at least 10 days later than normal in maturing. Thus, right up to Thanksgiving, California walnuts in this market should command a material premium over the opening."

Why then a higher rate of duty on shelled walnuts when the demand can not be supplied by California?

We submit herewith proof of letter from the J. Hungerford Smith Co., of Rochester, N. Y., who are large manufacturers of soda fountain requisites, and one of the largest users of walnuts in the United States.

AUGUST 12, 1921.

BIRDSONG BROS.,
Hubert and Washington Streets, New York.

GENTLEMEN: We are very much interested in your letter of August 11 regarding shelled walnuts. If, as we assume is the fact, the trade generally has been as much affected by the advance in price as we have been it is perfectly clear to us that there will be very few sold at the present prices. In fact, our sales have been so light that the writer is almost inclined to consider the wisdom of selling part of our nuts at this time and it may be that you will hear from us further on this subject.

With best wishes for your success in avoiding an increase in the tariff, we remain,

Very truly, yours,

J. HUNGERFORD SMITH CO.,
R. H. ROGERS, *Purchasing Agent.*

Mr. Thorpe stated that for their best grade of walnuts they receive 22½ cents. This is not correct, as for their best grade of walnuts in shell, which is their fancy budded grade, the opening price of the California Walnut Growers' Association for their 1920 crop was 25½ cents, and price was made on October 1, 1920.

We also wish to call your attention to the fact that it is rumored that the California Walnut Association in naming their price for the 1921 crop will be even higher in price than the prices made by them in 1920 on account of no carry over of the 1920 crop. They take advantage of this situation by asking the public a higher price, having everything their own way, or, in other words, a monopoly on walnuts grown in this country. Why, then, should there be this higher proposed duty?

The attached circular No. 1, 1921 season of the California Walnut Growers' Association, dated July 15, 1921, is very illuminative.

They quote from a letter received by them from their foreign representative outlining the condition of the walnut crop in the Bordeaux district of France, in which he states:

"I was unprepared for the reality which is almost in the nature of a calamity, for walnut trees in all this section of the country are, with rare exceptions, in a most pitiful state. The majority carries little or no fruit, and on an average every full-bearing tree is counterbalanced by nine at least in bad shape."

And then later he further states:

"I do not think that this year the American producer will have much to fear from the competition of France, for, as far as I can judge at present, the crops all over the country will not much exceed half the normal output. I am led to this conclusion, first, because two-thirds of the trees are practically unproductive; second, because the remaining third, though well provided with fruit, is losing part of it by premature droppings from the effects of late frosts and early morning mists, particularly in certain valleys and lowlands; and third, because the stocks of nuts left over from last year, according to all reports, are about exhausted; that is to say, of a quality suitable for exportation—a rare occurrence and a remarkable feature of the late campaign."

We point out to the committee that these are statements issued as above stated in a circular of the California Walnut Growers' Association.

The following are the statistics of the California walnut crop for the years 1900 to 1920 and of the importation of walnuts for the years 1912 to 1920, as taken from the California Fruit News, annual review number, 1920:

California walnut crop.

	Tons.		Tons.
1900	5,430	1911	12,500
1901	6,900	1912	11,250
1902	8,570	1913	11,350
1903	5,500	1914	8,900
1904	7,590	1915	14,825
1905	6,400	1916	14,600
1906	7,000	1917	16,500
1907	7,400	1918	19,950
1908	9,200	1919	23,100
1909	9,350	1920 (not final)	20,500
1910	9,600		

United States imports of walnuts (fiscal years).

Year.	Not shelled.	Shelled.	Total.	Year.	Not shelled.	Shelled.	Total.
	Pounds.	*Pounds.*	*Pounds.*		*Pounds.*	*Pounds.*	*Pounds.*
1912-13	16,291,313	10,371,128	26,662,441	1916-17	25,666,844	13,058,518	38,725,362
1913-14	28,267,699	8,928,029	37,195,728	1917-18	12,133,510	11,155,660	23,289,170
1914-15	22,338,348	11,107,490	33,445,838	1918-19	3,240,979	7,695,651	10,936,630
1915-16	22,630,220	14,228,714	36,858,934	1919-20	27,278,039	17,504,531	44,782,570

This shows that California increased their production 500 per cent between the years 1900 and 1919, and the largest increases have been since the operation of the present tariff act (1914 to date).

Is there any real basis for their assertion that they need additional protection?

We suggest that the rates of duty on walnuts in the bill now before Congress, paragraph 758, should be changed to read as follows:

"Walnuts in the shell, 3 cents per pound; shelled walnuts, 6 cents per pound."

ANSWERING ARGUMENTS OF THE CALIFORNIA WALNUT PROTECTIVE ASSOCIATION.

"Quotation of Wood & Stevens does not state what grade of walnuts offered or how good or poor sample was."

Letter to C. Thorpe: "We contend a great deal of merchandise held by banks during the months of December and January last had to be sold at best obtainable prices, and this is particularly true of far eastern products, and really did not show the market values."

Letter to C. Thorpe from Wood & Stevens: "Our contention is walnuts sold at auction by Brown & Siccomb are usually sold for underwriter's account or walnuts carried over from one season to another which jobbers do not wish to handle, and really prices for goods sold at auction do not show market values on walnuts any more than any other article sold at auction."

Cost of labor.—On page 1960, under the heading of "Wages of male farm labor," they state that California paid in 1918 an average wage of $78 per month without board, and that the average United States cost of labor at the same period was $47.07 per month without board. This shows a difference in favor of California labor of about 60 per cent. It is certainly pertinent to ask, therefore, why the labor in other States of the Union, and which constitutes a large part of the consumers of bakery products, etc., should be compelled to pay increased prices for their foods to the ultimate benefit of the much higher paid California labor?

The increased rate of duty will not add to revenues of the United States Treasury, as importation will be decreased to one-third. Therefore, why should a higher rate of duty be placed on shelled walnuts to protect a new development at the consuming public's expense by placing a duty of 12 cents per pound on shelled walnuts?

Mr. Thorpe stated the importers will tell you that we have been getting outrageous prices for our walnuts. Our contention is that the California association has been getting outrageous prices. Furthermore, because 40 per cent of their crop never makes a fancy grade, we ask, is this a reason for advancing duty on walnuts and making the public pay for it?

Mr. Thorpe stated they used 4,900 bags in near-by produce plants at 5¼ cents, which is, in our opinion, a good price for an article used for by-products, the walnuts referred to being evidently unsuitable for eating purposes.

Mr. Thorpe stated they received $5 a ton for charcoal made out of this walnut shell. This, in our opinion, is clear profit, as the actual cost of the walnuts in the shell used to produce shelled walnuts is always figured as so many pounds in the shell to make a pound of shelled goods. Consequently, whatever is left for salvage is profit, salvage having already been figured in the original quantity used for shelling.

We would call attention to the fact that California has, in the past, endeavored to produce walnuts of similar quality to the best French walnuts, and to this end has grafted from the Mayette walnut trees to their indigenous growth of walnuts. The result obtained was a hard-shelled walnut with meat of dark appearance and poor flavor.

[Circular No. 1, 1921 season.]

Los Angeles, Calif., *July 15, 1921.*

To our trade:

Spot walnuts both from the 1919 and 1920 crops have long since been entirely exhausted, and in harmony with our predictions made shortly after the turn of the year the market continued to materially advance until all spot stocks both in the hands of jobbers and retailers were completely disposed of. Consequently, the new crop will come onto the barest market ever experienced.

Our early prospects were for by far the largest crop of California walnuts ever produced. In fact, our early predictions were for a 60,000,000-pound production, but late in April frosts played havoc in some of the heaviest producing sections, entirely wiping out the crop on some groves, and cutting many others down between 20 and 50 per cent of their original setting. However, as the walnut-producing sections of California are scattered over a very large area, some districts escaped with little or no frost damage. A complete check-up of the situation leads us to believe that the total frost damage will not exceed 35 to 40 per cent, which will develop a total production of between 90 and 100 per cent of last year's short crop. In other words, the State will probably produce thirty-six to forty million pounds.

It will be remembered that last year there was a considerable carry over of old crop goods, both in the hands of the association and in the hands of the trade, which came into competition with the new crop. This year the situation is entirely different and there will be no such competition. Also, there was a considerable stock of imported goods available for distribution last fall which will not be available this season.

The maturity of the California crop will probably average a week to 10 days earlier this year than last. The average size of the walnuts will probably be a shade smaller than last year, although sizes will average much larger than they did in 1919. So far, since April, climatic conditions have been quite satisfactory, and barring the possibility of an extreme heat wave during the balance of July or August, the cracking quality of the nuts should be exceptionally good. The meats should average plump and light colored.

Foreign prospects are also for a very, very short crop. We quote from a letter just received from our foreign representative under date of June 17:

"I have just returned from the region of Bordeaux where I made an extended survey of the principal walnut growing centers. To say that I was surprised at what I saw everywhere on my rounds, which embraced over 150 kilometers of territory, does not express in strong enough terms the sensation I experienced. I was dumbfounded. I had expected to find that some damage had been done by the inclemencies of the weather which, since the middle of April last, after the long dry spell, has been unsettled and stormy more or less all over France, with brusk changes of temperature, the intermittences of heat and cold, stormy rains—sometimes accompanied by hail and sunshine having been generally of short duration, but I was unprepared for the reality which is almost in the nature of a calamity, for walnut trees in all this section of the country are with rare exceptions in a most pitiful state. The majority carries little or no fruit and on an average every full-bearing tree is counterbalanced by nine at least in bad shape. I encountered here and there, it is true, a few prosperous-looking trees in full foliage and bearing well, but, strange to say, standing all around these were sickly looking ones showing signs of decay and slowly perishing.

"The characteristics of the disease, attributed to a cryptogamic origin for want of better knowledge, that is progressively destroying vast quantities of walnut trees all over France, and they may be counted not by hundreds but by thousands, is a withering of the top and outer branches, the interior ones still carrying a certain amount of verdure. The aspect of a tree in this condition may be likened to a ball with pins stuck all over it. Even young trees, only 8 or 10 years old, and even less, are attacked by the malady, so that the disaster is complete. I wish you could have been with me on my rounds; you would have hardly believed your eyes, accustomed as you probably are to see only trees luxuriant in verdure and fruit. The situation has at last aroused to action the competent authorities for I am given to understand that a Government commission has been appointed to inquire into existing conditions and to try to provide means to stop the progress of the disease which is slowly but surely depopulating the country of the walnut.

"I do not think that this year the American producer will have much to fear from the competition of France for, as far as I can judge at present, the crops all over the country will not much exceed half the normal output. I am led to this conclusion: First, because two-thirds of the trees are practically unproductive; second, because the remaining third, though well provided with fruit, is losing part of it by premature droppings from the effects of late frosts and early morning mists, particularly in certain valleys and low lands; and, third, because the stocks of nuts left over from last year, according to all reports, are about exhausted—that is to say, of a quality suitable for exportation—a rare occurrence and a remarkable feature of the late campaign.

"I am informed, as a matter of fact, that whereas less than three months ago 'Cornes' and 'Marbots' in the shell were offering at 140 francs per 100 kilos ($5.22 per 100 pounds) spot, without freely finding takers, 15 days later they commanded the double with numerous buyers consequent on a brisk demand for the United States which suddenly sprung up after a prolonged 'dead' period. And during the two months that followed shipments of nuts and meats to America were quite important. I must say that in all my experience I have never known of a turn in the market similar to that which has occurred this year, and which has resulted in profit where certain loss was anticipated by many dealers on this side.

"Here in the Isere the outlook for the coming crops is not much more favorable, all things considered, than in the region of Bordeaux, for the young nuts, according to all accounts, are dropping a little everywhere in appreciable quantities from the after effects of unpropitious weather in April and May. The fruit is now about the size of small olives. In several that I picked up and cut open I could discover no material defect except a tendency to wither, which I attribute to want of nourishment."

The policy of the California Walnut Growers' Association has always been to recognize the wishes of its trade in molding its sales policy. In line with this, it was one of the first packers to abandon the "firm at opening" contract and the "S. A. P.," and even tentative prices and contracts are not being considered. In fact, at a recent meeting in Chicago with the contract committee of the National Wholesale Grocers' Association, a new form of contract was devised which now carries the official approval of the National Wholesale Grocers' Association, one of the first coast contracts to carry such official indorsement. By the terms of this contract this association is to accept orders only after opening prices are named about the 1st of October, the contention being that by that time the buyer will be in a position to better judge his exact requirements and the seller the extent of its pack and the amount which will be available of each grade and variety. Also under this plan it will be necessary for the shipper to name opening prices at such a figure as will develop a strong demand and consequently an advancing market in order that the entire crop may be promptly moved into channels of consumption. Also there should be no excuse for any buyer purchasing an oversupply which, upon delivery, would cause him to become panicky and offer his goods below cost or at prices that would demoralize any local market situation. In fact, we believe we now have a contract which is ideal, at least from the buyer's standpoint, and which should enable every jobber to make a fair profit on his Diamond brand walnut business.

Our representative, if he has not already done so, will shortly call upon you for your estimated season's requirements of Diamond brand walnuts. This information will be forwarded to us and be used to guide us in making territorial allotments of our estimated crop. Our brokers will be made allotments based on past sales in their markets, which will insure that each of our customers is offered his proportion of our output.

CALIFORNIA WALNUT GROWERS' ASSOCIATION.

[Circular No. 5, 1920 season.]

IMPORTANT NOTICE—PRICE ADVANCE.

LOS ANGELES, *February 15, 1921.*

To our trade:

It is a great pleasure to be able to advise our trade that coast stocks of all grades of both 1919 and 1920 crop association walnuts are entirely exhausted, with the exception of three cars 1920 crop No. 2s, which will not be offered until next fall.

Our consigned stocks in most markets are also exhausted and where they are not are so small that one day's fairly active business will clean them out.

Price advances of 1 cent per pound have been in effect in New York and a number of other large markets for some time and effective February 25 this advance of 1 cent per pound on No. 1s and fancy budded will be made general everywhere.

It is our sincere advice to our trade in those markets where goods are still available and obtainable that replenishment stocks be taken on immediately. Now is the time that each jobber should see that he has a sufficient supply of Diamond Brand walnuts to last for at least the next 60 days, for when stocks are as closely exhausted as they are now, with several months of heavy consuming period before us, it is certain that the trade can make a better profit on California walnuts now than has been possible for many, many months, and with the association's prices advancing within the next few days, additional market strength is assured.

The very heaviest period of our season's advertising campaign is at hand. We are strongly featuring walnuts as a meat substitute during Lent. Again, the Jewish trade will use a great many walnuts during their Passover season, commencing the 1st of March, and with sugar so cheap that the housewife is making more cakes, candies, and confections than usual (in all of which walnuts are freely used) the demand during the next few months is bound to be much greater than the available supply and there is bound to be a repetition of the situation which existed in the winter and early spring of 1919, when Diamond Brand No. 1s went from 28 to 38 cents per pound. It is absolutely certain that the association's consigned stocks everywhere will be completely exhausted within the next few days and the market then will be what the trade themselves make it.

All foreign walnuts in eastern markets are also well cleaned up, and the price on foreign walnuts has been steadily advancing within the past few weeks. It is a certainty that there will not be a pound of California walnuts carried over into fall, and the new crop is sure to come into the cleanest market ever known.

It is for this reason that we strongly advise our friends to check over their stocks and order the balance of their winter and spring requirements immediately, while offered at the present lowest prices still prevailing.

Sincerely, yours.

CALIFORNIA WALNUT GROWERS' ASSOCIATION.

FILBERTS.

There are no filberts of any appreciable extent grown in the United States, certainly not enough to be considered commercially. The importations are from Spain and from Turkey, and the total quantity imported in the year 1919 was about 3,600,000 pounds. They are used largely by manufacturing confectioners and by bakers; also by manufacturers of chocolate bars.

We suggest that the rates for filberts in the tariff bill now before Congress, paragraph 755, should be changed to read as follows:

"Filberts in the shell, 3 cents per pound; shelled filberts, 6 cents per pound."

Finally, in connection with this subject, we would call attention to the fact that nuts have been recommended by dietitians for increased use as an article of food, it having been established that they contain very nutritious properties. We would refer, as an authority, to the treatise entitled "Feeding the Family," by Prof. Mary Swartz Rose, Ph. D., Columbia University. On page 344 the following food values are given:

100-calorie portion—Distribution of calories.

	Measure.	Weight.	Protein.	Fat.	Carbohydrates.
		Ounce.			
Almonds........................nuts..	12-15	0.5	13	76	11
Filberts........................do....	8-10	.5	9	84	7
Walnuts........................meats..	8-16	.5	11	82	7

In view of their value above shown, it would appear to be unjust to the very large numbers of consumers in this country that such valuable articles of diet should be largely increased in price by the imposition of heavy import duties, simply for

the benefit of the growers in California; and especially does this become apparent when it is recognized that California is unable to produce almonds, walnuts, or filberts of quality equal to those imported from the countries above enumerated. Why should the people of 47 States of the Union pay largely increased prices on such valuable food products simply for the benefit of one State (California)?

STATEMENT OF WALTER C. HUGHES, REPRESENTING THE NATIONAL CONFECTIONERS' ASSOCIATION.

Mr. HUGHES. Mr. Chairman, the association which I represent includes 725 manufacturers of candy. It represents about 80 per cent of the entire output of the industry in the United States.

We have with us at this hearing our officers and members of the executive committee; also Mr. Herman W. Hoops and Mr. William F. Heide, of New York City, who are large manufacturers and who would be glad to answer any questions which the committee may care to ask and which I may not be able to answer.

The proposed amendment to the pending tariff bill that was introduced by Senator Johnson relative to the tariff on almonds provides that almonds, not shelled, shall be at the rate of 5 cents per pound, and almonds, shelled, at the rate of 15 cents per pound. We consider that these rates are unjustifiably and unreasonably high, and the rates we propose on almonds are: Almonds, not shelled, 4 cents, and almonds, shelled, 6 cents per pound.

Senator SMOOT. Those are the rates you want?

Mr. HUGHES. Those are the rates we want; yes, sir.

Senator WATSON. Let us have those figures again.

Mr. HUGHES. The rates we want are: Almonds, not shelled, 4 cents; almonds, shelled, 6 cents per pound. The proposed rates, as I said a moment ago, are: Almonds, not shelled, 5 cents, and almonds, shelled, 15 cents. The present rate is: Almonds, not shelled, 3 cents, and for almonds, shelled, 4 cents per pound. That is the duty at the present time.

The United States Tariff Commission is authority for the statement that the world's output of almonds is approximately 725,000,000 pounds and that the exportable surplus is about 200,000,000 pounds, of which the United States takes about 40 per cent, or about 80,000,000 pounds.

On the unshelled basis—in considering the tariff we must take into consideration the unshelled basis, due to the fact that California does not produce shelled almonds—in 1919, the fiscal year, in round figures, the domestic production was about 10,000,000 pounds, whereas the imports were 76,000,000 pounds.

Senator SMOOT. Of course, the California growers deny that they do not produce the shelled almonds. I do not know whether the other members of the committee have received them, but I have been sent samples to show that the statement is not true.

Mr. HUGHES. I intended, Senator Smoot, to refer to that matter later on, but inasmuch as you have asked that question, I shall refer to it at the present time.

Senator WALSH. You will have to send samples to prove that it is true.

Mr. HUGHES. I shall be very glad to do that.

Senator MCCUMBER. The almonds raised in California have to be shelled somewhere before they are used.

Mr. HUGHES. One of our members tried to purchase Californi shelled almonds a short time ago. That was after a plant in Sacramento had been erected for the express purpose of making shelled almonds, and he sent an order there for the purpose of getting a few bags in order to try them out experimentally. They wrote back and told him they did not have any shelled almonds for sale.

Senator SMOOT. They have closed up their plant, haven't they?

Mr. HUGHES. I could not say, Senator, whether it was closed or not, but my understanding is that it is not now being operated. Under date of August 19, 1921, the California Almond Growers' Exchange, at San Francisco, Calif., wrote a letter to Bevan & Co., Malaga, Spain, in regard to almonds, in reply to a letter received from that firm to the effect—and I shall refer only to that portion which has reference to Senator Smoot's question—that they did not deal to any extent in shelled almonds; that their sales are principally for nuts in the shell, very largely consumed during the holiday period.

In all the experiments that have been made by our manufacturers relative to the use of California shelled almonds they have never found them to be satisfactory. As to the crop of 1920–21, the California almonds amounted to 11,000,000 pounds, whereas the imports amounted to 55,000,000 pounds, in round numbers. Therefore the United States produces between 1 and 2 per cent and consumes about 12 per cent of the world's almond crop.

This California Almond Growers' Exchange that I referred to a moment ago markets about 75 per cent of the almond crop; in other words, it regulates prices and controls distribution.

The total California crop during the fiscal year 1919–20 was less than one-fifth of the total amount of almonds that were imported during that fiscal year.

They talk about increasing the almond output. If their production during the next 10 years is increased in the same proportion that it has increased during the past 10 years, in 1929 and 1930 the crop would only amount to about 20,000,000 pounds, which is far short of our requirements.

In this connection I also want to say that it takes approximately seven years for the almond tree to get to the point where it is commercially bearing. It is true that perhaps in four or five years you might get a hat full of almonds off the tree, but so far as what they call profitable production is concerned, it would take in the neighborhood of seven years for a tree to get to that point where it does produce a good crop of almonds.

Senator SMOOT. How long does a tree produce a crop?

Mr. HUGHES. I could not say as to that. I know this, that almond trees bear for a great many years, but just how many I could not say.

With reference to the question of usage, these almonds are used very largely by confectioners—by the bakers, by almond-paste manufacturers, by the biscuit and cracker makers. All these various food industries use the imported shelled almond, as well as the salters of shelled nuts. On account of this varied use to which almonds are put, they require many different types of almonds. There are about a dozen different kinds of almonds that are imported in order to meet the requirements of these various manufacturers of food products. California does not produce these varieties. They can be produced or procured only from the Mediterranean countries that grow these varieties required by the manufacturers.

I referred a moment ago to the question of the possibility of the manufacturers using California almonds. Assuming, for instance, that they can shell them and put them on the market, our manufacturers have found that when the California almond is shelled it is not satisfactory for manufacturing purposes for the reason that it loses its flavor; it becomes hard and fibrous, and it is not at all satisfactory as compared with the imported almond, which retains its flavor and is by far the most satisfactory.

Take into consideration, for instance, the argument that was advanced by the California Almond Growers' Exchange, that this protection is necessary in order to protect the industry—the almond-growing industry—and that they had an investment of approximately $50,000,000. The industries that use imported almonds have a capital investment of about $1,000,000,000. The confectionery industry alone has a capital investment of about $315,000,000, as as shown by the last census. Therefore, we feel that, so far as this question of a very high tariff is concerned, it is not necessary for the protection of the home industry and that it is unfair to burden these industries that use almonds to the extent of imposing a tariff of 275 per cent increase; and it must be remembered that they can not pass that increase on to their customers in the increased cost of the product, for the very reason that the consumers are insisting that prices shall be lowered rather than raised at this time. Therefore, it will not be possible for them to increase their prices. We believe, therefore, that, as indicated a moment ago, with a tariff of 4 cents on almonds in the shell and 6 cents on shelled almonds, the rate would be reasonably increased and would serve all purposes so far as the requirements of revenue and protection are concerned.

Let me refer to the subject of walnuts for just a moment. The proposed duties on walnuts are: Walnuts, not shelled, 4 cents; walnuts, shelled, 15 cents per pound.

For the reasons that I shall refer to hereafter, we recommend that the tariff should be: Walnuts, not shelled, 3 cents per pound; walnuts, shelled, 6 cents per pound.

The present import duties on walnuts are: Walnuts, not shelled, 2 cents per pound; walnuts, shelled, 4 cents per pound.

The same situation prevails with reference to walnuts as with reference to almonds. We have considered them on the unshelled basis in considering production in this country as compared with imports. Therefore, in 1918–19 the domestic production was larger than the imports; it was 40,000,000 pounds as compared with 28,000,000 pounds.

Senator McCUMBER. Isn't there a loss of about one-third by reason of shelling?

Mr. HUGHES. They shell 3 to 1, I think. There is some doubt as to whether that is——

Senator SMOOT. Mr. Hudson testified that it is 4 to 1.

Mr. HUGHES. When I said that I had almonds in mind.

Senator McCUMBER. Let me see if I understand just what you mean by 4 to 1. Do you mean 4 pounds of unshelled almonds produce 1 pound of the shelled meat?

Mr. HUGHES. With almonds it would be 3 pounds in the shell to 1 pound of meat.

The domestic production of walnuts in 1920-21 is estimated at 43,000,000 pounds and the imports at approximately 65,000,000 pounds.

The shelled walnuts are used by practically the same class of trade that I referred to relative to the use of shelled almonds—bakers, biscuit and cracker makers, etc.

Imported walnuts are very much more satisfactory than the domestic walnuts for the same reason that the imported almonds are more satisfactory. When the California walnuts are shelled they lose their flavor, the skin gets tough, and other changes occur. They have a bitter flavor and are not at all satisfactory either as to size or flavor.

Senator McCUMBER. They are larger walnuts are they not?

Mr. HUGHES. Yes; they are larger than the imported walnuts.

The Walnut Protective League of California says that it takes 10 years for a walnut tree to reach a profitable bearing stage, and that when it is from 15 to 20 years of age it is in full bearing and bears for a great number of years.

Our reasons, therefore, for asking for these duties on walnuts are that they are not satisfactory for manufacturers to use for manufacturing purposes and that, therefore, the manufacturers use the imported walnuts which are satisfactory for their requirements.

Walnuts, not shelled, should be 3 cents per pound and walnuts, shelled, 6 cents per pound.

BRIEF OF WALTER C. HUGHES, REPRESENTING THE NATIONAL CONFECTIONERS' ASSOCIATION.

WALNUTS.

I represent the National Confectioners' Association of the United States, comprising 725 manufacturing confectioners, whose output is about 80 per cent of the total output of the confectionery industry and including manufacturers in every State in the Union.

With me in attendance at this hearing are our officers and the members of our executive committee and several of our largest manufacturers who are members of our association.

They are all large manufacturers and I am sure will be glad to answer any questions which you gentlemen may see fit to ask them.

The import duties proposed on walnuts are as follows: Walnuts, not shelled, 4 cents per pound; walnuts, shelled, 15 cents per pound.

These rates are unreasonably and unjustifiably high, and for the reasons set forth herein we respectfully recommend the following rates: Walnuts, not shelled, 3 cents per pound; walnuts, shelled, 6 cents per pound.

The present import duties are as follows: Walnuts, not shelled, 2 cents per pound; walnuts, shelled, 4 cents per pound.

On an unshelled basis the domestic production and the imports of walnuts for the last three fiscal years as published in the tariff information surveys are as follows:

	Domestic production.	Imports.
1918-19	40,230,000	28,924,295
1919-20	59,091,390	59,920,605
1920-21 [1]	43,000,000	64,652,833

[1] Estimated.

Shelled walnuts are used extensively by manufacturing confectioners, bread and cake bakers, and by biscuit and cracker manufacturers.

The increased import duty will be added to the cost price and greatly increase the cost to the manufacturer and to the consumers.

California walnuts are selling at higher prices than imported walnuts. California can not supply the demand for domestic-grown walnuts. Why then should the manufacturers and the consumers be compelled to pay a largely increased price on walnuts as a food product?

If the proposed duty is granted it will increase the cost of imported walnuts to such an extent that the manufacturers can not afford to purchase them. The revenue to the Government from this source will be tremendously decreased if not absolutely eliminated.

The Walnut Protective League of California states that a walnut tree does not reach profitable production until it is 10 years old, and that it is from 15 to 20 years old before it reaches full bearing.

California can not now anywhere near supply the demand and can not develop the production even in the next 15 or 20 years to such an extent as to take care of the increasing demand for walnuts.

The manufacturers will not use the California shelled walnuts, as they are not satisfactory for manufacturing purposes. When shelled they become fibrous and lack the peculiarly attractive flavor of the imported walnuts.

There is absolutely no justification for the proposed duties on imported walnuts, and we, therefore, ask that the duties shall be: Walnuts, not shelled, 3 cents per pound; walnuts, shelled, 6 cents per pound.

Which we trust will receive your favorable consideration.

ALMONDS.

The amendment to H. R. 7456 proposed by Senator Johnson, of California, changes paragraph No. 754, to read as follows:

"Almonds, not shelled, 5 cents per pound; shelled, 15 cents per pound."

The rates proposed by Senator Johnson are unjustifiably and unreasonably high, and for the reasons set forth herein we respectfully recommend the following rates: Almonds, not shelled, 4 cents per pound; almonds, shelled, 6 cents per pound.

The present import duties on almonds as provided in paragraph 223 of the tariff act of 1913 are as follows:

"Almonds, not shelled, 3 cents per pound; almonds, shelled, 4 cents per pound."

The United States Tariff Commission is the authority for the statement that the world production of almonds is estimated at 725,000,000 pounds, and the export surplus at about 200,000,000 pounds of which the United States receives nearly 40 per cent, or about 80,000,000 pounds, more than twice as much as any other nation.

On an unshelled basis the domestic production and the imports of almonds for the last three fiscal years as published in the Tariff Information Surveys are as follows:

	Domestic production.	Imports.
1918-19	10,200,000	76,225,177
1919-20	15,699,748	78,350,615
1920-21 [1]	11,000,000	54,946,527

[1] Estimated.

The United States produces between 1 and 2 per cent and consumes about 12 per cent of the world's almond crop.

The California Almond Growers' Exchange markets about 75 per cent of the domestic crop, and annually establishes minimum prices.

The total California crop produced during the fiscal year 1919-20 was less than one-fifth of the total amount of almonds imported during that period.

If the same ratio of increase in the domestic crop during the past 10 years is maintained during the next 10 years, the California crop in 1929-30 will be only about 20,000,000 pounds, which would be only about 25 per cent of the total amount of almonds that were imported during the fiscal year 1919-20.

It requires approximately seven years for an almond orchard to attain commercial bearing, and it is therefore very evident that California can not produce anywhere near the quantity required for domestic consumption.

The California almonds do not come into competition with imported shelled almonds. They have always been sold in the shell for household consumption and have always commanded higher prices than the imported almonds.

California does not produce shelled almonds. In corroboration of this statement I want to call the committee's attention to a letter dated August 19, 1921, written by the

California Almond Growers' Exchange, San Francisco, Calif., to Bevan & Co., Malaga, Spain, who are probably the largest importers of shelled almonds, which is as follows:

CALIFORNIA ALMOND GROWERS' EXCHANGE,
San Francisco, Calif., August 19, 1921.

BEVAN & Co., *Malaga, Spain.*

GENTLEMEN: I have for acknowledgment your letter of July 29.

We are not in a position at the present time to give much information concerning the 1921 almond crop for the reason that there is very little activity in market until the middle of September. Crop promises to be excellent, and we believe quantity will be about the same as last season. As you know, California does not deal to any extent in shelled almonds. Our sales are principally for nuts in the shell, which are very largely consumed during the holiday period, and we would not even hazard a guess as to the probable price. We will, however, take pleasure in cabling you the opening prices as soon as named, which will be sometime the early part of September, and probably before you receive this letter.

We will be very glad to exchange correspondence with you as heretofore. Our files show that we addressed a number of letters to your good firm which were not answered and apparently which went astray in the mail.

With kind regards,

Yours, very truly,

T. C. TUCKER, *Manager.*

One of our members a short time ago tried to purchase a few bags of shelled almonds from the California Almond Growers' Exchange for experimental purposes, and was informed by the exchange that they had none for sale. This was after the establishment of the shelling plant in Sacramento, which was erected by the exchange for the purpose of producing shelled almonds.

A very large percentage of the imported shelled almonds are used by manufacturing confectioners, bakers, almond paste manufacturers, bread and cake bakers, chocolate manufacturers, blanchers and salters of shelled nuts, and various other manufacturing industries.

On account of the many different kinds of manufactured products in which shelled almonds are used, the manufacturers of these products require a very large variety of shelled almonds.

To meet the requirements of these manufacturers about 12 varieties of shelled almonds are imported.

California does not produce the varieties required for manufacturing purposes.

The experiments that manufacturers have made with California shelled almonds have demonstrated that they are not suitable for manufacturing purposes, because of their fibrous nature and lack of flavor. When the California almonds are shelled they lose their flavor and become hard and fibrous.

It is therefore very unfair to the manufacturers and to the consumers of their products to place an additional burden on these industries at a time when they are the least able to bear it by increasing the import duties on shelled almonds 275 per cent.

The argument has been advanced by the California Almond Growers' Exchange that the increase asked for is necessary to protect the almond-growing industry, representing an approximate investment of $50,000,000. We respectfully call the committee's attention to the fact that the various industries that would be seriously affected by the proposed increase represent a capital investment of at least $1,000,000,000. The confectionery industry alone represents a capital investment of about $315,000,000.

The total number of employees engaged in the manufacture of candy, which does not include salaried officials, managers, office employees or salesmen, or the employees of the jobbers and retailers, is approximately 76,000. The total number of employees engaged in the industry is approximately 250,000.

The manufacturers can not increase their prices to such an extent as to cover the 275 per cent increase in the tariff, for the reason that there is an insistent demand on the part of the public for lower prices and the consumers would refuse to pay higher prices. The sale of products in which shelled almonds are used would therefore be reduced to a very great extent, to the serious detriment of the manufacturers.

We are not opposed to a reasonable increase in the tariff, but are absolutely opposed to a 275 per cent increase

We believe that a tariff of 4 cents per pound on almonds in the shell and 6 cents per pound on shelled almonds would be a reasonable increase and adequately serve all requirements as to protection and revenue.

We trust that our protest will receive your favorable consideration.

COCONUTS AND DESICCATED COCONUT.

[Paragraph 756.]

STATEMENT OF E. W. BROOM, NEW YORK CITY.

Mr. BROOM. Mr. Chairman and gentlemen, on behalf of the interests I represent I would like to give you a few facts regarding desiccated coconut.

The present rate of duty on this article is 2 cents per pound, which was the rate under the Payne-Aldrich Act and has not since been altered.

According to the schedule of the Fordney Act it is proposed to increase the duty on desiccated coconut to 4½ cents per pound, which means an increase of 125 per cent.

To-day's market value of Ceylon desiccated coconut is about 9 cents per pound in bond ex dock New York, so that the present duty of 2 cents per pound represents about 22½ cents of the value of the product, whereas the proposed duty of 4½ cents per pound would represent about 50 per cent of the present value.

A duty as high as 4½ cents per pound would, in all probability, mean greatly decreased imports and consequently less revenue.

From the point of view of protecting home industries, it is conceded that the cost of labor in Ceylon, from whence the majority of imported desiccated coconut comes, is much lower than the cost of American labor, but this is compensated for by the fact that Ceylon native labor is very inefficient compared with American labor; also labor-saving machinery and devices are used to a far greater extent in the United States than in Ceylon, which further reduces the difference in labor costs.

Moreover, according to the "Survey of the American Coconut Products Industry," prepared by the United States Tariff Commission, recent figures from one of the large domestic manufacturers show a labor cost of $3.65 to $3.34 per 100 pounds, including office expenses, or an average of about 3½ cents per pound. It is therefore unreasonable for the domestic manufacturer to ask to be protected to the extent of 6 cents per pound, which rate they requested when they appeared before the Ways and Means Committee of the House.

Year after year the domestic manufacturers appear to have competed successfully with the Ceylon product, even under the present rate of 2 cents per pound, and presumably their trade has been remunerative or they would hardly have continued to manufacture.

About a thousand people are employed in the domestic factories, so that a high duty would benefit less than one-thousandth of 1 per cent of the population of the United States to the detriment of the remainder. In fact the desiccation of coconut does not economically belong in the United States any more than the canning of oysters belongs in an inland town.

On account of its fine flavor, long-keeping properties, and high nutritive value Ceylon desiccated coconut is being used more and more every year by the large and small bakers, confectioners, and candy manufacturers of the United States. The majority of these trades demand Ceylon desiccated coconut because of its desiccation from the nuts almost as soon as they come from the tree, thus insuring freshness. Furthermore, as it has to be dehydrated to a much greater extent than the domestic is dehydrated in order to preserve its quality on the long voyage from Ceylon, it is more adaptable to use by the baker, confectioner, and candy maker. This is one of the main factors in the constantly increasing demand for Ceylon desiccated coconut.

The domestic manufacturers use whole coconuts which have been shipped a few thousand miles, so that usually from two to four months elapse from the time of their coming from the trees to their being desiccated, which does not tend to improve the quality of the coconut.

A duty as high as 4½ cents per pound would not only work hardships on the consuming trades mentioned but would necessitate having to either advance prices to the public on their manufactured article or give the public a smaller piece of pie, cake, candy, etc.

Recognizing that increased revenues must be raised, the interests I represent, and in turn the consuming interests they represent, feel that they will be bearing their share of the increased taxation if the duty be increased from its present rate of 2 cents per pound (which was also the Payne-Aldrich rate) to 3 cents per pound, which would represent an increase of 50 per cent and also represent a rate of about 33⅓ per cent based on the present import value of Ceylon desiccated coconut.

We therefore suggest that paragraph 756 of the Fordney tariff act, desiccated coconut, be altered to 3 cents per pound.

STATEMENT OF FRANKLIN BAKER, JR., REPRESENTING THE FRANKLIN BAKER CO., PHILADELPHIA, PA.

Senator McCUMBER. You may state your name.

Mr. BAKER. My name is Franklin Baker, jr.

Senator McCUMBER. You desire to discuss the same subject that was discussed by Mr. Broom?

Mr. BAKER. I desire to discuss the same subject, but from a different point of view. Instead of championing the Singalese from Ceylon, I am championing the manufacturers of the United States.

I want to say that I import coconuts that come from the American Tropics. I manufacture from coconut what is known as prepared or desiccated coconut. To give you a little idea of the value of the business, the United States imported last year 90,000,000 nuts and about 33,000,000 pounds of the desiccated nuts. The tariff under paragraph 756 of the House bill gives a duty of half a cent each on coconuts and 4½ cents per pound on desiccated.

First, I want to point out the relativity of coconut to desiccated coconut. It takes three coconuts to make one pound of desiccated coconut. That means that the half cent duty on coconuts really means 1½ cents as a compensatory duty on desiccated coconuts. Therefore the net result is 3 cents, which is our protective duty, and that is the chief thing we are interested in. The question of duty on coconuts and desiccated coconuts, no matter how big or little it may be, only concerns us as far as the protection of our own industry is concerned.

I want to point out to you that in the year 1909, when the Payne-Aldrich bill was passed, there were only about 2,000,000 pounds of Ceylon desiccated coconut imported. The amount was negligible. It made but little difference whether the duty was 2 cents or what it was. In 1913, when the Underwood bill was passed, it was still 2 cents, and that year there were imported 6,000,000 pounds. Since then the industry has been growing in the island of Ceylon, carried on by the Singalese manufacturers and the English who are represented there, and the business in this country has been gradually going backward. Last year instead of importing 2,000,000 pounds, this country imported 33,000,000 pounds. Within the range of these tariffs there have not been any new concerns starting up in our business; two have failed, and I am told another is going out of business because it is unprofitable. I have spent a good deal of money in building up this business, and I feel it is worth protecting. The annual volume of trade represented in the United States is only about $10,000,000, but there are several million dollars of capital invested in the industry.

Senator SMOOT. What does it cost you in labor to produce the desiccated coconut from the coconut?

Mr. BAKER. The actual labor charge is 3½ cents a pound, with no overhead, steam, rent, administrative expense, or anything. That is the actual cost, the labor charge.

Senator SMOOT. And you want 3 cents?

Mr. BAKER. I want 6 cents.

Senator SMOOT. Six cents to cover——

Mr. BAKER (interposing). Overhead, packing, field and shipping labor.

Senator SMOOT. The foreigner has overhead and packing the same as you have. You do not want the full amount of the labor cost, do you?

Mr. BAKER. No.

Senator SMOOT. You are asking for it, within half a cent.

Mr. BAKER. I can give details to show we are not.

Senator SMOOT. If it takes three coconuts to make a desiccated coconut, that is 1½ cents. That leaves 3 cents protection to labor. You say the labor cost is 3½. You are asking for the whole labor cost, practically.

Mr. BAKER. It means more than three and a half, because you must consider the factory charge. You asked for the labor charge. You should have asked for the manufacturing charge, which is about 5 cents, of which 3½ cents represents the actual labor charge. The labor charge is higher than in Ceylon. In Ceylon they have a labor charge of 1 rupee a day, 28 cents, against our $3 or $4.

Senator SMOOT. Your labor could not amount to more than 3½ cents outside of the overhead charge.

Mr. BAKER. Three and a half cents actual manufacturing labor only.

Senator DILLINGHAM. What do you mean by "actual labor?"

Mr. BAKER. The chief labor is shelling and paring of the nuts, and such as that, all labor.

Senator SMOOT. Without any overhead expense?

Mr. BAKER. No; no superintendence charges or other charges.

Senator SMOOT. And those other charges cost you 2 cents?

Mr. BAKER. The other charges cost about 2½ cents with the superintendence. Eliminating the superintendence it would be about 2 cents. The packing would be the same in both countries.

Senator SMOOT. We want to give you ample protection, but do not want to give you all your labor. If we did, your labor would not cost you anything compared with a foreign country.

Mr. BAKER. The brief which I will present will show you the difference between the cost of these goods made in Ceylon and America is about 6 cents a pound. These figures have been taken over a number of years, showing the imported cost of the goods on the other side, as compared with our own.

Senator SMOOT. We can get it from the brief.

Mr. BAKER. One point I wish to bring out, and one of the principal points I wish to call attention to, is that we have not shared in the excess profits of the last few years in this country. I point that out to show that we are doing this whole business on a basis of less than 5 per cent. I average less than that. Last year we had a loss. It is impossible to compete with the manufacturers on the other side.

Furthermore, even though this duty should be made higher, no matter how high it might be, the actual cost of the goods to the consumer, the baker, or confectioner, whoever may use it, is negligible, because there is only about two-thirds of a pound of coconut consumed per capita. The amount of goods going into the average confection or cake is only 7 per cent and only means about a quarter of a cent per pound. When you figure it down, it amounts to a negligible quantity.

Furthermore, inasmuch as the supply of coconuts in the West Indies is not large enough to take care of all the demand in this country, there is bound to be continued importation of desiccated coconut from Ceylon, which will come in irrespective of what the duty may be, because a few cents a pound more or less on the product of desiccated coconut is not going to have any material effect on the sales.

BRIEF OF THE FRANKLIN BAKER CO., PHILADELPHIA, PA.

I. Our interest is in paragraph 756 of the tariff bill as passed by the House, which reads as follows:

"Coconuts, one-half of 1 cent each; coconut meat, shredded and desiccated, or similarly prepared, 4½ cents per pound."

This does not give us the protection required in order to maintain our business against foreign competition.

II. The average yield of desiccated coconut from 1,000 nuts is 330 pounds; that is, 3 coconuts make 1 pound of desiccated. Hence, the compensatory duty allowed on desiccated coconut for the duty of one-half cent each on whole coconuts is 1½ cents per pound. Therefore, the actual protection we are receiving against imported desiccated coconut under the present bill is (4½ cents less 1½ cents) 3 cents per pound. We wish to invite your particular attention to this fact.

III. Here are figures that tell their own story and have an important bearing upon the subject.

	Pounds of goods imported.	Average importation value per pound.	Manufacturing cost, domestic goods, per pound.
1917	9,702,785	$0.1062	$0.1393
1918	20,269,909	.1486	.1802
1919	29,637,673	.1672	.2375
1920	32,920,614	.1794	.2535

The present c. i. f. value of the imported article is about 9 cents per pound and the present domestic cost about 15 cents per pound.

IV. These figures show that the difference between the laid-down cost in New York of the imported article and the manufacturing cost of the domestic article averages 6 cents per pound. Therefore, a duty of 6 cents per pound should be placed on desiccated coconut in addition to any compensatory duty that may be granted due to the placing of a duty on whole coconuts. This duty of 6 cents a pound we ask in order that our industry may be put upon an equal footing with our foreign competitors in the American market.

V. When the Payne-Aldrich tariff was passed the duty was made 2 cents per pound and coconuts came in free. At that time the imports were negligible and no request was made for an increase in tariff. Since 1913 the domestic manufacturer has not been able to increase because of the competition of the Singalese manufacturers. The Payne-Aldrich bill of 1909, therefore, does not serve as a proper standard for duty rate, passed at a time when the imports of desiccated coconut were less than 2,000,000 pounds per year, and framed without representation of the domestic manufacturers at the hearings.

VI. Since that time the foreign competition has constantly increased. Even in 1913, at the time of the framing of the Underwood bill, imports were only 6,500,000 pounds per year, and they were not a serious menace to the desiccated manufacturer. The import figures for 1920 of 33,000,000 pounds speak for themselves.

VII. The industry in the United States represents an investment of several million dollars and an employment of nearly 2,000 men and women.

There is a considerable labor problem in the preparation of desiccated coconut, as skilled labor is required to take off the shells and the brown skin that is over the kernel of the nut.

The manufacturing process consists chiefly in the shredding and drying of the coconut. The chief essential in all this work, in dealing with a product that is apt to spoil readily, is an absolutely clean, sanitary plant. Furthermore, working under our health and pure food laws makes the cost of goods in this country materially higher than in the Island of Ceylon.

The number of pounds of desiccated coconut produced in this country has increased very little in the past few years. The demand for the article has increased enormously, and this increased demand has been supplied by the imported article, which could be sold at much lower price due to cheap labor conditions in the Island of Ceylon, where all the imported goods are manufactured.

VIII. Labor in Ceylon is paid 1 rupee per day against our present wage of $3 to $4 per day. A rupee on the basis of to-day's exchange is about 28 cents; in normal times it is worth 40 cents. Granting that it takes two Singalese to do the work of one American, the rate for the same unit of work is only 56 cents as against $4 in America.

IX. The sales price of the imported article to the bakery and confectionery trade to-day (duty paid) is 11½ cents. Our sales price is 16 cents, and it is only because of our better quality that we are able to get any business whatsoever. It is impossible for us to compete under present tariff conditions. The domestic manufacturer has not increased his business, whereas there are more mills going up in Ceylon each year.

X. An increase in the duty to 6 cents per pound will not materially affect the price to the consumer of articles containing desiccated coconut. An analysis made by a disinterested laboratory of 11 bakery products containing coconut shows an average coconut content of 7 per cent. An increase of 4 cents per pound in duty would only justify raising the selling price per pound on these products by an average of slightly more than one-fourth cent per pound. The per capita consumption of desiccated coconut in this country is less than two-thirds of a pound per year, and it is our belief that the very slight advance in the sales price of desiccated coconut to the confectioner or baker is not material, as almost all other nuts sell for considerably more. There is, therefore, no reasonable ground for opposition to our request from the makers of bakery and confectionery products.

XI. An increase in the duty on desiccated coconut would not curtail imports for the reason that there are not enough coconuts in the West Indies to supply the demand, and desiccated coconut will be imported in as large quantities as heretofore. Hence the increase in duty will bring an increase in revenue.

XII. The tariff bill, as it passed the House, gave to our industry a protection of only 3 cents per pound, whereas the actual difference in the cost of Ceylon goods at 9 cents, as against our cost of 15 cents, is 6 cents per pound. To have full protection on desiccated coconut, we should be given 6 cents a pound, and without being compelled to pay a duty on coconuts.

XIII. This difference of 6 cents is made up not only in the manufacture of the desiccated coconut but also by the difference in cost of production of coconuts. Our manufacturing cost of over 5 cents per pound is at least 4 cents higher than the product made in Ceylon. Because of the cheap field labor, which is paid one-half rupee per day, or 14 cents, against our West India labor of 50 cents to $1 per day, the raw material is one-third cheaper, which in itself gives a variation of several cents per pound, figured in terms of desiccated coconut. Unfortunately we can not avail ourselves of these cheap coconuts because they would spoil in the long transit.

XIV. If the duty on coconuts should be omitted, the full revenue required can be obtained from the increase in duty on desiccated coconut, and it would be easier to collect on the uniform weights of import cases of desiccated than on the count of coconuts, which come in bulk and in bags of various sizes and counts. Neither would you be justified in placing a duty on coconuts by weight, for the weight gives no measure of the meat content, and would be subject to even greater difficulties than taking them by count.

Outside of the protection to our own industry, there may be considered the bearing it has on our neighbors in the American tropics, whose only market for coconuts is the United States.

PEANUTS.

[Paragraph 757.]

STATEMENT OF W. H. KELLY, REPRESENTING THE KELLY CO., CLEVELAND, OHIO.

Mr. Kelly. I would like to say, gentlemen, that I am the first one to appear before these committees representing a jobber and manufacturer of peanut products. Those who have appeared before the committee seem to represent associations and are the secretaries of those several associations. These associations claim to represent the farmers to a certain extent. They represent themselves and the shellers and cleaners.

I was at a meeting here in Washington some several months ago. I was called down here by a number of people who operate shellers and cleaning factories in the South. They wanted to know what my position was in regard to a higher duty. I told them I was in favor of a protective tariff; that I was a Republican and was for protection, and was glad to welcome them into our camp of protection. I asked them what their ideas were in regard to a duty. They said they would like to get 3 cents. I told them that was much too high, and if they could get 1½ or 2 cents it would be extreme.

They told me at that time that 2 cents would be entirely satisfactory, but that they were going to ask for 3 cents in the hope of getting 2.

I did not appear before the Ways and Means Committee before the emergency tariff bill was passed, and had no opportunity to appear before that committee at its last meeting. This is the first opportunity that I ever had to appear before any committee in Washington. We are glad to have them get the protective-tariff fever down in Georgia and Alabama and Virginia. It seems to be the first time they ever had the fever, and they have sure got it strong and have gone delirious this time. They are now asking for 3 or 4 cents, which is practically no protective tariff, but a stone wall.

What we buy in the way of imported peanuts is the large kernel, which comes from China, counting 28 to 30 to the ounce and 30 to 32 to the ounce. These peanuts are not produced in Virginia in any great quantity. It is impossible for us to buy the quantity required. It is necessary to buy these selected peanuts——

Senator La Follette. Just a moment. If they can be produced at all, why can they not be produced in quantity?

Mr. KELLY. The best that they have produced in Virginia is about 32 to the ounce and a limited quantity. The crop this year is estimated at 1,250,000 acres in the South. Of that quantity 1,000,000 acres are devoted to the Spanish peanuts, and these are the small variety kernel, and 200,000 acres consist of the Virginia white peanut, and this variety is marketed in the shell and not shelled in quantity. These are sold largely in the shell. There is a very limited quantity of large kernels. It would not pay them to shell these Virginia peanuts in large quantities to get enough of those large kernels, because they would be unable to dispose of the small kernels in great quantity.

Senator SUTHERLAND. Do you buy them shelled?

Mr. KELLY. Yes, sir. We buy the kernels. We buy nothing in the shell that is imported.

If I may file a brief I will cut my remarks down just as short as possible.

Senator McCUMBER. That may be done.

Senator DILLINGHAM. What is your business—preparing them for market?

Mr. KELLY. We prepare them for market. We make salted peanuts and peanut butter and other peanut products.

The prices this year are ruling low for peanuts. The farmers got big money for their peanuts the last several years and made big money the same as the rest of us; we all made big profits the past two years. So far as I am concerned, Uncle Sam took part of it and I lost the rest of it by buying peanuts.

The farmer is lucky this year in the South who grew peanuts. He is not compelled to dump his peanuts like the gentleman who just testified did with his onions. You will find the peanut market report showed that 140,000 and some odd bags held over from last year. The peanut crop has been consumed so that there was but 10 per cent of that crop on hand some time in August. The gentlemen are right here in the room who made these statements. I received from Pretlow Peanut Co., Franklin, Va., this letter in August:

> The demand for both of these grades is certainly improving, and we believe before the end of September the price will be much higher on account of the limited supply; we therefore advise keeping your requirements covered. Just as soon as you are interested let us have a wire. We will surely try to make the price attractive.

The Donaldsonville Oil Mill, of Donaldsonville, Ga., said:

> The farmers stock of Spanish is very rapidly diminishing and only a few car lots are still being held in this section.

In a statement before the Ways and Means Committee it was claimed that there had been no market for the peanuts and that they could not sell them. It is true business was quiet; we all had stock on hand we could not sell and move to advantage, and there is no question but what the farmers sold a lot of their peanuts at a loss. We did last year and we did this year. I bought a lot of peanuts in Georgia this year and lost a dollar a bag on them. The farmer is ahead that dollar a bag.

Again the Donaldsonville Oil Mill, under date of August 24, this year, had this to say:

> We shelled more peanuts last season than any single plant in the southeast, and are well equipped to take care of your orders at all times and assure you that they will receive our very best attention.

I will just give you the substance of these. The balance of them simply elaborate.

I believe Lem P. Jordan is in the room. He said under date of August 6:

There is less than 10 per cent of the crop unmilled as of this date.

That shows that the present crop has been used this year, including the 140,000 bags held over from last year.

The Suffolk Peanut Co., under date of August 25, said:

Inclosed you will find confirmation of our message of this date. We regret that we are unable to offer Virginia shelled, as our stocks are entirely exhausted at this time and we can make no further offerings until we can secure additional stock.

Mr. Pinner, of the Suffolk Peanut Co., is in the room.

Mr. Bain, of the American Peanut Corporation, is present. He said under date of August 26:

The market is very much stronger and stocks on shelled goods are getting limited, and the demand is also better on all grades for the past few days.

That in substance covers the peanut situation. I have simply given a few of the high points.

I claim that if they get 1¼ cents duty on peanuts it will be sufficient to keep out all low-grade peanuts. We want an opportunity to import these large kernels running 28s to 30s to 32 per ounce.

Senator LA FOLLETTE. What do you mean by 28s to 30s?

Mr. KELLY. That is the number of kernels to the ounce.

They talk about peanuts growing in Gambia, British India, Burmah, the Straits Settlements, and through that section of the world. Those peanuts can not be used in this country by the manufacturers and jobbers to advantage; in fact, they can not use them in peanut products and turn out a decent product. You can not bring a peanut through the Tropics, because it will soon get rancid.

You submit the peanut to a high temperature and the oil pores are opened up and the nut will turn rancid. Senegal and India and Gambia peanuts are all of very low grade. You can not make peanut butter out of them and they can not be used for candy. The only peanuts you could import here are the Spanish shelled from Spain direct. But they are ruling high, and it has been a great many years—at least 15— since we have been able to bring any in from Spain. Referring to the statement that Senegal peanuts and Gambia peanuts and African peanuts, British India peanuts come in, they come in in very small quantities and will always be brought in by some one who would be classed as a "tenderfoot" in the business, who would bring the peanuts in and find out they were different grades after they got here and would lose money. The statement was made that no peanuts were brought in through England from India. We bought peanuts in London 15 years ago and found them unsatisfactory.

Senator LA FOLLETTE. What is the production of peanuts?

Mr. KELLY. One million two hundred and fifty thousand acres are being grown this year.

Senator LA FOLLETTE. In pounds, what does that mean?

Mr. KELLY. That I do not know. You have the Government figures here. Mr. Bain can tell you. Do you know how many were produced?

Mr. BAIN. We have the Government's report on that, and we have our estimates.

Mr. KELLY. You do not know what the total crop is?

Mr. BAIN. We think from 35,000,000 to 52,000,000 bushels.

Mr. KELLY. I am in favor of a duty that will protect the farmer, and I have got just as much sympathy for the farmer as anyone. But it is folly to try and put a 3 or 4 cents duty on peanuts. It will simply prevent us from importing a few that they do not produce in Virginia. They are not going to shell up the peanuts from that 200,000 acres of the white peanuts, and that is all they produce there; and what they do shell is the broken or discolored shells or otherwise damaged, as these nuts are worth more in the shell. That I know. I will be pleased to submit a brief.

BRIEF OF W. H. KELLY, REPRESENTING THE KELLY CO., CLEVELAND, OHIO.

We wish to protest against the proposed duty of 3 cents on unshelled peanuts and 4 cents on shelled peanuts.

Practically all of the peanuts that are imported under normal conditions are the large kernels that can be selected from the Chinese crop.

The American crop amounts to about 1,250,000 acres at the present time. All except about 200,000 acres are the small Spanish or runner variety and all are shelled for the market. The 200,000 acres of larger variety is what is called the Virginia white. These have a much larger shell and kernel than the Spanish variety and none of the Spanish variety is ever imported.

The only Virginia white peanuts that are shelled are the damaged nuts and in shelling these a few large kernels are secured, but not enough to materially interest buyers. The extra price that the shellers get for these few large kernels compared to the total is very small, the balance of them shelled are called "No. 1 Virginia Shelled," and the trade is limited.

That the present crop (1920) made a loss is without question, but this crop was made at a high cost. The 1921 crop now growing will be made at a much less cost. Mr. Groner stated before the Ways and Means Committee that peanuts cost 6 to 7 cents per pound to produce.

The Alabama Market Journal of Montgomery, April, 1921, states that the cost is $1.17 per bushel (a bushel of Spanish peanuts weighs 30 pounds) or 3.9 cents per pound, and these costs were figured on high cost of labor and fertilizer.

We favor protecting the American farmer but do not want to see a near prohibitive duty in the proposed tariff bill.

We will import a few of these large kernels for the high-price trade, but sale will be eliminated from syndicate and chain stores, where goods are sold at a small profit. The peanut is the only poor man's nut.

That a crop will occasionally make a loss to the grower is quite true, but we all have bad seasons.

The 1920 crop would have sold at a profit had the pay roll of the country been as large as in past seasons. You know of the present unemployment and lack of buying power on the part of the people.

About 50,000,000 pounds of Chinese peanuts have been brought in this year, and nearly all received before the emergency tariff bill enforced. Can also advise that it is necessary to bring the large kernels in during the winter and spring months, and the nuts are then put in cold storage. Otherwise the stock would get rancid and wormy.

Peanuts never carried a duty of over 1 cent in past years, and no amount of small nuts were imported until the last few years, when we had war conditions, and at that time the grower was paid from two to three times the price paid during normal conditions.

Our claim is that a duty of 1½ cents per pound is extreme and very high for shelled peanuts, and under this duty only large kernels can be imported, but this proposed high duty would mean practically no importations, and the business built up in past years would be destroyed, with a big loss of revenue to the Government and no appreciable gain to the American peanut growers, as the importation of these large nuts does not conflict with his interests.

STATEMENT OF JOHN B. GORDON, ALEXANDRIA, VA., REPRESENTING PEANUT CRUSHERS AND VEGETABLE-OIL REFINERS.

Mr. GORDON. My name is John B. Gordon; I live in Alexandria, Va. I speak for the peanut crushers and the vegetable-oil refiners.

I am glad that the gentlemen who want high duties on all kinds of peanuts are in the room, because I would like to add a remark to that of the gentleman who has preceded me, which is that the gentlemen who have been speaking before this committee and the Ways and Means Committee and who claim to represent the growers, and who also state that they represent the peanut crushers, do not represent the crushers, but represent only themselves. The crushers of peanuts have interests which are diametrically opposed to those of the peanut shellers, and it would be like having a German plead the cause of the Frenchmen to have the shellers who are represented by these gentlemen plead the cause of the crushers of peanuts; and if these gentlemen do represent any crushers of peanuts, they represent those such as the Donalson Oil Mill, whose letter the preceding speaker read from, who have abandoned crushing for the more profitable shelling and grading of nuts for the edible-nut trade, crushing perhaps a few culls and unsalable refuse.

The game of the sheller is to keep the price of the peanuts just a little bit above the height a crusher can reach, and if they can do that they are happy. And if they can put the crushers out of business, it would be a blessing to them but to nobody else. It would not assist the southern farmer, the grower of peanuts, and it certainly would not do the vegetable-oil industry of this country any good.

I appear to request the free entry of peanuts for crushing purposes, with proper and suitable duties upon those peanuts which are to be used for edible purposes; that is, those peanuts which are to be supplied to the nut trade or the roasters and salters, the confectioner and baker, and the peanut-butter makers. These peanuts compete with our domestic peanut, while the crushing peanuts do not.

The proposed duty of 3 cents per pound on the unshelled peanuts and 4 cents per pound on the shelled is prohibitive when we consider it in its relation to the oil content of the peanuts and the prospect of using imported peanuts for crushing purposes, because there will be a tax of about 10 cents per pound on the resultant oil, whereas the normal value of peanut oil is only about 5½ cents to 7 cents per pound.

Senator LA FOLLETTE. What is the oil used for?

Mr. GORDON. The oil is used in the manufacture of lard substitutes, in the making of salad oils, in the packing of sardines, in making certain cooking fats, in the making of soaps, and about 3 to 7½ per cent of the total vegetable and animal oils used in the manufacture of oleomargarine is peanut oil.

The uses are quite diversified and the market of the refined oil is of such specialized nature that it requires a considerable and competent sales force to seek out all of the different outlets, there being quite a few different uses.

The domestic peanut industry is a nut industry and not an oil industry. The figures which I will give you to support this statement are those procured from the Government and appear in all the records, and therefore are not subject to argument and can be readily verified.

In 1920 less than 4.1 per cent of the domestic peanuts available were used for oil-producing purposes. In 1921 to date less than 2.1 per cent of the peanuts available have been used for oil-producing purposes.

Senator LA FOLLETTE. Are those figures obtained from the Agricultural Department.

Mr. GORDON. The figures which the percentages are based upon are the amounts of peanut oil produced in the United States which are given by the Department of Agriculture and other Government departments and applied against the total domestic production of peanuts and also the total importations of peanuts. That will be covered in more complete detail in a brief which I will file.

The 1919 crop of peanuts was 33,925,000 bushels; apparently less than 4 per cent of those peanuts were used for crushing purposes. I say "less than 4 per cent," because there came into the country despite the duty a certain amount of foreign crushing peanuts, and from those foreign peanuts some oil was made. There are no figures which show how many foreign peanuts were used in producing peanut oil. The domestic peanut oil produced is made from both domestic and imported peanuts.

The 1920 crop consisted of 35,960,000 bushels, of which less than 2 per cent has been used up to July 1 in the production of oil.

The reason that the American peanut industry is a nut industry and not an oil industry is that the peanuts will bring a much higher price when sold to the edible trade, which is represented by the gentleman who spoke before me, than if turned into oil. That is a chief reason why the domestic production of peanut oil is dwindling and not the competition of foreign vegetable oils and the competition of foreign peanuts. The peanut crusher can not afford to crush the domestic nuts and the duty won't permit him to buy foreign crushing stock.

On to-day's market the sheller of peanuts can get 5¼ cents per pound for No. 1 Spanish peanuts. That would be around $75 a ton that he would realize on 1 ton of farmers' stock of Spanish peanuts. Now, if you turn those peanuts into oil they would not produce more than $56 worth of product, which includes the oil, the cake and hulls, and any other by-products. So you can readily see it is much more profitable for the nut trade to use the domestic peanuts than it is for the crushing mills.

I desire to call attention to an incorrect statement which one of the gentlemen who testified at a previous hearing on peanut oil made. I do not know whether it was intentional or not, but he stated that the emergency tariff had raised the price of the farmers' crushing peanuts. He stated that the farmer was able to get somewhere in the neighborhood of $40 a ton for his crushing peanuts when the emergency tariff went into effect and that he could now get from $50 to $58 a ton. That gentleman did not state that while those peanuts might be called "crushing peanuts," they were not bought for crushing purposes, but are being sold to the edible trade; the crushers can not afford to use them. So he should have explained his statement in more complete detail; also he should have stated that the peanuts would have normally increased in price about this time of the year no matter what purpose they were being used for.

The people who will suffer most if the crushers of peanuts in this country are cut off from all sources of crushing peanuts are not the crushers so much as it will be the domestic grower or the peanut farmer. The peanut crushers of this country are primarily cottonseed crushers. The crushing of peanuts with these cottonseed oil mills is perforce more or less of a side line, because they have not been able to get enough domestic peanuts to make a steady business of it, and they have not been able to import foreign peanuts because of the existing duty.

The farmer, if the crusher is allowed——

Senator LA FOLLETTE (interposing). What do peanuts run in weight to the bushel?

Mr. GORDON. About 30 pounds would be taken for the kind of peanuts that are crushed for oil; they run from 22 to 30 pounds, but the lighter ones are not used for oil.

Senator LA FOLLETTE. We brought in 42,000,000 pounds of peanuts this year, ending June 1.

Mr. GORDON. My figures are for calendar years, but 42,000,000 pounds would be something over 1,400,000 bushels on the unshelled basis, which were largely used for edible purposes.

Senator LA FOLLETTE. I do not know what they were used for.

Mr. GORDON. The use to which they are put is very apparent. You need only take the domestic production of oil and apply it against the domestic production and importations of peanuts——

Senator LA FOLLETTE (interposing). What was the production of peanut oil this year and last year?

Mr. GORDON. The domestic production of peanut oil last year was only about 13,000,000 pounds. For the first six months of this year it was about 6,000,000 pounds.

You can apply that production of oil against the total domestic peanuts available, and you can see that last year from all the available peanuts they did not crush 4.1 per cent, and when you apply the oil production of the first six months of this year against the peanuts available it does not amount to 2.1 per cent.

Senator LA FOLLETTE. How much in weight does a bushel of peanuts yield in oil?

Mr. GORDON. It will yield about 1 to 1¼ gallons.

Senator LA FOLLETTE. And that weighs about how much?

Mr. GORDON. A gallon weighs about 7½ pounds. The farmer has at the present time three outlets for his peanuts. The first and most profitable is the sheller and cleaner, who sells them to the nut trade; the second is the peanut crusher; the third, he can feed them to his hogs.

Naturally it will not take much of a price to beat feeding them to hogs, but if the crusher is put out of the running through not being able to secure a supply of raw material when there is a short crop in this country or when there is a specially heavy demand from the nut trade the farmer has only two outlets left—he has the edible trade and he has got his hogs—and the domestic crusher will have to quit trying to crush peanuts if we don't allow him to import his crushing peanuts.

So you can see it is to the material advantage of the sheller who supplies the edible nut trade to put the crusher out of business and not, as he professes, to prolong his existence.

The present duty of three-eighths and three-fourths cent per pound on the unshelled and shelled peanuts, respectively, means a tax of 1.3 to 1.7 cents a pound on the oil, which figures 20 to 26 per cent ad valorem, on a basis of peanut oil worth 6½ cents a pound, which is a prohibitive tax, because by observation of the movements of peanut oil into this country under the existing permanent duty on peanut oil of 6 cents a gallon, which on 6½-cent oil is about 12 per cent ad valorem, it will be seen that not until peanut oil reached a price of about 15 cents per pound, double the normal value, under the influence of war conditions, did peanut oil begin to come into this country in any volume. In other words, the present duty on peanut oil, under normal conditions, while not a total embargo constitutes a very strong barrier against the importation of peanut oil.

It was not until peanut oil got up to 19½ cents per pound that the heavier importations of peanut oil were made into this country.

The basic difficulty in the manufacture of peanut oil from domestic peanuts is that peanut oil is completely interchangeable with cottonseed oil. You can rarely get more than one-eighth to one-fourth cents per pound more for peanut oil than you can for cottonseed oil. Therefore, no duty will increase the price of domestic peanut oil, because our 4,000,000 barrels of domestic cottonseed oil production is the regulator of price.

The reason we request the free importation of crushing peanuts is based upon that very fact, because peanut oil, whether made from domestic or imported peanuts, must compete with cottonseed oil, which is the product of a by-product of the growing of cotton. We must make peanut oil sufficiently cheap that it can compete with cottonseed oil, and that is a difficult task because peanuts are a main crop while cotton seed is a by-product. If peanut oil can not compete with cottonseed oil in price it can not be sold and it can not compete when the crushing peanuts imported bear a duty.

I will submit a brief and cut my remarks short; and, Mr. Chairman, I was also requested to submit a brief upon the ratio between a duty on flaxseed and a duty on linseed, not in protest of the duty upon flaxseed but to show the proper difference between the two.

Senator McCUMBER. That may be done.

BRIEF OF JOHN B. GORDON, ALEXANDRIA, VA., REPRESENTING PEANUT CRUSHERS AND VEGETABLE-OIL REFINERS.

A duty of 4 cents per pound on shelled peanuts and 3 cents per pound on unshelled peanuts is proposed in the Fordney tariff measure. This means that peanuts will be imported only for edible purposes and that none can be imported for crushing purposes if the proposed duties are adopted.

We shall petition in this brief, therefore, the free entry of peanuts for crushing purposes upon submittal of proper affidavit by the importer that the peanuts so imported are to be used for crushing purposes in the production of peanut oil and for this purpose solely.

It is not to be in anyway construed that we advocate the free importation of edible peanuts as used by the nut trade, as this brief relates solely to the advisability of the free entry of peanuts for crushing purposes.

We fully indorse the policy of levying such duties as are compatible with normal values, conditions of reciprocal trade with the countries from which the imports come, and related matters, upon imported peanuts sold in competition with our domestic peanut to the confectioner, the roaster, and the peanut-butter manufacturer, which group constitute the "nut trade" in peanuts. We shall in this brief prove that the free entry of crushing peanuts will in no wise be injurious to the domestic peanut industry but will, on the other hand, be beneficial to it.

PROPOSED DUTIES PREVENT IMPORTATION OF PEANUTS FOR CRUSHING PURPOSES.

The proposed duty of 3 cents per pound on unshelled peanuts equals 90 cents per bushel or $60 per ton. A ton of unshelled crushing peanuts will yield 600 pounds of peanut oil. The tax on the oil in these would amount to 10 cents per pound, or

75 cents per gallon, which is 69 cents per gallon more than the existing duty on peanut oil as established in the act of 1913. To the tax on the oil the domestic crusher must add his labor cost, which will generally run in the vicinity of 5 per cent of the value of the finished products, fuel, power, and other charges of direct and indirect nature. Inasmuch as the normal value of peanut oil ranges from 5 to 7 cents per pound, it can be seen that it would be impracticable to produce peanut oil from imported peanuts in a commercial way should the proposed duty be enacted into law.

THE DOMESTIC PEANUT INDUSTRY IS A NUT INDUSTRY AND NOT AN OIL INDUSTRY.

It is the knowledge of the fact stated in the above subhead which prompts us to request the free entry of peanuts for crushing purposes.

While there have been produced each year for the past five years domestic crops of peanuts ranging from thirty-three to fifty-two million bushels of peanuts, at no time has more than one-fifth of the crop been used for oil producing purposes, while last year (1920) less than 4 per cent was so used, and during the first six months of the present year only about 2 per cent of the domestic nuts had been used for oil-producing purposes.

We give below a table in which are shown the domestic production of peanuts, the potential oil yield of these peanuts, the imports of peanuts, their potential oil yield, the actual amounts of peanut oil produced, and the percentage which same represents of the domestic and imported peanuts, as used for oil-producing purposes. In this table we have considered that the domestic peanut crop of each year would be harvested in the late fall and crushed in the following year and therefore have applied the Government figures as to oil production of a given year against the domestic peanut crop of the previous year. In considering the possible production of oil from imported peanuts, however, we have taken it for granted that peanuts imported during a given calendar year would be crushed in that year. These methods of figuring may create minor inaccuracies in any one year's figures which will be equalized when the average of several years is considered. Inasmuch as the Government figures do not discriminate between peanuts imported for oil and those imported for edible purposes, it is impossible to state even approximately how much of the oil shown as produced is made from the domestic peanuts and how much from the imported peanuts. In figuring the oil yield of peanuts we have considered the yield of 1 bushel of unshelled nuts as 1¼ gallons, which is sufficiently accurate for all general purposes and for estimates. The weight of a bushel of peanuts is taken at 30 pounds in transposing pounds to bushels, and the amount of meats is figured at 70 per cent.

TABLE 1.—*Domestic production and import of peanuts, with potential oil yield and estimated per cent used in production of peanut oil.*

Year.	Bushels.	Potential oil yield in pounds.	Actual peanut oil produced in following year.	Maximum per cent domestic crop required for each year's production of oil.
Domestic production:				
1916	34,433,500	322,814,000	50,499,000	15.6
1917	52,505,000	492,234,000	95,934,000	19.3
1918	46,010,000	431,341,750	87,217,000	20.0
1919	33,925,000	318,046,000	13,066,000	4.1
1920	35,960,000	337,325,000	6,825,000	2.1
Total	202,833,500	1,901,760,750	[1] 253,531,000	
Imports:[2]				
1917	2,099,313	19,681,057		
1918	2,343,628	21,971,512		
1919	1,051,557	9,858,345		
1920	4,170,812	39,101,362		
1921	[3] 1,358,232	12,733,425		
Total	11,023,542	103,345,711		
Grand total	213,857,042	2,005,106,461		
Average per cent of domestic and imported peanuts used in production of peanut oil				12.6

[1] Oil yield from imported peanuts included in above.
[2] Equivalent in bushels of unshelled nuts.
[3] Represents first 6 months 1921.

From the above table it will be noted that the crushing of peanuts in America has rapidly been subordinated to the more profitable task of supplying the confectioner, the peanut roaster, and the peanut-butter manufacturer with nuts for their several edible products.

We have previously pointed out that it is not possible to state how much of the domestic oil produced is derived from imported peanuts. However, it is known that during the past two or three years entire ships' cargoes of crushing peanuts have been purchased by the cottonseed-peanut crushing mills in Texas and the Southeast and turned into oil. While the volume of foreign peanuts so used is relatively small when compared to the total quantity of peanuts available it can be safely said that the domestic peanut oil produced during 1919, 1920, and the early part of 1921 was, to a large degree, expressed from imported peanuts. The latter observation applies particularly to the peanut oil produced during 1920, when about the only domestic nuts used for crushing purposes were a few low-grade nuts along with trash and other refuse from the shelling and cleaning plants. It is likely, therefore, that in place of a probable 4.1 per cent of the crop of 1919 being used for the production of peanut oil that not half that quantity went to the crushing mills.

It will further be noted that when the domestic production and the importations of peanuts are considered jointly that even then the average maximum percentage used for the production of oil remains quite small being only 12.6 per cent for the several years.

The lessening volume of domestic peanut-oil production in America must not be in any way confused with the importations of foreign peanut oil or the conclusion reached that a high tariff on imported peanut oil will in any way assist the domestic product. There is no tariff problem involved other than that which is set forth in this brief which is that the confectioner, the roaster, and the peanut-butter manufacturer use up all the domestic nuts and the crusher is unable to utilize the imported nuts to the large degree he otherwise could because of the duty imposed.

The foregoing is set forth in our brief on peanut oil printed in the report of the hearings on Schedule 1, paragraph 50, before the Senate Finance Committee.

It is in its competition with our domestic cottonseed oil that domestic peanut oil faces an almost impregnable barrier against the really extensive development of a domestic peanut-oil industry and will so long as the pseudopeanut-oil industry of this country is forced to depend upon the intangible prospect of securing domestic peanuts to crush, a condition enforced by the existing duty upon peanuts which does not discriminate between those used for crushing purposes and those used by the nut trade.

DOMESTIC PEANUT OIL FORCED TO COMPETE WITH DOMESTIC COTTONSEED OIL.

Peanut oil and cottonseed oil are completely interchangeable. Peanut oil, therefore, is continually in competition with cottonseed oil and the price obtainable for same is regulated by the price of cottonseed oil. The Tariff Commission in its report on peanut oil, page 167 of Tariff Information Surveys on the articles in paragraphs 44 and 45 of the act of 1913 comments on this fact as follows: "On the other hand, the price of peanut oil is influenced very materially by the prices of competing oils. Usually the price of the crude oil is found to be just a little above the price of crude, and slightly below that of refined cottonseed oil."

We have explained in our brief on peanut oil that the slight variation in price between peanut and cottonseed oil, which is commonly one-eighth to one-fourth cent per pound, is due primarily to the lower refining loss of peanut oil and the fact that the more limited supply of peanut oil sometime makes the market a little tighter. Also there are one or two special trades such as the margarine trade which will pay a slight premium for peanut over cottonseed oil. By and large, however, the peanut oil market rises and falls with the crude cotton oil market.

We present the foregoing information to emphasize the fact that the scope of the domestic peanut oil industry must constantly be bounded by the extent to which peanut oil can be produced at a price which will allow successful competition with our great domestic cottonseed oil industry which produces one and one-half billion pounds of cottonseed oil annually. Neither domestic peanuts nor imported peanuts can be used for the production of peanut oil if the resultant oil can not be sold at a price which is competitive with the price of cottonseed oil.

It was the impracticability of producing peanut oil at a price at which it could be sold which brought about the condition which the Tariff Commission remarks upon on page 167 of survey of the American peanut oil industry, as follows: "In 1919 many oil crushers announced that they were out of the market for the year because of prevailing high prices of peanuts largely due to a short crop and the great demand for peanuts for butter, candy, and other confectionery purposes."

DOMESTIC PEANUT INDUSTRY CAN NOT BECOME OIL INDUSTRY IN COMPETITION WITH COTTONSEED OIL.

Cottonseed oil is expressed from the by-product of the farmer who grows cotton, this by-product is the cotton seed. No cotton is grown solely for the cotton seed. The grower expects to reap his main profit from the lint or cotton. His seed constitutes an important secondary source of profit.

In the growing of peanuts the peanuts produced constitute a main crop. The only by-product is a small amount of peanut hay, the value of the yield of an acre being worth only three or four dollars. Out of the peanuts grown, therefore, the peanut farmer must reap his profit. If the prices secured for them do not yield a profit on the acreage planted there is no important by-product to fall back upon.

In the Alabama Markets Journal and Crop Report, published by the Alabama State Department of Agriculture in conjunction with the United States Department of Agriculture, issue of April, 1921, are cost figures obtained from 46 Alabama growers of peanuts showing that the cost of production of peanuts in 1920 ranged from 73 cents to $1.17 per bushel, which, calculating the weight per bushel at 30 pounds, would mean a production cost of $48 to $77 per ton. The total cost of cultivation of an acre of peanuts the Alabama Department of Agriculture figures at $33.11, from which is subtracted the value of the peanut hay obtained, worth $3.82, leaving $29.29 as the net cost of growing an acre of peanuts.

The price of Spanish peanuts to-day in the Georgia-Alabama district is $50 to $58 per ton. The price of cotton seed, a by-product from the cultivation of cotton, is $25 to $28.

From a ton of farmer's stock Spanish peanuts the shelling plant or the crude oil mill which buys same to-day can get 1,400 pounds of meats and 600 pounds of shells and trash, possibly more of one and less of the other, but the variation is not sufficiently large to obscure the point we desire to illustrate. Should this ton of farmer's stock peanuts be shelled and used for crushing purposes, the following products valued at the following amounts will result:

TABLE 2.—*Yield and value of products of 1 ton of farmers' stock Spanish peanuts when crushed.*

Product.	Pounds.	Value.	Market value on basis of pounds.
Peanut oil	630	$44.10	$0.07
Peanut cake	750	10.50	.014
Shells and trash	600	1.35	.00225
Invisible loss	20		
Total	2,000	55.95	

The foregoing table shows what would be the value of the total products resulting from the crushing of a ton of farmers' stock Spanish peanuts. We now give the value of the products resulting from the shelling of this same ton of peanuts and their sale to the nut trade, i. e., the confectioner, the baker, the peanut roaster, and the peanut-butter manufacturer.

TABLE 3.—*Yield and value of products of 1 ton of farmers' stock Spanish peanuts when shelled and sold to nut trade.*

Product.	Pounds.	Value.	Market value per pound.
Nuts	1,400	$73.50	$0.05¼
Shells and trash	600	1.35	.00225
Total	2,000	74.85	

We see from the comparison of Tables 2 and 3 why it is that last year less than 4 per cent of our domestic peanuts were used in the production of peanut oil and why to date less than 2.2 per cent of the most recent crop has been used in the production of peanut oil. We will now show why it is extremely conjectural that peanuts costing from $48 to $77 per ton to grow can ever be used to produce peanut oil.

Cottonseed is of no value as human food. This fact places it far below the plane of peanuts in the price level. Any product which is edible is automatically assured of a market at higher prices than a baser product unfit for alimentary usage. The usages of cottonseed are for the production of oil, feed, fertilizer, and the production of more cotton.

A ton of cottonseed when crushed by the crude cottonseed mill yields the following products at the following values.

TABLE 4.—*Yield and value of products of 1 ton of cottonseed when crushed for oil.*[1]

Products.	Pounds.	Value.	Value on basis of pounds.
Cottonseed oil	302	$20.38	$0.0675
Cake	906	12.68	.014
Hulls	570	2.00	.0035
Lint	76	2.28	.03
Invisible loss	146	....	....
Total	2,000	37.34	....

[1] Production records of 1919 season.

It will be noted from the above table that a ton of cottonseed will yield products to the value of $37.34 on to-day's market. This ton of cottonseed on to-day's market will cost the crude mill from $25 to $28. From Table 2 we note that the value of the products of a ton of farmer's stock Spanish peanuts, costing the crude mill $50 to $58 per ton when crushed, on to-day's market would be about $56; while the purchase price of the peanuts is double the price of the cottonseed, the value of the products is not double the value of the cottonseed products as it should be, in order for it to be profitable for the crude mills to crush peanuts in place of cottonseed. For the price which the crude mill would pay for 1 ton of peanuts it could purchase 2 tons of cottonseed, producing products worth practically $75. The cost of crushing a ton of cottonseed last season was $6 to $12, according to the size of the mill and the crush. The cost of shelling and crushing a ton of peanuts is about the same. Thus we see that the investment of the same amount of the crude mill's money in cottonseed yields the mill from $6.75 to $12.75 more gross profit, according to the mill's crushing cost, than when invested in a ton of crushing peanuts.

It is now obvious why we say that the domestic peanut industry is logically a nut industry, will in all probability remain a nut industry, and never be an oil industry unless—naturally adverse conditions do not sometimes result in the destruction or great diminishment of the cotton crop, the source of cottonseed, without simultaneously adversely affecting the peanut crop.

We can not but believe that the almost self-evident truth which we have set forth herein above, namely, that only under exceptional circumstances can peanuts be grown in this country for oil-producing purposes in competition with our domestic cottonseed-oil industry, is as apparent to those who buy the Southern farmers' peanuts as it is to others. We do not desire to be unkind in our attitude toward those elements in the domestic peanut industry who are arguing most loudly in favor of high duties upon oriental peanut oil and other imported vegetable oils. But it is significant that these gentlemen are not crushers of peanuts, and seem to be only indirectly connected with the crude oil mills which crush peanuts. Since the farmers in those sections where peanut oil is produced do not know whether the purchaser of the peanuts intends to use them for crushing purposes or for sale to the confectioners, bakers, roasters and other nut trade, it would almost appear that certain interests attempt to muddy the water about themselves by advising the farmer that they can not pay him higher prices for his peanuts because of the "ruinous competition" of oriental peanut oil and other imported vegetable oils, which prevent them from making and selling peanut oil of domestic origin at a profit, which is a specious and unfair statement, as in all probability the nuts are not being purchased for crushing purposes, but for sale at considerably more profitable prices to the confectioners, bakers, roasters, and peanut "butter" manufacturers, with possibly only the trash and lowest-grade nuts finding their way to the oil mill. It is logical to assume that if the farmer who sells his peanuts to those who ostensibly crush them knew that these peanuts were not to be crushed, but were to be shelled and graded and sold at 5¼ cents per pound on to-day's market to the nut trade, or a price netting over $73 per ton on the basis of the unshelled nuts, that the farmer would expect to receive more than $50 to $58 per ton, the price paid him to-day in the section of the country which is supposed to produce peanut oil.

If the interests who have claimed to speak for the peanut crushers of the country were really representatives of these crushers they would frankly admit that peanuts can not be grown as a main crop in the United States and used as an oil producing medium in competition with cottonseed which is a by-product and that the most effective and constructive move which could be taken towards the upbuilding of a domestic peanut oil industry would be the removal of the barriers against the duty-free importation of peanuts for crushing purposes with proper duties levied against peanuts which compete with domestic peanuts in their legitimate sphere which is supplying the demand of the nut trade.

No "tariff barrier" can ever be instrumental in upbuilding a domestic peanut oil industry. The element of interchangeability of peanut oil and cottonseed oil can not be disposed of by a "tariff barrier." The laws of agricultural economics by which a main crop is forced to sell at a higher price than a by-product can not be over come by the "tariff barrier" which is requested by the United Peanut Association with headquarters at Suffolk, Va., a section far removed from the important peanut oil producing centers of the United States, but which, however, is a very important assembly and shipping point of peanuts destined for sale to the confectioner, baker, and roaster.

NECESSITY OF EXISTENCE OF DEFINITE PEANUT CRUSHING INDUSTRY TO FARMERS WHO GROW PEANUTS.

We now desire to point out that if the interests who have appeared before the tariff making bodies of the present Congress and argued strongest in favor of prohibitive duties upon oriental peanut oil and upon all classes of imported peanuts whether used for crushing purposes or not, prevail, they will succeed in effectually killing the business of crushing domestic peanuts and this when they claim that their pleas are in behalf of the domestic peanut crushing industry. Whether this work is being done with premeditated intent or through ignorance of the basic facts we are unable to state. We only know what will be the outcome of their misguided policy if adopted.

It is patent that there are certain advantages which would accrue to those who buy the farmers' peanuts and sell them to the nut trade if they can succeed in killing the already ill-defined peanut crushing industry in the United States. The farmers' peanuts are consumed, commercially speaking, by two classes of users, first and most important is the nut trade or the users of peanuts for edible purposes, second the crude oil mill which crushes them. It will be noted that we do not state that the farmers' peanuts are sold to two classes of trade. We say "consumed by" in place of "sold to" because the farmer generally does not know what use is going to be made of his peanuts unless they are obviously so rancid, or otherwise deteriorated, that they can be used only for crushing purposes.

Obviously if a condition is created whereby the crushers of peanuts become discouraged and quit the field the only people left to buy the farmers' peanuts will be those which assemble, shell, and clean them for sale to the nut trade. As long, therefore, as the farmer has two classes of bidders for his peanuts and two outlets he is assured of a much higher market than if he had only one class of bidders and one outlet. If he is forced by a wrong tariff policy into the hands of the shelling and cleaning plants, a dearth of competition will result which will make it unprofitable for him to grow peanuts, a condition which existed some years back before crushers of oil seeds began the crushing of peanuts in the United States.

The interests of the farmer who grows peanuts can best be conserved by the following of a policy which will build up a peanut-crushing industry in America. By assuring the existence of a fully defined domestic peanut-crushing industry, provision is thus made for the disposition of the surplus which an especially heavy crop of domestic peanuts might create over and beyond the needs of the nut trade. By marketing this small surplus to the crude oil mills for crushing purposes the market for edible nuts is thereby relieved of pressure and higher prices assured. Without the ability to market his surplus peanuts through this secondary outlet the grower would be at the mercy of the shelling and cleaning plants which buy for the nut trade.

We have brought out in our brief on peanut oil the fact that any attempt to exclude the importations of foreign peanut oil from this country by the levying of high duties will only result in the injury of our domestic peanut-oil industry. Such duties can not enhance the price of domestic peanut oil, because the complete interchangeability of peanut oil and cottonseed oil forces peanut oil down to practically the same level as domestic cottonseed oil and no matter how little imported peanut oil flows over the top of a tariff wall the price level of the domestic product can not rise unless the vastly greater volume of domestic cottonseed oil rises along with it, an occurrence which is best encouraged by heavy export demand and not influenced except adversely by the placing of artificial restraints upon the natural movements of the markets.

The actual and very concrete injury which would be inflicted upon the crushers of peanuts in America by the partial or entire exclusion of foreign peanut oil from the country would be the narrowing of the market for peanut oil with the consequent inhibitive effects upon domestic production which would result therefrom.

The amount of domestic peanut oil produced under present conditions is small. During 1920 only 13,086,000 pounds were manufactured and for the first six months of 1921 only 6,825,000 pounds which is preserving about the same ratio. This small domestic production as we have clearly established in our brief on peanut oil is not the result of competition from foreign peanut oil, but is due to the fact that the nut trade is willing to pay much higher prices for the peanuts than can be realized on them when put through a crushing mill. This condition and the inability of crushers to import peanuts for crushing purposes to any important extent owing to the existence of prohibitory duties is causing the dwindling volume of domestic production.

To return to our statement in regard to the narrowing of the market for peanut oil with consequent ill effect—the refiners of vegetable oils who purchase peanut oil and manufacture products therefrom, such as cooking and salad oils and cooking fats, must have a large volume of raw material to draw upon. The vegetable oil refining industry and the manufacture of edible products therefrom is conducted upon a basis of a large volume of business and a small net profit, and before a given vegetable oil becomes an attractive field of operations unhindered access to adequate supplies of the crude vegetable oil must be assured. This is one factor responsible for the enormous growth of our domestic cottonseed oil industry. The domestic refiners have had to run comparatively no risk of creating a demand by extensive advertising and skilled merchandising for their products manufactured therefrom, and then finding that they could not secure the raw material with which to fill the created demand. There being such an abundance of cottonseed oil obtainable many great factories have been built in the course of the years of development of the industry since 1880 when the crushing of cotton seed first became a distinct industry, which specialize in the manufacture of edible products therefrom. There exists then in the cotton oil industry a "wide market" for the crude cottonseed oil with consequent assurance of a constant demand.

The domestic production of peanut oil is of such insignificant volume and its growth so hampered under existing conditions that it would be considered poor business policy by the refiners of vegetable oils to devote time and effort to the refining of same, and it has only been because of their ability to supplement their needs with foreign peanut oil that they have been able to place upon the market various edible products composed entirely or mainly of peanut oil. If shut off from their access to these supplementary supplies they are then automatically forced to abandon the handling of peanut oil of domestic origin. This is what we allude to when we speak of the "narrowing of the market for peanut oil," a condition under which only a few special users would furnish a limited demand for a small volume of peanut oil.

While for reasons set forth peanut oil can never be a serious rival of cottonseed oil yet so apparent are the advantages of the upbuilding of a substantial domestic peanut oil industry to the southern farmer who grows peanuts, the crude mills who crush them and the refiners of vegetable oils who refine peanut oil and make it into finished edible products, enough benefit evenly distributed among these interested factors and to American labor will result therefrom to fully justify any constructive work done in that direction. Peanuts are a most desirable crop in the boll weevil infested areas of the South or in a crop rotation scheme where cotton has made too heavy inroads upon the soil. The crushing of peanuts is simple and being of high oil yield the low labor cost in proportion to the value of the finished products renders the crushing of same attractive, provided the crushing peanuts can be bought at sufficiently low prices to enable the crude peanut oil to compete with cottonseed oil. The refined oil is possessed of an excellent flavor and taste, there being no objectionable odor or taste to the crude oil which the usual refining processes will not remove such as are present in certain other vegetable oils such as soya bean. In the growing of peanuts and the crushing of same, and in the refining of peanut oil, American labor can find extensive employment at tasks where skill and intelligence will assure enhanced compensation.

So closely interwoven, however, are the destinies of the domestic peanut oil industry with the importation of foreign peanut oil and crushing peanuts that none of the benefits above given are procurable unless the imported oil is allowed to enter the United States and the domestic crushers allowed to import peanuts for crushing purposes duty free.

PRESENT PERMANENT DUTY UPON PEANUTS RENDERS EXTENSIVE USE FOR CRUSHING PURPOSES IMPOSSIBLE.

In the act of 1913 a duty of three-eighths cent per pound was placed upon unshelled peanuts and three-quarters cent per pound upon shelled peanuts, which equals $7.60 per ton and $15 per ton, respectively. The oil yield of a ton of unshelled nuts may be stated as approximately 600 pounds and of the shelled 860 pounds. The tax on the oil from the unshelled nuts would be about $1\frac{4}{10}$ cents per pound and from the shelled nuts about $1\frac{7}{10}$ cents per pound. The normal price of peanut oil ranges from $5\frac{1}{2}$ to 7 cents per pound. Taking $6\frac{1}{2}$ cents as a fair price to be used for purposes of illustration, the tax amounts to 20 per cent ad valorem on the oil made from unshelled nuts and over 26 per cent ad valorem on that made from shelled nuts.

We have shown in our brief on peanut oil that it was not until prices under the influence of war conditions had more than doubled normal prices that peanut oil, in even a moderate quantity, could enter the country under the present permanent duty. In 1917, with a prevailing price of 15 cents per pound, 27,405,000 pounds, a relatively small quantity, when considered in relation to the enormous volumes of vegetable oils produced and consumed in this country, entered. Inasmuch as the present permanent duty on peanut oil is slightly over 12 per cent ad valorem when figured on a $6\frac{1}{2}$-cent price, it can be seen that if this duty is so high as to keep the foreign peanut oil out of the country under normal price conditions, it is self-evident that foreign peanuts can not be brought in and used for crushing purposes with an ad valorem duty two times or one and one-half times as large, figured on the basis of their oil yield in the shelled or unshelled state, respectively. True, a small percentage of the peanuts imported during the last two or three years have been used for crushing purposes, but when these importations were made war values still prevailed and deflation had only begun to act.

TYPE OF PEANUTS COMMONLY USED FOR CRUSHING PURPOSES KNOWN AS FIELD RUN.

Peanuts for crushing purposes are imported in either the shelled or unshelled state. They may be those which are rancid and therefore unfit for sale to the edible nut trade. They may be the ordinary field run of peanuts and therefore ungraded. They may be very small peanuts, smaller than those utilized for edible purposes. They may be peanuts containing a very large percentage of broken nuts. It can thus be seen that there is a more or less automatic separation between the two classes of peanuts, i. e., the crushing and the edible, the better class, sweeter nuts being utilized for edible purposes. (See addenda.) The price paid for imported crushing peanuts also generally provides a means of separation, as the crusher, being usually unable to pay as high a price as the buyer for the nut trade, secure a more inferior class of peanuts.

Peanuts for edible purposes are usually carefully graded according to size and the number of peanuts to the ounce, the most common commercial grade being 30–32's, which signifies that there are 30 to 32 peanuts to the ounce.

CUSTOMS ADMINISTRATIVE FEATURES.

The administration of a tariff under which peanuts would enter duty free for crushing purposes and would be dutiable for edible purposes would present no difficulties. In the administration of such a tariff the customs authorities could refuse to clear any peanuts through the customhouses at American ports of entry without a suitable affidavit from the oil-seed crushing mill in whose plant each lot of peanuts is to be crushed. By refusing to clear such peanuts free of duty at the ports of entry before being actually sold to an oil-seed crushing mill, the administrative features would be thus simplified and the possibility of any circumstance whereby such peanuts could be cleared as dutiable, the duty paid and then sold for crushing purposes and the amount of the duty previously paid being claimed for by the exporter, would be eliminated. In other words, by such a provision any peanuts intended for crushing purposes would have to be so declared at the original port of entry with supporting affidavit from the oil-seed crushing mill purchasing them.

We respectfully petition the committee to make provision in the tariff measure now under consideration for the duty-free importation of peanuts for crushing purposes, and that the proposed duty on peanut oil in paragraph 50, Schedule 1, be reduced from $2\frac{1}{2}$ cents per pound to 40 cents per 100 pounds, as more particularly set forth in our brief on peanut oil.

ADDENDA.

I. F. LAUCKS (INC.),
Seattle, Wash., August 26, 1921.

BUREAU OF RAW MATERIALS, *Washington, D. C.*

GENTLEMEN: You are undoubtedly familiar with the fact that the variety of Chinese peanuts used for crushing purposes is the residue which is left after the large sizes have been taken out, and the larger sizes which are referred to are the count peanuts which grade from 28–30 to 38–40 nuts per ounce.

For your additional information we submit the following data regarding Chinese shelled peanuts, which was obtained by our Kobe office during an inspection trip to Tsingtau, China.

Most of the peanuts used for crushing come from the Provinces Tsinan and Tsintong, which lie northeast from Tsingtau. The nuts are brought into Tsingtau as field run, with the shells removed (field run contain nuts of all sizes). Few of the nuts coming from the above Provinces are used for edible purposes, these being mostly consumed by local trade and by crushing plants. The peanuts coming from the Provinces of Wuntai, Haishu, and Toshu, located southwest from Tsingtau, are used mostly for export as hand-picked counted nuts for the edible trade. These nuts are, as a rule, larger and of better quality than the nuts coming from the Provinces supplying the crushing nuts. The nuts from these Provinces are brought into Tsingtau as field run, with the shells removed, the shelling having been done mostly by hand. The field-run product is hand picked to get the nuts of the various counts for edible purposes, while pegs, shrivels, splits, etc., are used for oil-making purposes, and are usually mixed in with the nuts from the crushing quality Provinces at the time of making oil.

The sample which we are sending you is representative of the usual stock of crushing peanuts as used in the orient for oil-making purposes.

If we can be of further assistance, please do not hesitate to call upon us.

Yours, very truly,

H. P. BANKS.

STATEMENT OF NEYLE COLQUITT, WASHINGTON, D. C., REPRESENTING THE UNITED PEANUT ASSOCIATIONS OF AMERICA.

Mr. COLQUITT. I am also speaking for P. D. Bain, a farmer, who is chairman of the tariff committee of this association; Mr. John P. Pinner, cleaner, who is president of the association, at Suffolk, Va.; and T. H. Birdsong, warehouseman and farmer. The gentlemen who preceded me said there were no farmers in our association. I am also speaking for M. M. Osborn, secretary of the association; J. C. Beale, sheller and cleaner, Franklin, Va.; R. A. Pretlow, farmer and millman, all of whom are present in the room.

I am speaking on the subject of peanuts, paragraph 757, of the Fordney bill. Judge D. Lawrence Groner, of Norfolk, has represented this association and appeared before the House committee, but since that time President Harding has appointed him to the Federal bench, and for that reason he could not be present.

These gentlemen—Mr. Kelly and Mr. Gordon, who preceded me, particularly Mr. Kelly—attempted to quote, or to misquote, members of our association anonymously as to what duty they would be satisfied with. They have no authority to speak for us. But I shall not dwell on what they said, for anonymous misquotations will not impress this committee. We stand on our own words before the House committee. We appeared before the Ways and Means Committee of the House and at that time we stated what the costs were, here and abroad. Those statements are open to these gentlemen, and they have not denied or refuted them. We contend that peanuts cost about 9½ cents in this country to produce; and how can we compete with the Japanese who produce peanuts for 1½ cents a pound and pay a freight rate across the ocean of never more than 1 cent, unless we have a duty of 4 cents on peanuts? I do not know how they figure. As a matter of fact, this duty would bring in a very large revenue to the Government, as the rate would be competitive.

At the present time the importations of peanuts, in pounds (taking the equivalent of peanut oil in pounds of the hulled nut for 1920) were in excess of the local production. Those figures can be had from the Department of Agriculture. In round numbers they reached the enormous total of 832,000,000 pounds in 1920.

We do not ask a prohibitive tariff in order to compete with these foreigners—and I speak particularly of Japan and China, which are not mentioned by these gentlemen. We are not speaking of the poorer grade of nuts, but the nuts in competition with our American farmer. In order to compete with them at all we have got to lower our costs of production in some way, and depend upon the superior quality of our nut, even with a 4-cent tariff.

The House placed a duty of 3 cents per pound on shelled and 4 cents per pound on unshelled peanuts. The cost of cleaning and preparing peanuts for market is equal to the cost of shelling, and therefore the rate on both should be the same.

There should be a duty on peanut butter, peanut confections, salted peanuts, and other products made from peanuts not otherwise enumerated. We suggest on that a rate of 5 cents per pound. The average cost of production in the United States is 7½ to 8 cents per pound; the average cost of cleaning is seven-tenths of 1 cent; the average price of selling is six-tenths of 1 cent, making 9½ cents per pound.

There are $88,000,000 of farm lands devoted to peanuts, and approximately $20,000,000 invested in farm implements and machinery, aggregating over $100,000,000 invested, in this country, and approximately 131,500 people are employed in the industry in the United States.

Mr. Bain is here, and I would like to have him take the rest of my time, so that he can file a brief and reply to some statements made by other gentlemen.

Senator McCumber. We will be glad to hear Mr. Bain.

STATEMENT OF P. D. BAIN, NORFOLK, VA., REPRESENTING THE UNITED PEANUT ASSOCIATIONS OF AMERICA.

Mr. Bain. I am representing the United Peanut Associations of America as chairman of its tariff committee, and I have a brief here which I would like to file, Mr. Chairman, and I would be very glad to answer any questions. There are many things that might be said, but I can not make a speech. I am not used to that.

Senator McCumber. We have had so many speeches on this subject and the briefs you have filed are so complete that I think if the committee has any capacity at all they ought to be able to understand it.

Senator La Follette. You heard the statements of the gentlemen who preceded you?

Mr. Bain. Yes, sir; I heard Mr. Kelly, and my brief will not agree with his.

Senator La Follette. Will it cover the proposition which they presented?

Mr. Bain. Yes, sir; I think so.

Senator LA FOLLETTE. He stated your side of the case fully?

Mr. BAIN. I think so, sir; but there are some points of Mr. Kelly's argument to the effect that he could not get extra large peanuts.

Senator LA FOLLETTE (interposing). I think if you would like to extend your brief to meet any statements that have been made, it would be agreeable to the committee to do that.

Mr. BAIN. I would like to answer some things already brought up. For instance, about the oil business. Oil has been very low for the last several months—4¼ to 4½ cents per pound. After shelled it would take practically 3 pounds of peanuts to make 1 pound of oil. So you can see what price the farmer would get for his peanuts put into oil. They absolutely could not do it; they could not produce oil at those prices.

As Georgia and Alabama got from $25 to $28 a ton for a good many of their peanuts this year, because oil was so low, and the Georgia runners are a class of nuts that are not what we call an "edible nut"; they are not first-class edible nuts. Some of them are used, but we do not consider them a first-class edible nut, such as the Spanish or the Virginia. Consequently, we want protection on peanut oil for the farmers who raise this class of peanuts. If you do not give the protection, they can not raise them.

The whole South can raise peanuts, and some of the lands can not raise anything else.

I am just from the South directly here, and it is appalling the condition that the southern country is in on account of cotton and the low price of peanuts. The boll weevil have taken charge of a whole lot of that country. I have one of the boll weevils in a matchbox which I caught day before yesterday. It is pitiful to see cotton field after cotton field that they will not get any cotton from, and consequently they will not get any seed with which to make oil; and we need peanuts to make oil in place of the cottonseed oil. In other words, cottonseed oil generally brings one-fourth to a cent a pound less than peanut oil. That is my experience from actual sales. I am interested in some peanut-oil business.

Last year we brought into this country approximately as many peanuts as we raised here. That is, you put the peanuts back into oil—it takes, as I say, just now 3 pounds of shelled peanuts to make 1 pound of oil. So you can multiply this quantity of shelled peanuts by three. And then the large quantity of peanuts that actually came into this country was 132,000,000 pounds—that is, peanuts alone, according to the Government statements; the peanut oil was 165,000,000 pounds.

So you can see that large quantity of peanuts and peanut oil that has come to this country.

Senator LA FOLLETTE. The peanut oil represented between three and four times as much in peanuts?

Mr. BAIN. About three times as much in peanuts as in peanut oil; and if that oil had not been brought here the farmer would have got something for his stuff; it was an impossibility for us to compete with the Chinaman.

It is a fact that the Chinaman does not get over 5 to 8 cents a day for his labor. And another fact, there have been peanuts brought from Japan to the Pacific coast at $280 a ton, and those peanuts can be brought to New York from the Pacific coast, all rail, at $2, and the same railroad would charge us $2.75 cents a hundred pounds to go back to the Pacific coast. Those are facts that you can get from the Railroad Administration. Why we are discriminated against that way I do not know. We have been fighting, but we have not got any relief.

Just to show you how the orientals are favored in most everything of that kind, the railroad says: "We want freight to haul that way." That is about all the excuse we can get out of them.

Another thing—I do not know why this is the case—but China produces about twice as many and possibly three times as much to the acre as we produce. That speaks badly for our country, but they are intensive farmers. A farmer over there, as I understand, has an acre or 2 acres, and he produces everything to the limit, I imagine.

Senator LA FOLLETTE. What is the average yield per acre in the South?

Mr. BAIN. We think the average, on the whole, is about 35 bushels to the acre. They have the advantage of freights; they have the advantage as to labor.

Senator LA FOLLETTE. What is the fair market price a bushel? You say you raise 25 bushels to the acre.

Mr. BAIN. We do raise about 25 bushels to the acre.

Senator LA FOLLETTE. What is your average price per bushel in marketing them? I am trying to see what yield in value you get out of your land.

Mr. BAIN. That varies so much it is hard to tell, but I will tell you what it has been for the last two months. You take Georgia runners, and we have bought them at $27 a ton, delivered at our plant at Albany, Ga.

Senator SUTHERLAND. How many bushels are there to the ton?

Mr. BAIN. The Georgia runners average about 25 pounds to the bushel; the Spanish are carried at 30 pounds to the bushel; the Virginias are carried at 22 pounds to the bushel. They vary in size. Consequently, they vary in number of pounds to the bushel.

You take a ton of Georgia runners—to make it a little more explicit than that: The Georgia runners will average 40 bushels to the acre and the Spanish will not average over 30 bushels to the acre.

Senator MCCUMBER. There are other witnesses, so you must be as brief as you can.

Mr. BAIN. I will do that as much as possible. That is what I am trying to do. I am representing the farmer as well as myself. I am a farmer; I raise some nuts.

So you can see $28 a bushel is extremely low.

Senator SUTHERLAND. You mean $28 a ton?

Mr. BAIN. Yes. You can see how much it would bring a farmer to an acre. He does not get the cost of thrashing. They cost him 60 cents to thrash and get them off of the vines. So that is about all of it.

It is appalling when a man goes to the South and observes conditions there. They are much worse off than the Virginia people. The Virginia people have a better class of nuts. The Georgia nuts go to the vendors entirely, and they have been getting the better price, but they have been losing lots of money and our farmers there are in a very bad condition.

Mr. Kelly said he could not get the large nuts except from China. I beg to differ with him. If we can get a price here we can furnish from Virginia, North Carolina, and Tennessee the large nuts that he requires. They may not be 28s, but they will be 30 to the ounce, and we know there are large quantities of those peanuts going to be imported anyway, as there is a demand for those large-size nuts, and they are going to come even if the tariff was 8 cents a pound.

Senator SUTHERLAND. Do you raise any nuts yourself?

Mr. BAIN. I have raised some nuts.

Senator SUTHERLAND. Are you now engaged in the production of nuts?

Mr. BAIN. I do not raise them with my own hands, but I have farms on which they are raised; yes, sir.

Senator SUTHERLAND. But your business is principally shelling and cleaning, is it not?

Mr. BAIN. Yes, sir. Shelling and cleaning.

BRIEF OF P. D. BAIN, NORFOLK, VA., REPRESENTING THE UNITED PEANUT ASSOCIATIONS OF AMERICA.

This brief is filed on behalf of the United Peanut Associations of America, an organization composed of peanut growers, millmen (peanut cleaners, shellers, and crushers), and other interests identified with the manufacture of peanut products. Its membership embraces the largest interests identified with the cultivation and manufacture of peanuts and peanut products in the United States.

A protective tariff for the peanut industry is a matter in which the farmer and the millmen are equally concerned, because the existence of the industry on all of its branches depends upon such tariff.

Peanuts are raised in nearly every part of the world. In Africa the yield is very large, but the quality inferior as compared to the American peanut. In France and Spain large quantities of peanuts are imported from India and South Africa, and when reexported to the United States are a decided influence in fixing the price of the American product. Since the World War, however, the importations from France and Spain or either of them has been negligible.

In China and Japan a considerable part of the native population is engaged in raising peanuts, and the area of land under cultivation there is increasing rather than decreasing, and the production per acre nearly double that in the United States. The importation of Chinese-Japanese nuts into the United States has been on a constantly increasing basis, and the quantity which may be imported is almost unlimited. It is not therefore a question of supplying the surplus demand in this country—it is really a question of the complete absorption of the American market. Within the last 15 years the importation of peanuts and peanut oils from Japan has grown from a few million pounds steadily and uninterruptedly (except for a brief period during the World War) until it reached in 1920 the enormous total of over 132,000,000 pounds of shelled and unshelled peanuts and approximately 165,000,000 pounds of peanut oil (equivalent to approximately 700,000,000 pounds of peanuts), or a total of peanuts transported to its equivalent of farmers' grade peanuts in the shell of over 872,000,000 pounds of peanuts—equal to nearly 90 per cent of the American crop.

This association does not ask for a prohibitive tariff, but it does ask for a protective tariff equal at least to the difference in the cost of production here and in the Orient, less the cost of transportation and plus a small profit to the local producer.

The growth of the industry of recent years, the additional usage of peanuts and peanut products, impels the conclusion that the industry is yet in its infancy and that thousands of acres of land in the United States now abandoned or unprofitably used may be converted into peanut-raising farms, adding largely to the individual wealth of the community and furnishing employment to additional thousands of farmers. The demand for the peanut in confections and other industries will furnish at all times a market for the foreign-grown peanut, which, on the basis of the tariff proposed and requested by this association, will, it is believed, increase considerably the present revenue of the Government from this source.

Under the act of 1913 (par. 225) the tariff on peanuts was fixed at three-eighths of 1 cent per pound on unshelled, and three-fourths of 1 cent per pound on shelled peanuts.

Ninety per cent of the importations into this country are of the shelled variety. This, of course, makes the imported nuts a direct competitor of the American-grown nuts, both as affecting the farmer and the millmen.

H. R. 7456, paragraph 757, as passed by the House of Representatives, provides for a tariff of 3 cents per pound on unshelled peanuts and 4 cents per pound on shelled peanuts.

We wish to suggest to this committee, or rather ask them to consider, that the cost of cleaning and preparing peanuts for market is equal to the cost of shelling; therefore that the rate on both should be the same. In China they wash and polish the peanuts which are imported here as peanuts in the shell, and same is ready to go on the market a finished product.

We respectfully recommend to this committee that the duties be changed as follows—that is to say, that a duty of 4 cents per pound be established for both shelled and unshelled peanuts, and that a duty on peanut butter, peanut confections, salted peanuts, and other products made from peanuts not otherwise enumerated, be charged with a duty of 5 cents per pound. A duty is requested on peanut oil as covered by the association's separate brief and filed with this committee August 18, 1921. We especially ask that the rate of 5 cents per pound for peanut butter, peanut confections, and salted peanuts be added to the proposed bill H. R. 7456, in order to protect the domestic manufacturer of these products against the imported manufactured products.

COST OF PRODUCTION IN CHINA AND JAPAN.

No positive statistics are available for computing the actual cost of production in China and Japan. Application has been made to the Bureau of Information on this subject, and direct to American representatives in these countries. But the difficulty of fixing such costs has been shown to be due to the fact that the average Chinese peanut farmer cultivates a very small area of land, frequently less than an acre. He requires and obtains no hired labor to do the work of planting and harvesting his crop. The work is done in nearly every instance of the small farmer by the children of the family, beginning as young as 5 years of age.

The average cost of production of peanuts in the United States under present conditions is at least 8 cents per pound. This average, of course, varies in the several States in which peanuts are grown. But by the most careful review of figures, in no peanut-growing section of this country is it possible to figure an average in any State of less than 7½ cents per pound.

The average cost of cleaning and processing peanuts in order to prepare them for sale is approximately seven-tenths of 1 cent per pound, and the average cost of shelling is about six-tenths of 1 cent per pound (plus). From which it will be seen that the cost of the American-grown peanut in the condition in which the Japanese peanut arrives in this country for sale in our markets, is from 9 to 9½ cents per pound. If, therefore, the cost of production in Japan is 1½ cents per pound, and if the duty be fixed at 4 cents per pound, and the cost of transportation at 1 cent per pound (which is almost twice as much as the average shipping rate from Japan to the American seaports on the Pacific) it will be seen at a glance that the American farmer must sell, even at this increased duty—on a basis of equality of product—at a loss. There is, however, some small difference in the quality of the American and the Japanese peanut, which gives certain grades of the American-grown nut a slight advantage in the market over the foreign grown. The difference in quality, plus such saving in the cost of production as may come in the reestablishment of normal conditions, it is believed by the members of this association, will probably take care of the difference in the cost of producing it in Japan and China, plus the proposed duty, freight, etc. But less than the amount of duty asked would utterly fail to provide the protection and preserve the American market for this product for the America farmer.

We are prepared with affidavits and other evidence, cost sheets, and such information as is pertinent, to prove to the satisfaction of this committee the correctness of the figures contained in the preceeding paragraphs, and if it be conceded that these figures are correct, no argument, it is submitted, is required to arrive at the conclusion which we insist upon, namely, that without the increased duty asked, this industry in which approximately 750,000 Americans are, directly and indirectly, engaged for a living, shall cease altogether to exist.

The United States Tariff Commission makes a statement that most of the peanuts for crushing purposes are imported peanuts. We will admit our inability to find how this commission arrived at that conclusion and feel secure in making it as a statement of fact. We feel that we are in position to dispute same, and state that a very, very small per cent of the importations of peanuts are used for crushing purposes. During the past season, some three or four shiploads came over to the United States, sold to oil crushers, other consignments were sold to oil mills, because when they arrived the peanuts were damaged to such an extent that they were not suitable nor fit for any other purpose. We also call this committee's attention to the fact that there are in the extreme South some fifty and odd crushing mills, and they buy nearly all of their crushing stock from American farmers. The fact is, that there is a competition between the shelling trade and the crushing trade or oil interests, which govern whether or not the peanuts grown in the far South, go into oil or otherwise, and this provides a market for the millions of bushels of the little Spanish peanut. Were these, the entire crop, compelled to go on the market as shelled stock it would over-supply the domestic market and demoralize same, so that the oil market for domestic peanuts is necessary to net the American farmer a living price on his peanuts.

Again referring to the cost of American production, we beg to call your attention to the fact that the figures submitted above are all based upon the cost of the peanut to the farmer on the farm and do not embrace in any instance transportation into the markets of the country.

The cost of production of the Japanese-Chinese nut is figured as of the time of its arrival at Seattle or San Francisco, the large ports of entry on the west coast. It is not, however, an uninteresting fact that the cost of transportation from the Pacific coast points to eastern points on peanuts, overland, is $2 per 100 pounds, whereas the cost of transportation from the East coast points to Pacific coast points, or the reverse of the original proposition, is $2.75 per 100 pounds. This is a clear discrimination against the domestic peanut industry, and should be taken into consideration. The immense territory from the Mississippi River to the Pacific Ocean has, in a large measure, for years, more and more, been preempted by peanuts imported from the Orient. This denial to the American farmer of his own market to the extent of 75 per cent of American territory is un-American and unjust. It inures only to the benefit of the Chinese farmer, exporter, and the few American importers engaged in business on the Pacific coast. No benefit or advantage accrues to the consumer.

There need be no fear that American farmers can not supply the demand for peanuts. By reference to Appendix A it will be noticed that there are approximately 9,340,000 acres in the South that are adaptable to the culture of peanuts. The Government reports state that there are 1,240,000 acres devoted to peanuts in 1921. This was about the same as reported for 1920. Much of this land is unsuitable for any other crop, much of it is infested with boll weevil, which has made the raising of cotton an utter impossibility. Hence we claim that our Government can reclaim idle lands for the culture of peanuts if a suitable and a reasonable market is provided for the American farmer.

Attached hereto is an appendix containing certain general information which is submitted for the information of this committee, and this brief is filed for the purpose of affording the committee a general outline of the questions embraced in the imposition of a tariff duty on peanuts. It is expected to supplement the same at the oral hearing by the evidence of men whose lives have been devoted to the cultivation and to the manufacture of peanut products, and it is requested that permission be granted to file with the committee from time to time such affidavits bearing upon the statistical questions involved as may be in point and helpful.

THE USES OF THE PEANUT.

Practically no portion of the peanut or peanut plant need go to waste. From the peanut kernel is manufactured many different confections, peanut butter, salted peanuts, etc. The peanut is now recognized as one of the most nutritious food products raised in the United States. The largest and best of nuts are sold for roasting and are sold largely by street vendors.

Then from the varieties grown in all States of the South, with the exception of Virginia, North Carolina, and Tennessee, is extracted one of the very best edible oils that is on our markets to-day. By crushing the peanuts in the hull (afterward slightly cooked) is obtained a crude oil that must be refined before being placed on the retail market. By shelling the nuts, removing the red skins and hearts, a virgin peanut oil is obtained that comes into uses for which olive oil has long been the sole possessor. Up until the time of the passage of the pure food laws requiring correct labeling, it is said that much of the virgin peanut oil was sold as olive oil. The vines have a high feeding value, but are in most Southern States left on the ground as a means of fertilization.

APPENDIX A.

The importance of the preservation of the peanut industry to the United States might be stated in value of money invested and the number of people affected, what it has done for the farmer, and what the possibilities are for the future.

Capital invested.

Value of farm lands devoted to the culture of peanuts, taking the United States Government crop estimate reports of average for 1920, valuing the land at an average of $70 per acre	$88,362,000
Value of special farm implements required for culture and harvesting peanuts, approximately	7,700,000
Value of equipment of peanut mills, shelling and crushing machinery, real estate, buildings, storage warehouses, etc	11,500,000
Capital invested in manufacturing establishments for manufacture of peanut pickers and other special farm implements	750,000
Total	108,312,000
Number of people employed in the mills, shelling, cleaning, and crushing establishments	10,500
Number of farmers (heads of families) estimated to be engaged in the production of peanuts in the United States	121,000
Total	131,500
Number of acres estimated in the South that is adaptable to the culture of peanuts and can thus be utilized if a market is available for the product	9,340,000

In the South, it is estimated that there are approximately 9,340,000 acres of land that will produce peanuts. Some of this land is suitable for other crops, but there are many sections of land that are not being used that can be devoted to production of peanuts.

The Spanish peanut is not so choice about the land, more than it should be light soil, and will grow and make good production where other crops will fail. It is a cash crop for sections infested with the boll weevil, making the raising of cotton almost an impossibility. We have a report from the southern part of Georgia this year stating that in certain sections the boll weevil has so taken the cotton crop that it is not worth picking. One farmer who has 200 acres planted to cotton says that if he could get pickers to harvest the crop that he would not have over three bales of cotton. This proves that in these sections another crop is necessary in order to save thousands of farmers.

No American would be satisfied to live as do the Asiatics, and unless we want our standards brought down to their level we must place barriers up so that their products can not drive our people out of business.

The committee's attention is invited to the sudden growth of imports for the years 1919 and 1920, as shown in Appendix B. From a gentleman who addressed the United Peanut Associations of America convention held at Norfolk, Va., July 13, 1920, we learn the reason for this growth. That is that unlimited acreage can be brought under cultivation in China, especially in sections where peanuts and soya beans are produced. This land can be purchased for what is in United States currency about $12.50 per acre. All that is needed is for the Chinaman to know there is a market for his peanuts and peanut oil, soya beans, and soya-bean oil. If given the opportunity, China could in time produce all the vegetable oil needed by the entire world.

The whole question in a nutshell, from our point of view, is that the enormous volume of oriental importations of peanut oil should pay a tariff tax of at least 5 cents per pound, first, to protect the peanut industry of the United States and, second, to produce revenue for our Government.

It is true that the importations of peanuts and peanut oil for the portion of the year 1921 are much smaller than in 1920, but let us not fool ourselves in believing that there is no danger from this source. China can in a very short time resume exporting the volume she did in 1920 if given the American market.

APPENDIX B.

SOURCES OF IMPORTS.

Several years ago the imports of peanuts and peanut oil came principally from France and Spain. But of recent years the tide has turned and is now dominated almost entirely by China and Japan. Japanese buyers predominate in Northern China, and export from Japan. Many shipments are accredited as originating in Japan, when they are, for most part, Chinese produced goods. This makes practically no difference, as the wage scale is about the same in the two countries.

The following figures were supplied this association by the Bureau of Foreign and Domestic Commerce, Department of Agriculture:

Year ending June 30—	Peanuts unshelled.	Peanuts shelled.	Year ending June 30—	Peanuts unshelled.	Peanuts shelled.
1912	12,950,563	2,627,475	1917	7,806,012	27,180,748
1913	12,281,580	6,801,415	1918	3,150,747	73,862,215
1914	17,472,631	27,077,158	1919 (embargoed)	1,444,221	19,462,080
1915	14,540,982	9,643,691	1920	12,067,998	120,344,425
1916	9,020,848	19,392,832			

This table takes no account of the importations of peanut oil, which in the year 1920 exceeded 165,000,000 pounds.

EXPORTS.

	Pounds.		Pounds.
1912	5,920,711	1917	22,413,297
1913	7,301,381	1918	12,488,209
1914	8,054,817	1919	12,596,660
1915	5,875,076	1920	14,137,956
1916	8,413,297		

This proves conclusively that the exports of peanuts is a very small per cent of the combined total of domestic (see Appendix C) and imports. Taking for example the year 1920: Domestic production 37,499,000 bushels, or 937,475,000 pounds; imports, shelled and unshelled, 132,412,423 pounds.

One billion sixty-nine million eight hundred and eighty-seven thousand four hundred and twenty-three pounds on the American market and exports of 14,137,956 pounds shows a very small per cent of the crop exported.

The above comparison stated in pounds (domestic production) when linked with the imports, makes it appear that the imports are only 10 per cent of the domestic production.

In order to get a correct view of the proposition it is necessary to consider the following facts: Eleven million bushels of the domestic crop estimate (37,000,000 bushels) comprise the Jumbo, or large variety, grown only in Virginia, North Carolina, and Tennessee. The remainder of the 37,000,000 bushels are mostly Spanish variety, usually grown for their oil content more than to be shelled and sold to the manufacturers of confections, peanut butter, salted peanuts, etc.

The variety imported is the same as that produced in Virginia, North Carolina, and Tennessee. Of this there was imported 132,412,423 pounds shelled peanuts. It is estimated that more than one-third of the weight is lost in shelling, i. e., this much is taken up with hulls, trash, etc. So, in order to make up the amount imported of shelled peanuts it required 200,000,000 pounds of farmers' stock peanuts (and this is a very conservative estimate). Then add to this the amount imported in the shell and we have a total of 212,000,000 pounds imported peanuts, reduced to equivalent of American-grown farmers' stock peanuts. Twenty-two pounds of this variety is recognized as a bushel, this makes the imports almost equal to the Government estimate of the domestic production of the same variety grown in Virginia, North Carolina, and Tennessee. In fact it can be said that they are equal, because of the fact that a loss of at least 10 per cent is met with in cleaning peanuts to be sold in the shell.

Now we will compare the remainder of the Government's estimate of domestic production with the imports of peanut oil, because peanuts were required abroad to manufacture this oil, and same after being in this country came into competition with domestic oil.

It is generally estimated that on an average a bushel of Spanish peanuts (30 pounds to the bushel) will produce 1 gallon of oil. The imports of peanut oil for 1920 were 22,064,363 gallons; so granting that it requires a bushel of peanuts to produce one gallon of oil, we have here represented 22,064,363 bushels of foreign peanuts—peanut oil reduced to its equivalent in peanuts. Subtracting the 11,000,000 estimate for Virginia-Carolina section from the total United States production, we have an estimate of the entire domestic production of peanuts outside of these two States of near

26,000,000 bushels. This makes the ratio of imported and domestic peanuts on our markets about 55-45, almost as much imported as is produced in the United States, making an equation 55 domestic grown and 45 imported.

Appendix C.

DOMESTIC PRODUCTION.

The rapid growth of the peanut industry during recent years is one of the most striking developments that have taken place in the agriculture of the United States.

Peanuts were introduced commercially into the United States about 1870, and from that time until about 1900 the production increased gradually. In 1889 the production amounted to 3,588,143 bushels. In 1909 this increased to 11,964,109 bushels from an acreage of 869,887.

The following is the report from the Yearbook of Department of Agriculture:

	Bushels.
1916 (1,043,350 acres)	34, 433, 000
1917 (1,842,400 acres)	52, 505, 000
1918 (1,865,400 acres)	46, 010, 000
1919 (1,251,400 acres)	33, 263, 000
1920 (1,268,000 acres)	37, 499, 000

Appendix D.

PEANUTS A SUITABLE CROP FOR BOLL-WEEVIL INFESTED SECTIONS.

Several years ago the boll weevil began its destructive work on cotton in the South. It appeared for a few years that the sandy land districts were ruined, as the sandy-soil farmers could not successfully grow the substitute crops, such as wheat, oats, and corn. On account of the condition sandy-land farmers, merchants, and bankers faced bankruptcy and were saved only by the increased acreage in peanuts, some sections planting as much as 60 per cent of the entire cultivated acreage. After producing one or two crops the sandy-land farmers realized that the advent of the boll weevil was a blessing in disguise. "Peanuts and hogs" soon became the sandy-land farmers' motto.

Now, if to-day we permit the Chinese farmers to usurp American markets with their cheaply produced peanuts and soya beans, we at the same time remove this from the southern farmer, who has found it a life-saving factor. We can not believe that this committee will so rule.

BRIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST.

This brief is presented on behalf of the import peanut industry of the Pacific coast, comprising those engaged in transporting, handling, weighing, analyzing, inspecting, storing, manufacturing, and marketing imported peanuts and peanut products.

We respectfully recommend that paragraph 757 of the Fordney tariff bill, which proposes a duty of 3 cents a pound on peanuts not shelled and a duty of 4 cents a pound on shelled peanuts, be made to read as follows:

"757. Peanuts not shelled three-eighths cent per pound; shelled peanuts, three-fourths cent per pound."

We make this recommendation because of the following facts, which will be fully established herein:

1. The production of peanuts in the United States is not now, and never has been, sufficient to meet the requirements of our consuming market.

2. The rapidly growing demand for peanuts, increased by the use of this commodity in new industries, will bring about a steady expansion of the domestic market that will provide a field for both domestic and imported nuts for years to come.

3. Foreign peanut producers have no advantage over American growers in competing for the home market, as laid-down costs in the principal consuming centers are practically the same.

4. The losses of domestic producers can not be ascribed to the competition of imported peanuts, as all agricultural commodities suffered similarly during the recent slump in prices.

5. Already favored by a superior product, bringing higher prices, domestic growers will obtain additional protection against any possible future advantage of foreign producers by a return to normal conditions, the standardization of processes, and the improvement of marketing methods.

6. The proposed duty is so prohibitive as to amount to a virtual embargo.

7. By giving manufactured peanut products a lower duty than raw peanuts, the proposed rate will seriously discriminate against American industries.

8. Restrictive duties on peanuts will injure our trade relations with promising foreign buyers of American manufactured products.

9. Our merchant marine and the domestic side of importing represent hundreds of millions of dollars in invested capital and thousands of American citizens—an industry that deserves the same consideration given to other lines of domestic business.

10. The principal nations of Europe have placed reasonable rates of duty on peanuts and peanut products, an example that should influence similar action by the United States.

The tariff history and the general features of the peanut industry, domestic and foreign, have been given such exhaustive attention by the southern producers that it will not be necessary to give these phases of the subject more than occasional reference herein.

For a consideration of the oil side of the peanut industry we respectfully recall to the minds of members of the committee the comprehensive statement covering all vegetable oils, submitted at an earlier hearing by the bureau of raw materials for American vegetable oils and fats industries.

First point: "The production of peanuts in the United States is not now, and never has been, sufficient to meet the requirements of our consuming market."

Introduced into the United States in 1870, the peanut industry has grown by leaps and bounds, but never speedily enough to equal the demands of the public for this popular, nutritious, and moderate priced food. Within the last five years the industry has assumed most important proportions, as the statistics of the Departments of Agriculture and Commerce show.

From these figures (presented at hearings of the Ways and Means Committee by domestic growers) we find that in 1916, with a domestic production of more than 1,000,000,000 pounds (30 pounds to the bushel) the American market absorbed almost 40,000,000 pounds of imported peanuts in addition In 1917 with a domestic crop of 1,500,000,000 pounds, 50,000,000 pounds of imported peanuts were required to satisfy the market In 1918, the South produced 1,400,000,000 pounds, and 103,000,000 pounds were imported to meet domestic demands. In 1919, with a domestic production of approximately 1,000,000,000 pounds, the American market absorbed almost 35,000,000 pounds in addition. Last year we produced about 1,200,000,000 pounds and imported 175,000,000 pounds; a total of one and a third billions of pounds of peanuts, practically all consumed in the United States.

The above figures show that we have not yet reached a stage where we can depend upon our own growers to produce the enormous quantity of peanuts that our consuming market requires. It is evident, therefore, that any duty whatever placed upon imported peanuts will react upon the consumer as an addition to the price he would otherwise pay. Recognizing the demands of the Government for additional revenue, however, we recommend the readoption of the rates provided in the tariff act of 1913, that proved such a profitable source of income without victimizing the consumer.

In computing the above for comparison with domestic nuts not shelled, we have added one-third to the volume of shelled nuts imported, as this is about the weight lost in shelling.

Second point: "The rapidly growing demand for peanuts, increased by the use of this commodity in new industries, will bring about a steady expansion of the domestic market that will provide a field for both domestic and imported nuts for years to come."

According to those closest in touch with the peanut industry, the demand for peanuts will undoubtedly grow rapidly for a number of years, even allowing for a steady increase in the acreage under cultivation, in this way continuing the inadequacy of production as compared with consumption.

We direct your attention to the facts brought out by Mr. George Carver, an expert witness who represented the domestic growers before the Ways and Means Committee.

In a most interesting brief (House hearings, p. 2070) Mr. Carver stated that the possibilities of the peanut industry were unlimited. Referring to the staggering figures of production, importation, and consumption presented, Mr. Carver told the committee that the field for the peanut's use had barely been touched.

The witness cited 150 commercially possible adaptations of the peanut, requiring all the nut's component parts—meat, oil, skin, and hull. Some of the many and varied products Mr. Carver mentioned that have already been successfully made from the peanut are confections, breakfast foods, flour, milk, coffee substitutes, stock food, quinine, face cream, dyes and stains, polishing substances, etc.

The enormous business built up in peanut oil during the war indicates the possibilities of the nut from the oil side alone.

The fact that the domestic market last year consumed all the peanuts grown here and importations in addition declared by the producers to be "infinitely greater" than in any previous year, although only a few of the nut's many uses were exploited, shows the enormous capacity of the home market and indicates what may be expected in the way of future expansion.

The Southern growers themselves realize that they can not hope to supply our entire demand for years to come, as is evidenced by the statement in their brief (House hearings, p. 2054) "The demand for the peanut in confections and in other industries will furnish at all times a market for the foreign-grown peanut."

Third point: "Foreign producers have no advantage over American growers in competing for the home market because laid-down costs in the principal consuming centers are practically the same."

In pressing their claims for a high protective tariff domestic producers have stressed the contention that the home industry is menaced by low-priced foreign competition. In an effort to bolster up these claims the southern peanut shellers have charged that peanuts can be bought in the Orient for 1 or 2 cents a pound, transported to this country as ballast, practically without cost, and disposed of at a price less than the cost of hauling domestic nuts to home markets.

The evidence on which this remarkable statement is based is admittedly composed almost entirely of hearsay and guesswork. In the brief of the United Peanut Associations presented to the Ways and Means Committee (House hearings, p. 2054), exhaustive estimates of oriental production costs, carefully prepared by the growers to substantiate their claims, were prefaced by the remark that "no positive statistics are available for computing the actual cost of production in China and Japan." The reliability of evidence established on such a basis may properly be questioned.

For a short comparison of costs of peanuts, domestic and imported, laid down in the principal markets of this country, we find that domestic nuts last year cost from 7½ to 8½ cents a pound (House hearings, p. 2051). On the other hand, statistics presented by the growers themselves (House hearings, p. 2068) show that the "export c. i. f. Pacific coast ports price of the 30-32-ounce grade in June, 1920, was $7.75 per 100 pounds. The export price for the small-sized quality was slightly less; but as the total yield is very small the export of these qualities amounts to little."

To be perfectly fair we will figure domestic nuts as worth 8 cents in the South and oriental peanuts as worth 7¼ cents c. i. f. Pacific coast ports. Using the duty of three-fourths cent per pound provided in the tariff act of 1913—the duty recommended for readoption—makes the imported peanut landed at Seattle or San Francisco, duty paid, cost equally as much as the domestic nut in the South. The cost of transportation to Middle-Western markets is a little higher from Pacific coast terminals than from Norfolk; and appreciably higher from Pacific coast terminals to New York than from Norfolk to that point. From this comparison based on growers' testimony and the reasonable rate provided in the tariff act of 1913, it is evident that laid-down costs in the primary American markets in 1920 were actually less than those of foreign nuts coming into direct competition.

Another factor that must be considered is the distinct preference of the American buyer for domestic nuts. From growers' statements (House hearings, pp. 2048–2049) Japanese and Chinese peanuts "are not as good or as merchantable or as susceptible to conversion in sales in the raw state or the roasted state as the American-grown peanut." And (House hearings, p. 2055) "there is some small difference in the quality of the American and Japanese peanut, which gives certain grades of the American product a slight advantage in the market over the foreign-grown." It is thus seen that the two varieties are not only on a fair competitive basis as regards laid-down costs but the domestic nut has a noticeable advantage on account of the preference of American buyers for the home-grown product.

In demanding tariff relief to protect domestic growers from alleged unfair freight rates to markets west of the Mississippi, the southern producers are attempting to pit Congress against the Interstate Commerce Commission. Even admitting the justice of their claim to the rate basis they desire, we submit that the proper place for this matter to be taken up is before the Interstate Commerce Commission which has been delegated by Congress to supervise transportation rates.

If it is claimed that comparisons of relative costs during normal times would not justify the conclusion reached from the above computations, we direct your attention to a further consideration of this point. According to the testimony of the United Peanut Associations (House hearings, p. 2051), peanuts were produced in the South under normal conditions at a cost as low as 3½ cents a pound. Factors influencing this price and favoring the domestic nuts are extensive and large-scale production, machine cultivation and harvesting, and the proximity of consuming markets to producing sections.

On the other hand, foreign peanuts are grown and marketed under the most unfavorable and primitive conditions, thousands of miles from United States markets. Produced on small farms according to antiquated farming methods, they are hand-planted, hand-cultivated, hand-harvested, and hand-shelled by labor known for its low productivity.

But production costs are probably the least important of the many items of expense in getting the nuts to American markets. The committee is no doubt familiar with the charge now being made by western cattlemen that the railroads get as much for carrying steers to the Chicago market as the ranchers get for raising the stock. Such conditions have long prevailed in the Orient, and together with the expensive system of trading through numerous middlemen, marketing costs equal production costs several times over.

Fluctuations of exchange constitute another difficulty that must be overcome. While passing through the hands of the various middlemen, native currency must be figured into taels, and then to gold; or from silver yen to gold yen and then to gold dollars. Risk of loss from this source requires that a considerable allowance be made in every transaction to cover possible fluctuations, an item that adds to the final cost of the nuts appreciably.

At harvest time the peanuts are brought to the local market to be turned over to the native buyer who has probably contracted for the crop months in advance. They are then hauled to the larger native market or to the export center—in the case of Chinese peanuts destined to the great Kobe market, they are handled across the dock and loaded aboard ocean carrier at port of departure, unloaded, and likewise handled at Kobe, then hauled to a warehouse for storage. In the wholesale center they are sold to the next middleman, rehauled, and reloaded aboard vessel, this time for transportation to Europe or the United States.

The transpacific haul, far from being practically nominal, is a considerable item, in normal times amounting to about 40 cents per 100 pounds. During June, 1920, when the 7¾ cents per pound c. i. f. Pacific coast ports figure obtained, the rate was about $30 per ton on unshelled and $15 per ton on shelled peanuts. (These figures secured from conference to which United States Shipping Board is a member.)

Arriving in the United States the nuts are handled across terminal of entry and duty is paid. They are then rehauled and rewarehoused for a time or loaded on railway cars and transported to their final destination at once.

Without going further into the matter it can easily be seen that such an intricate and costly process of marketing under the unstable and speculative conditions of international trade can not be accomplished at a cost that will permit a promiscuous inflow of low-priced foreign peanuts. And certainly peanuts so handled can not be sold in American markets at a price unfairly competitive with peanuts grown in the South at a cost of 3½ or 4 cents a pound.

In the foregoing comparisons we have used the moderate tariff rate provided in the tariff act of 1913. It is therefore evident that the imposition of any additional duty whatever will undoubtedly restrict peanut importations proportionately or raise the price the consumer must pay, or both.

Fourth point: "The losses of domestic producers can not be ascribed to the competition of imported peanuts, as all agricultural commodities suffered similarly during the recent slump in prices."

One of the points most emphasized by domestic shellers in their efforts on behalf of a high tariff rate has been the argument that the loss caused the peanut grower by the recent price drop was due to the absorption of the market by foreign peanuts. To substantiate this argument they have referred to sales of imported nuts on this coast for 2 cents a pound, the inference being that such competition demoralized the market and caused domestic producers an enormous loss.

It is hardly logical to consider importers, controlling but 10 per cent of the marketable peanuts, to be responsible for the losses of holders of the bulk of the commodity. As a matter of fact, all agricultural commodities suffered a price decline, in many cases far more serious than the slump in the peanut market. Cotton and grain are examples.

Then, too, the lowest recorded sale was for 2.8 cents a pound. This figure was received for a thousand tons of off-grade nuts that cost the importer 9½ cents c. i. f. Seattle. It will be noted in connection with this and other low-priced sales that these transactions all resulted in a loss to the importer and not a profit. When the domestic market slumped, importers were caught with stocks that they could not unload at the price of the more readily salable domestic nuts and were forced to liquidate at prices far below costs of production or importation. The committee may rest assured that there was no element of profit to the importers in such sales. The failure of forced retirement of four-fifths of the war-born Pacific coast importers was necessitated by the tremendous losses sustained during this period.

It is evident that in blaming the importers for their losses domestic producers have again lost sight of the economic basis of all business and their attempt to secure legislative regulation of economic laws will prove equally in error.

Fifth point: "Already favored by a superior product, bringing higher prices, domestic growers will obtain additional protection against any possible future advantage of foreign producers by a return to normal conditions, the standardization of processes, and the improvement of marketing methods."

We have already shown from the admissions of the domestic producers themselves that peanuts raised in the United States are preferred by buyers to the foreign grown, to the extent of bringing a slightly higher price, grade for grade.

It is our further contention that besides this advantage over foreign competitors, domestic producers will gain an additional degree of protection with the return of normal conditions and the development of the industry in this country that is sure to come from the efforts of the growers to produce and market their crops more efficiently.

The research work spoken of by Mr. George Carver, technical expert of the growers (House hearings, p. 2070), is an indication of the attitude of the industry, and if plans are not already under way to bring about a standardization of methods, a more efficient system of grading, more intensive annual marketing campaigns, and other cooperative activities such as have been conducted with such success by California associations of producers of almonds, walnuts, and fruits, such steps must shortly be taken.

The vigorous efforts of the domestic peanut producers to obtain tariff concessions that will stifle outside competition and give domestic growers a corner on the home market is an evidence of the strength of this half-century-old industry and of its ability to hold the market it already controls.

The continuation of the American importers' privilege of filling the unsupplied demand that always has remained after the absorption of the American crop will inure to the benefit of the consumer without any but a fair competitive effect on the domestic grower, who is well favored in such competition by his geographic and economic advantages.

Sixth point: "The proposed duty is so prohibitive as to amount to a virtual embargo."

It has been so frequently stated by domestic producers that foreign peanuts can stand a duty of 2, 3, or 4 cents a pound that it is necessary to briefly analyze this contention.

We have already shown that, due to the peculiar marketing process through which imported peanuts must pass, the cost of landing the nuts in the primary markets of the United States under normal and abnormal conditions is practically the same as the laid-down costs of domestic nuts in the same centers.

We have also shown that the only reason imported nuts have ever been brought in has been to meet an unsupplied demand that domestic nuts could not fill, and the only price that has ever been received for their sale that has netted a profit to the importer has been a price but slightly under the price enjoyed by the domestic nut that controls the market.

Yet during the hearings on the emergency act the charges were again made that imported nuts were produced for 1 or 2 cents a pound, and transported at a negligible cost, therefore well able to stand a 3-cent per pound rate.

The effect of the emergency act on peanuts has been all that the importers prophesied. Although the 1920 crop was of much better quality than that of 1919 (House hearings, p. 2064) and therefore better able to stand tariff restrictions than is usually the case with imported peanuts, imports since the 3-cent duty became effective have been far below the volume received during the same period last year.

As an example, during the month of July, 1921, 15 tons of peanuts entered the port of Seattle. During the previous month, 1920, 2,200 tons came in. Comment on these figures is unnecessary.

Statistics for the entire United States are not yet available for July, 1921, but advance information in the hands of your committee probably shows that the emergency act has cut importations of peanuts to about one-tenth of the volume that entered the country during July, 1920.

If there were no further facts to confirm our statements as to the cost of landing foreign peanuts here, the enormous loss in tonnage received since the enactment of the emergency measure would show conclusively that these costs are not the elastic and arbitrary charges domestic growers have always claimed, but represent the actual cost of getting the goods to market. These costs can not be controlled by the importer or his supplier, and the only result of an increase of the duty above ½ cent per pound, a reasonable rate, will be to keep out foreign nuts and give the southern grower a corner on the home market.

It is hardly necessary to further point out that with an excessive price for peanuts, their use would be confined entirely to confections and the higher-priced foodstuffs, thus shutting off outlet for the nuts in the many and varied industries that a reasonable price on peanuts would make commercially possible. (See testimony of Mr. George Carver, House hearings, p. 2070.)

Seventh point: "By giving manufactured peanut products a lower duty than raw peanuts, the proposed rate will seriously discriminate against American industries."

Realizing the necessity for foreign peanut oil to augment our own production and furnish a badly needed raw material to our industries, the House has attempted to remove the embargo on the oil that exists in the emergency act, and, although it is true the reduction that has been made is wholly inadequate for the purpose, it is an indication of the justice of the importers' claims.

As the bill now stands, a most unjust and indefensible ratio exists between peanut oil, dutiable at 2½ cents a pound; peanut cake and meal, free; and the raw peanuts from which these products are made dutiable at 3 and 4 cents a pound.

In the past it has always been the purpose of Congress to encourage manufacture or other refinement of foreign raw products in this country, in view of the beneficial effect it would have on our industries. That this administration's tariff policy should be founded on an opposite aim is unthinkable.

We therefore urge that the tariff on peanuts, shelled and not shelled, be reduced to a proper proportion of the rate on peanut oil, for which a very nominal tariff has already been requested.

Eighth point: "Restrictive duties on peanuts will injure our trade relations with promising foreign buyers of American manufactured products."

That success in foreign commerce is vital to America's future expansion is an accepted fact. The Departments of State and Commerce devote a major share of their efforts to its promotion. Congress in enacting the Webb-Pomerene, the Edge, and Jones bills, in establishing the Shipping Board, and in countless other ways has indicated its desire to aid in building up this trade. Chambers of Commerce, trade associations, magazines, even universities, throughout the country are cooperating in every way possible to stimulate public thought and interest along foreign trade lines, and the result is that for the past five years one of the few things upon which the American people have been united has been the importance of foreign trade and the necessity for its encouragement. Yet it is a fundamental economic law that between nations that engage in foreign trade there must be a reciprocal exchange of commodities.

American importations of oriental peanuts to fill the unsupplied demand of our market, place American dollar credits at the disposal of the Chinese and Japanese. These credits can be used, and are used, to purchase American machinery, textiles, leather goods, lumber, grain, and all the articles required by the enormous populations of Asia, where the trend of modern civilization has just begun and where opportunities for American industries are perhaps more promising than in any other section of the world.

The statement that legislation penalizing foreign commerce will prove a boomerang to American industries is not merely a warning but an accomplished fact. Partly due to the severity of the emergency act on important oriental imports, a large part of the valuable export commerce that passed through the port of Seattle has been lost. Statistics of the Seattle port warden, who keeps a record of all import and export tonnage passing through this city, show a decrease in the volume of goods exported from this port of 3,000,000 pounds a day, representing a daily loss of trade valued at $300,000. This comparison is made with figures for July, 1921, and July, 1920.

During June, 1921, according to statistics of the Bureau of Foreign and Domestic Commerce (July figures not yet available), total exports were but one-half of what they were during the month of June, 1920, a loss of trade valued at $300,000,000. Such an enormous restriction of commerce, caused in part by a bill covering only a scattering list of commodities, emphasizes the truth of the warning that the industries of the United States will pay dearly for any tariff subsidies granted for the benefit of preferred groups.

Ninth point: "Our merchant marine and the domestic side of importing represent hundreds of millions of dollars in invested capital and thousands of American citizens—an industry that deserves the same consideration given to other lines of domestic business."

In considering legislation affecting the importer it is not always remembered that the import and export and shipping industries and their many allied interests comprise a huge domestic business, in which millions of dollars of capital is invested and on which hundreds of thousands of our citizens are dependent.

It will be remembered that our Government has a great deal tied up in a merchant marine that depends upon the import and export industry for its very existence; that many municipalities as well as private concerns have spent enormous sums in the construction of terminals to handle overseas commerce; that the number of manufacturing plants operating exclusively on foreign orders is large; that marine insurance companies, customhouse brokers, etc., most usefully engaged, depend upon foreign trade as much as do importers and exporters themselves.

To return to the subject of peanuts; imported peanuts and peanut products must be transported, handled, weighed, inspected, stored, manufactured, and marketed through domestic channels, bringing revenue to all the domestic interests so engaged. We submit that the domestic side of this important industry also merits protection.

Tenth point: "The principal nations of Europe have placed reasonable rates of duty on peanuts and peanut products, an example that should influence similar action by the United States."

One of the strongest facts that can possibly be advanced to support our request for a maintenance of the rate provided in the tariff act of 1913 is that our principal foreign competitors in world trade, although producers of peanuts themselves, have nevertheless placed reasonable duties on peanuts and peanut products.

England, France, and Germany, who fully recognize the value of the Asiatic markets, are putting merely nominal restrictions on the entry of the principal oriental raw products, peanuts, and peanut products among these.

England, with a vast acreage under peanut cultivation in British West Africa, imposes no duty whatever on peanuts or peanut oil.

France, controlling one of the most productive peanut-growing sections of the world, Senegal, West Africa, which ships through the great Marseille market, admits the nuts produced in the Orient free and assesses the oil only 23 francs per 100 kilograms.

The rate of duty on raw peanuts in Germany is 4 marks per 100 kilograms, and on oil, 12 marks per 100 kilograms.

This action on the part of the nations referred to has already given them an advantage over American competitors for the markets of the Orient, as they have been enabled to extend the advantage in trade relations given them by their purchases of Chinese and Japanese raw products to benefit their sellers of fabricated goods. Frequent sailings from the Orient to Europe by vessels carrying peanuts and other raw materials provide cheap and convenient steamer space to transport German, French, and English manufactured goods to the Orient on the return trip.

From this precedent, established by our foreign competitors, alone, your committee would be justified in striking out the unreasonable 3 and 4 cent peanut rates, and, when the many other facts that have been shown in the foregoing brief are considered, a return to the reasonable rate of the tariff act of 1913 is seen to be imperative.

(Indorsed by the following: Port of Seattle Commission, W. T. Christensen, president; Importers and Exporters Association of Seattle, H. A. Kimball, president; Customhouse Brokers Association of Seattle, W. G. Houseman, president.)

STATEMENT OF J. B. PINNER, REPRESENTING THE PEANUT INDUSTRY, SUFFOLK, VA.

Mr. PINNER. Unaccustomed to address a body like this, I shall have to crave your kind indulgence, and I can say that the remarks I make will have one merit and that will be the merit of brevity.

We have filed with the committees of the House and the Senate our briefs. We do not know that we can add very much to those briefs except to call your attention again to them and to request that they be perused once more.

I am representing to-day the growers of peanuts in their raw state and the millmen, the shelled peanuts and the peanuts in the shell.

We think that if you contemplate for one moment the necessity of some protection to the American grower you will find that we are representing perhaps an investment in the business of about $108,000,000. We are representing about 110,000 heads of farmers' families in the South who grow peanuts, about 10,000 people who are engaged in the milling of peanuts, for peanuts can not be sold immediately from the farm but have to go through a process of milling in order to be placed upon the market; that is, peanuts for the purpose of roasting and for the shelled peanuts which go into the confections and by-products.

Therefore, we think that it is an industry which should be carefully considered in all of its relations, and we find that we are opposed by the importations of peanuts from China through Japan, and our contention is that it is impossible for our American farmers in the Southland where peanuts are grown to compete with the Asiatic labor and with the cheap ocean freights and sell our product at anything like cost of production.

Senator SMOOT. Are you changing the request made by others as to the amount that should be imposed on peanuts?

Mr. PINNER. No, sir.

Senator SMOOT. What are you asking for?

Mr. PINNER. We are asking for 4 cents a pound.

Senator SMOOT. For the shelled and unshelled?

Mr. PINNER. Shelled and peanuts in the shell.

Senator SMOOT. The House gave you 3 cents a pound for unshelled and 4 cents for shelled?

Mr. PINNER. Yes, sir. We are asking 4 cents on both of those. We find that there has been a very large importation of peanuts from year to year from China, until 1920 it resolved itself into the enormous amount of 120,000,000 pounds of shelled peanuts and 12,000,000 pounds of peanuts in the shell which came into this country in 1920.

The condition of our peanut growers is deplorable at this time. There is not any question about the fact that we have arable land suitable for the cultivation of peanuts equivalent to about 9,000,000 acres, which can supply all the peanuts that we need in this country for all the demands which have arisen and which will likely arise. We are asking not for a prohibitive tariff; we are asking that there shall be just an equalization comparable with conditions of producing the peanuts abroad and that of the production of peanuts in this country.

Senator MCCUMBER. Will you explain why you make no difference in your request between shelled peanuts and unshelled peanuts, but ask for the same tariff on each?

Mr. PINNER. Well, because the prices have been just about the same for shelled and unshelled because the production and the milling will be about equal as they are put out to the market.

Senator MCCUMBER. Is that because you use a different kind for those which you shell?

Mr. PINNER. Yes, sir; and those that are in the shell. We have to use the largest peanuts for the roasting purposes, and the shelling stock is the lower grade, but the cost is about the same.

We have raised this year, under adverse conditions, about 4,000,000 bags of peanuts. That has supplied and will supply, without the importation of a single bag from anywhere, all that we shall demand.

Senator MCCUMBER. How many pounds are there to the bag?

Mr. PINNER. In the farmer's hands good Virginia run from 70 to 85 pounds to the bag.

We find that the price of peanuts now absolutely is so low that practically our farming element who raise peanuts are in desperate straits. They are unable to pay their bills; they are unable to pay their taxes; they are unable to pay their debts to the banks. I have just learned, in fact, that some of our farmers have absolutely at this Christmas time had to withdraw their children from school and put them to work. They are not clothed properly, and they are in bad condition; they are in distress, gentlemen, and were it not for the support which the War Finance Corporation has brought to this present crop we do not know where our peanuts would have gone. We could not have used them at all; they would have gone possibly into the feeding of hogs or some other similar uses. The War Finance Corporation has made arrangements for the advancement of $1,000,000 to the Peanut Growers' Exchange, who are farmers organized for the purpose of not doing anything, as I understand it, except to prevent the glutting of the market at times during the season, and to try to hold the price at some point where it will enable them to live and produce peanuts.

Senator JONES. Have the operations of the War Finance Corporation resulted in raising the price of peanuts?

Mr. PINNER. It has not, sir, on account of the fact that we have produced so many peanuts this year. A great portion of the South has been driven to the culture of peanuts by reason of the invasion of the boll weevil, and they found that peanuts were a substitute which was very helpful.

But, in addition to that, we had a larger acreage planted to peanuts this last season—20 per cent increase, perhaps, in the acreage, and the yield was very much larger than was anticipated; and in order to avoid the glutting of the market, the Peanut Growers' Exchange, which is composed of 5,100 farmers of the country, have applied to the War Finance Corporation to relieve them, if possible, and to keep these peanuts from being thrown upon the market. But despite that fact the prices are low and below the cost of production at this time, which has produced this distressing condition, which we have referred to.

Senator JONES. I just wonder how that can result in any permanent benefit to the peanut producers.

Mr. PINNER. It will result in this benefit—that we will be able, possibly, to so increase the demand or regulate the demand for peanuts that the farmers eventually, months from now, in the early part of the summer, will be able to have a price for their peanuts. But if thrown on the market now it will be disastrous to them.

Senator SIMMONS. You think that lowering the price is due to the importation of foreign peanuts?

Mr. PINNER. Yes, sir. I think you will find an answer to that in the effect that the emergency tariff bill has had. You take the Pacific coast, for instance, from which we have heretofore been practically excluded by the importation of peanuts, for the last six months of the year 1921, from June until December 1, we have been able to sell on the Pacific coast about 2,634,000 pounds of peanuts, while for the six months preceding that we were only able to sell about 645,000 pounds. They practically excluded us from the Pacific coast.

Senator SIMMONS. Can you give the committee the American production of peanuts?

Mr. PINNER. That is variable, sir. It has increased——

Senator SIMMONS (interposing). This year.

Mr. PINNER. About 4,000,000 bags, according to our estimates.

Senator SIMMONS. How many bushels to a bag?

Mr. PINNER. Well, 30 pounds to a bushel.

Senator SIMMONS. You said 4,000,000 bags?

Mr. PINNER. That is, 4 bushels to a bag; 22 pounds of Virginia peanuts make a bushel and 30 pounds of Spanish peanuts make a bushel.

When I spoke about that, perhaps, I have localized it too much, Senator. I had in mind our own production of Virginia peanuts in Virginia and North Carolina. I have not the data for the production of the Spanish peanuts in the States of Alabama and Georgia. I was only referring to the States of North Carolina and Virginia; but you can add to that, of course, all of the production of the Southern States—Georgia, Alabama, Oklahoma—where they raise a small quantity—and of Texas.

Senator SIMMONS. Virginia produces how many bags?

Mr. PINNER. Virginia and North Carolina produce 4,000,000 bags of peanuts; that is our estimate; it is a very difficult proposition to get at.

Senator SIMMONS. That is about 16,000,000 bushels.

Mr. PINNER. Yes, sir. It is a very difficult proposition to get at the actual production of peanuts; but we only have to estimate that from the best information we can get, because every farmer practically has his own warehouse. This year we have been able to get at it very close, because the organization known as the Peanut Growers' Exchange, who send their peanuts under local management to the warehouses in various cities, have gathered the information. They have, perhaps, already sent to them about 600,000 bags, and they say they control a million bags.

Senator SIMMONS. It would be safe to say if these two States produce 16,000,000 bushels there is something around 30,000,000 or 40,000,000 bushels produced in the United States?

Mr. PINNER. I suspect so.

Senator SIMMONS. Do you think that the emergency tariff is not sufficient?

Mr. PINNER. We do not, sir. We undertake to get the rate, for which we ask in this tariff bill, from the best information we could have as to the cost of production in this country as compared with the cost of production abroad.

Senator JONES. As to the consumption, according to the colloquy to which I have just listened, we produce in this country about 35,000,000 bushels of peanuts a year. That is about one-third of a bushel or more than one-third of a bushel for every inhabitant in the United States. Do we consume that many peanuts?

Mr. PINNER. I hope so. I hope that they will do so, if they do not already. We have a very large crop this year, perhaps the largest we ever had.

Senator JONES. Have we ever exported any peanuts?

Mr. PINNER. A very small quantity. Our exports of peanuts do not amount to anything. I have it set forth in the brief. The export of peanuts is limited. We only exported in 1920 about 14,000,000 pounds, and we have not done any exporting at all in the last two years. It is impossible for us to do that on account of other conditions in reference to the exporting of any goods.

The American producer of peanuts feels that he is entitled to and should have protection.

I wish to say, incidentally, gentlemen, that the peanut, as you know, had a very humble origin. It has been a symbol of the things which are small in this life. It has grown into prominence as a very valuable food, a food which practically contains all the elements of sustenance.

Senator SIMMONS. The importation of peanuts seem to be very, very small now.

Mr. PINNER. The emergency tariff bill has practically saved us, so far as that is concerned. In addition to the large crops we have produced, if we have the importation of Asiatic crops, it is impossible to tell where we will be. There is still a very large quantity left in the ports of Seattle and San Francisco, and possibly Vancouver, of the foreign peanuts brought in before, but at very high prices, and they are waiting before they do anything with them.

Senator SIMMONS. You recognize the fact that for a little while there has been a constant diminution in the amount of peanuts imported into this country. That was going before the emergency tariff?

Mr. PINNER. Imported into this country?

Senator SIMMONS. Yes. Before the emergency tariff it was shown upon the floor of the Senate that since the armistice, in the latter years, the importations of peanuts had fallen off very greatly.

Mr. PINNER. You are speaking about the importations?

Senator SIMMONS. Importations. I am referring now to the six months before the emergency tariff law was adopted—six months immediately preceding the adoption of the first emergency tariff act, the importations of peanuts had greatly fallen off.

Mr. PINNER. Would you care for the figures of the Department of Agriculture? They are in the brief. You will find the reverse of that—and that there has been an increase of importations from year to year, until in 1820 we had this enormous amount.

Senator SIMMONS. What I mean to say is that it was clearly shown when the emergency tariff act was passed that during the six months immediately preceding the passage of that act, from month to month, the amount of peanut importations had fallen off, and immediately before that act was passed the importation of peanuts was very small.

Mr. PINNER. But you must take into consideration that the United States placed an embargo.

Senator SIMMONS. That was after the war; there was not an embargo at that time.

STATEMENT OF EDWARD EVE, CHARLESTON, S. C.

Mr. EVE. Mr. Chairman and gentlemen, it is a big subject you have given me, and I do not propose to try to cover it. I just want to add a word or two of testimony as to the condition of our southern farmers and their needs, not only in Virginia, as Mr. Pinner has pointed out, but throughout the South and the Southeast particularly. The growers of peanuts and the growers of cotton, the sellers of the cotton seed—I want to make an appeal for some relief for these men in their present conditions. I was raised a farmer, and I am still a farmer at heart, and I am in close sympathy with the problems of the farmer, and I realize now that they are in desperate need on account mainly of the boll weevil having knocked out the crop and made cotton unprofitable in the Southern and Southeastern States, and foreseeing the boll weevil encroaching on the South Carolina territory, I have been boosting the growing of peanuts there as a substitute crop, feeling that that was the best crop available and the most practical thing.

Senator SMOOT. Are you speaking for peanuts?

Mr. EVE. I am coming to oil.

Senator SMOOT. What are you asking for?

Mr. EVE. I think that a duty of 4½ cents would be ample protection. The peanut planters have had a hard time since the war prices have declined, and they really need protection against the importation of Chinese peanuts—Chinese peanuts, which came in in such volume that it put the price down to where it is not profitable to grow them, as you all know, at that present price, that neither the oil mills nor the shellers can pay for them; and I think that the duty as suggested would solve this problem. I think that the duty that we have this year is the only thing that saved the peanut grower from being absolutely wiped out. I think that the peanuts would be coming in here now and reducing the price even lower than it is, though it is below the cost of production. I want to make reference to an argument that is going to follow—the announcement of the Interstate Cottonseed Crushers' Association favoring the repeal of taxes on oils. I think that the importation of peanut oils and other vegetable oils is in competition with the production of peanuts and cotton seed in this country, and I do not think that the arguments that these refiners and the importers put forward are valid. When they are given, I ask that you scrutinize them very carefully. I believe that the fact that they propose to import oriental oils here and refine them and put the finished products in Europe will act just the opposite from the way they predict—instead of putting the price of oil up in this country and in Europe that it will be an additional seller in the European market.

Senator JONES. Do you represent the producer of the oil—the mills?

Mr. EVE. Yes; the shellers of peanuts and the producers; and I a member of the Interstate Cottonseed Crushers' Association and Peanut Association.

Senator JONES. Do you export any of your product?

Mr. EVE. No; we simply crush and shell and sell locally. Gentlemen, that is the point I want to make, that when we import these oils and pass them on to Europe and put two sellers there, I believe it will depress the European market more than it has now, and that will have a bad effect on our own market, because Europe can now buy from the Orient and they can not buy from us. But, if we can get the oriental oil here and sell it to Europe through this country, where it will put two sellers on the European market, it would have a depressing effect there; and that is the reason, I think, that their argument does not hold water.

Senator JONES. Your argument means this, then, does it not: That you are only going to produce enough to supply the American market, and you want control of the American market?

Mr. EVE. That is the idea.

Senator JONES. I know of no way that you come in competition with these oils which find a market in Europe.

Mr. EVE. I think with the reduced cotton crop that we are not going to produce more in this country than we need here. We can practically consume it all here. We do not need oriental oils and we need protection.

Senator JONES. What I mean is that you will not have a surplus of any oils for export, and therefore the gentleman who told us the other day that the tariff was interfering with the foreign market for these American-produced oils did not have a valid argument.

Mr. EVE. I do not see how our tariff can interfere with the foreign market. They assume that the foreign retaliatory duties are going to be taken off if we would take off duties on oil.

Senator JONES. You do not want the duty taken off of oil, as I understand it?

Mr. EVE. No.

Senator JONES. Then, how do you expect them to take off their duties?

Mr. EVE. I am saying that the argument of the importers and exporters is that we take the duty off of oil coming into this country so that other countries will take off the duties they have put on our oils. But we get our oil from the Orient and we ship to Europe, a different market altogether. I do not believe Europe will reduce their duties because we reduce ours, or take their duties off.

WALNUTS.

(Paragraph 758.)

STATEMENT OF C. THORPE, REPRESENTING THE WALNUT PROTECTIVE LEAGUE.

Mr. THORPE. I represent, gentlemen, the Walnut Protective League, which is an organization comprising the growers and shippers of over 90 per cent of all the walnuts produced in America, and which handles simply the industrial problems, such as freight rates and tariff problems and all matters pertaining to the industry generally except the marketing problems.

The walnut industry is perhaps larger than most of us in the East realize. There is at the present time over $110,000,000 invested in the walnut industry in the United States. The annual value at wholesale prices of the crop at point of origin is over $12,000,000 annually. There are over 90,000 acres devoted exclusively to walnut culture on the Pacific coast alone, and of these 65,000 acres are now in bearing.

The American producer is supplying to-day over 70 per cent of the total consumption of walnuts used in America.

I am talking now of and will confine my remarks to unshelled walnuts. We are asking a duty of 4 cents a pound on unshelled walnuts and 12 cents a pound on shelled walnuts.

Senator WATSON. You speak of the English walnut altogether?

Mr. THORPE. Yes, sir. I am going to confine my remarks to unshelled walnuts for the reason that I appreciate the courtesy in hearing us out of turn and I could not cover both items effectively. The unshelled walnuts represent over 90 per cent of our output in this country, and while it will take fully the 12 cents asked for to develop the shelled-walnut industry to any perceptible extent, owing to the limited time I will cover it more fully in the brief that I will file; so that I shall speak now just of the unshelled walnuts.

Senator WATSON. If you will let me interrupt you: Can you give us a computation of the difference in production cost and——

Mr. THORPE. I have that, Senator, and I am just about to cover it.

The imports are generally from China, France, and Italy. China, up to recently, has been a small factor but is coming ahead so fast that in the last reports that we have of imports for 1919 there originated in China, imported to this country, over 9,000,000 pounds of walnuts, which are about one-third of all of the importations. The districts in northern China where walnuts are produced are not as thickly settled as in the main part of China. There is less room for expansion there, but there are unlimited areas suitable for producing walnuts in the portion of China from which the importations are made, and with the coolie labor they can raise them at a small fraction of our cost. The labor cost is what we base our contention for a higher tariff upon. We have not considered the value of land and have not figured in interest on the investment. We have not figured the cost of fertilizer and irrigation or horse power—simply the actual out of pocket labor cost of producing a pound of walnuts, amounting to 9.73 cents a pound. That is the out of pocket cost to the grower, what he pays for his labor to produce that pound of walnuts.

In France that cost is 2½ cents a pound. In Italy it is less than 1 cent a pound, and in China slightly over one-half cent a pound.

The average difference in the labor cost of producing a pound of walnuts in America as between the cost of the foreign growers is over 8 cents a pound. We are asking only for 4 cents a pound duty, which represents only one-half the difference in labor cost. In other words, labor could be twice as cheap in America as it is to-day and still we could justify the 4 cents duty for which we are asking.

Senator WATSON. Then you are not satisfied with 2½ cents a pound?

Mr. THORPE. No, sir; 4 and 12 cents. That, I want to state, gentlemen, is the minimum under which we believe the American walnut industry can continue on a prosperous basis.

Senator SMOOT. Under the Payne-Aldrich Act of 1909 shelled walnuts took 9 cents a pound.

Mr. THORPE. There was no shelled walnut industry in the United States at that time. There was not a pound produced in 1909.

Senator SMOOT. You had 3 cents a pound on the unshelled?

Mr. THORPE. Yes, sir. This duty that we are asking to-day of 4 cents on unshelled is only equal to the Payne-Aldrich duty when the freight is taken into consideration, which has advanced 1 cent a pound.

Senator WATSON. What was your production last year?

Mr. THORPE. Fifty-six million pounds.

Senator WATSON. Are they produced anywhere else in the United States than California?

Mr. THORPE. They are produced in scattering lots elsewhere, but principally on the west coast.

Senator WATSON. What were the imports?

Mr. THORPE. For 1920 the imports were over 38,700,000 pounds. Of unshelled walnuts the imports were 22,000,000 pounds as against a total production in America of 56,000,000 pounds.

Senator WATSON. Thirty-eight million imported?

Mr. THORPE. Shelled and unshelled. The unshelled alone were 22,000,000 as against our production of 56,000,000. The foreigner has the advantage over us in freight rates alone to the principal consuming centers in America of over 3 to 1. In other words, our freight to those centers is three times as great.

Senator SMOOT. You are counting as a center the Atlantic coast?

Mr. THORPE. Chicago and the West. He has an advantage of over two to one at Chicago.

Senator WATSON. Have you exhausted the possibilities of production? Could you produce more?

Mr. THORPE. There are 200,000 acres of land in California alone that is not now planting anything but annual crops that are ideally situated for the production of walnuts. It is a lifelong game. A tree has to be 10 years old before it reaches what would be considered a profitable production. It takes that long to bring it into profitable production, and it never reaches full bearing until it is from 15 to 20 years of age. So that a man has a heavy capital investment in the industry before he gets anything out of it. He can not rotate his crop as he can in other things. Our production is doubled, on the average, every four years. It is increasing more rapidly than any other agricultural product. The reason it is going ahead so fast is due to the encouragement we had under the Payne-Aldrich Act of 1909 up to 1917 or 1918. Then we had, even under the Underwood bill, a practical embargo as a result of the inability of the foreigners to import goods here owing to lack of shipping facilities. So that the industry thrived pretty well during that entire period, and there were a great many plantings. Within the next year or two we will be producing more than enough walnuts to supply the entire normal consumption in the United States and, in fact, our growers will soon reach the point where they are producing so much that it will reach the stage of market saturation, where we will so seriously compete with ourselves that we will have to take lower prices to keep consumption abreast with increasing production, regardless of foreign goods.

But this tariff that we are asking, which is the minimum duty that we believe the industry can continue to prosper upon, is not one which will embargo importations. They will import just as many walnuts under a 4-cent duty as they will under a 2½-cent duty; the only difference being that some of the poorer quality of the foreign walnuts that have been coming in will be held back and a better quality substituted for it, because the dealers can not afford to import off-grade stuff if they have to pay 4 cents duty and if they have got plenty of good stuff that they can bring over.

Senator WATSON. What is the average earning of an acre of English walnuts?

Mr. THORPE. $24 per acre. The cost of production, without figuring interest on the investment, is 14.97 cents a pound. The average price is 18 cents, or 3.03 cents a pound profit. The average bearing is 800 pounds an acre. When you figure out the interest on the investment, it does not amount to anything, because walnuts have to be produced on the highest-priced land where the climatic conditions are ideal and the soil is the best.

Senator WATSON. What wages do you pay in the industry?

Mr. THORPE. $4 a day. The Ways and Means Committee states wages in the far West as $4.61 about harvest time. Even if they were reduced to $2 a day we can justify a 4-cent duty. In my opinion, wages never will come down to $2.

This tariff that we recommend will add to the revenues of the United States Treasury one and three-quarter millions a year. We are facing the most serious situation from China, as I have just explained. We are up against this Chinese cheap labor, and the only way we can compete with it is by going on to the Chinese standpoint of living—dried fish and rice—and the American people do not want to do that, and I do not think you want them to do it.

Senator WATSON. Let me ask you this: Under the Payne-Aldrich law there was a duty of 3 cents on walnuts not shelled and 5 cents on walnuts shelled, which was a slight differential. Under the existing law, the Underwood law, the duty is 2 cents, not shelled, and 4 cents, shelled—2 to 1. Now you propose 4 cents, not shelled, and 12 cents, shelled, or 3 to 1.

Why such a differential?

Mr. THORPE. As I explained a moment ago, there was no shelled walnut industry in America even six years ago, much less when any of these other bills were considered. It is a new development. There was not a pound of walnuts in California, even up to the last six years. If you say 3 to 1, that is the differential that ought to be placed on the product. However, the very important thing is that our business is unshelled walnuts. Over 90 per cent is now, and will be for some time, unshelled walnuts. We are in a little different situation from the almond industry.

Senator SHORTRIDGE. It is just the other way in the almond industry.

Mr. THORPE. I do not know, but in the walnut business the unshelled walnut is our principal product and always will be. It is the one that we are most interested in getting a tariff on and the one on which we need a tariff the most. We can develop the shelled walnut industry if we get a 12 cent tariff. If we do not, it will be mighty slow coming up.

I may say that the walnuts we shelled last year netted the grower 5¼ cents a pound and his cost of production was 15 cents, which was just a salvage; that is all you can say for it.

Senator LA FOLLETTE. Last year?

Mr. THORPE. Yes, sir. The importers will tell you that we have been getting outrageous prices for our walnuts. They mention only the fanciest grades. Forty per cent of our crop never makes a fancy grade. We sold last season 40,000 bags that averaged us 14¼ cents a pound. We sold another 27,000 bags at 16½ cents a pound, and we utilized 49,000 bags in our by-product plant. They ran only 5¼ cents. So the high prices that the importers talk about are not average prices.

The average orchard-run price that the grower got last year was only a little less than 18 cents a pound.

In the walnuts that the importers send here from abroad there are the good and the bad all together. They do not grade them out like we do. There is the large and the small. They do not grade them for size like we do. As a rule they are inferior, naturally, to our grading.

Senator DILLINGHAM. What is the by-product that you mention?

Mr. THORPE. The walnut meats; and we make charcoal out of the walnut shells. We are perhaps the largest charcoal manufacturers in the United States. We manufacture a very high grade of charcoal out of these walnut shells. They only return us $5 a ton.

Senator LA FOLLETTE. What is it used for?

Mr. THORPE. Chicken feed and medicine in the hog industry.

Senator LA FOLLETTE. What did you say you received for your best grade of walnuts last year?

Mr. THORPE. The price to the wholesaler was 22½ cents a pound for the best grade. The average price as they come from the grower is a little less than 18 cents a pound.

Senator LA FOLLETTE. Do you know how far east those walnuts were shipped?

Mr. THORPE. To New York and all the eastern markets. We work pretty much on a per capita consumption basis. I think we have as thorough a distribution as any organization in the United States. Our cost of marketing is less than 3 per cent.

Senator LA FOLLETTE. Do you know what the transportation charge was?

Mr. THORPE. $2.40 a hundred pounds for our shipments east of Salt Lake City.

Senator LA FOLLETTE. For your best grade of walnuts you received 22½ cents?

Mr. THORPE. Yes, sir.

Senator LA FOLLETTE. Was that a fine quality?

Mr. THORPE. Yes, sir.

Senator LA FOLLETTE. They retail for about 50 cents?

Mr. THORPE. Thirty-five cents.

Senator LA FOLLETTE. Fifty cents.

Senator SMOOT. I paid 50 and 60 cents.

Mr. THORPE. You can not gauge the price in Washington, D. C. It is one of the highest markets in the entire East. We have specialty men who make reports on the different markets which they cover. It averages over a hundred specialty men taking orders, and the average showed 35 cents a pound for pure No. 1 soft-shelled walnuts.

Senator LA FOLLETTE. Will you file with the committee a statement of the prices at the different points where your organization gathered them?

Mr. THORPE. Yes, sir; I will be very glad to do that.

Senator LA FOLLETTE. I mean the retail prices.

Mr. THORPE. I might say in that connection that some retailers will charge 60 cents for the same thing that the others are handling at 30 cents.

Senator LA FOLLETTE. If you will work that out in detail we will be very glad to have it in the record.

Mr. THORPE. Through the perfection of our sales organization we are placing walnuts in the hands of the consumer at only 35 per cent more than the producer receives, which is, I think, the closest margin under which any nonperishable product is marketed.

Senator LA FOLLETTE. In the hands of the consumer, you say?

Mr. THORPE. Yes, sir; 35 per cent represents freight, wholesaler's profit and retailer's profit.

Senator LA FOLLETTE. In all parts of the country?

Mr. THORPE. Yes, sir. Take 35 cents a pound and 35 per cent off that and you will have less than 22½ cents. They were handled last year on just about 35 per cent margin. That includes freight, wholesaler's profit, and retailer's profit.

Senator LA FOLLETTE. How small an order would you fill?

Mr. THORPE. Any order from a hundred pounds up, to any legitimate wholesaler in the United States.

BRIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST.

Under paragraph 758 of the Fordney tariff bill walnuts, not shelled, are assessed a duty of 2½ cents per pound and walnuts, shelled, 5 cents per pound.

We respectfully urge that a duty not higher than that provided in the tariff act of 1913, namely, not shelled 2 cents, shelled 4 cents, be fixed as the rate on this commodity. In support of this recommendation we direct your attention to the following facts, which will be taken up in detail herein:

1. As our domestic production is insufficient to meet the demands of our consuming markets, the effect of any increase in duty will be to unnecessarily add to the price of this commodity to the consumer.

2. The importation of foreign walnuts has in no way adversely affected the domestic industry.

3. Domestic and imported walnuts are only indirectly competitive, as the great difference in quality between the two varieties confines the sale of each to a distinctly separate class of trade.

4. An analysis of cost factors and selling prices of domestic and imported walnuts shows the domestic industry to have many advantages over importers which render further tariff protection unnecessary.

5. An increase in the rate of duty on walnuts will injure our trade relations with important purchasers of American products and adversely affect the many industries engaged in foreign trade.

First point: "As our domestic production is insufficient to meet the demands of our consuming markets, the effect of any increase in duty will be to unnecessarily add to the price of this commodity to the consumer."

Figures are given below showing the annual production of walnuts in the State of California since 1909. This State produces over 95 per cent of the domestic walnut crop. Figures on imports, compiled by the Bureau of Foreign and Domestic Commerce, are given in a parallel column.

In comparing the relative proportions of American and foreign walnuts consumed in this country annually, the volume of shelled walnuts imported has been doubled to place all figures on an in-the-shell basis. About 50 per cent of the weight of imported walnut meats is lost in the shelling process.

Year.	Foreign grown.	California grown.	Year.	Foreign grown.	California grown.
	Pounds.	*Pounds.*		*Pounds.*	*Pounds.*
1909	26,000,000	18,700,000	1915	40,000,000	29,650,000
1910	43,000,000	19,200,000	1916	48,000,000	29,200,000
1911	43,000,000	25,000,000	1917	52,000,000	33,000,000
1912	42,000,000	22,500,000	1918	29,000,000	40,230,000
1913	36,000,000	22,700,000	1919	21,000,000	56,096,000
1914	49,000,000	17,000,000			

These statistics show that while our domestic production has jumped from about 20 per cent of our annual consumption to approximately 80 per cent in the past 10 years, still we imported almost as many walnuts during 1919 as we did in 1909. In the light of these figures it is apparent that we have not yet reached a stage where we can depend upon our own growers to produce the quantity of walnuts our consuming markets require, and therefore must import a substantial part of the walnuts we use.

It is evident that any duty whatever levied on these imports will fall on the consumer as an addition to the price he would otherwise pay. On account of the financial needs of the Government some duty is to be expected, but in the interests of the consuming public it is respectfully recommended that such duty be fixed on as moderate a basis as possible.

Second point: The importation of foreign walnuts has in no way adversely affected the domestic industry.

The statement is made by domestic producers that, while we must import a large proportion of the walnuts we consume, a higher tariff should nevertheless be enacted to prevent our markets from being swamped with foreign nuts and our home industry from being ruined.

During the last 10 years, under varying conditions and different rates of duty, the American walnut industry has practically trebled its annual production and more than trebled the price per pound received by the growers for their crops. And it will be noted that the industry has grown faster during the last five years under the rate recommended in this brief for readoption than during the years when a higher tariff was in force.

Last fall, according to their own statements before the Ways and Means Committee, the walnut people quickly disposed of their entire crop at 100 per cent profit to the producers, being one of the very few agricultural industries to maintain the price of their product in the face of declining values.

The fact that the walnut industry has so far not been adversely affected by foreign competition, but has thrived even under conditions disastrous to other agricultural industries is a very strong indication that the industry—well organized and powerful as it is at present—will meet foreign competition equally as successfully as in the past.

This is especially to be expected when it is considered that the annual production of domestic walnuts is still remotely distant from the saturation point of the industry's field for sales. Not only have growers been unable to keep pace with the strong domestic demand for high-grade walnuts but they have not begun to exploit export markets.

To ship by water to European points costs the California shipper no more than to ship by rail to the eastern United States, and the best class of trade in European countries should prove equally as receptive to the superior American product as this country has been.

Third point: Domestic and imported walnuts are only indirectly competitive, as the great difference in quality between the two varieties confines the sale of each to a distinctly separate class of trade.

One reason why the American walnut industry has succeeded in the face of strong foreign competition is the scientific cultural methods it has adopted and the pains it has taken to produce a really superior walnut.

Working through a most progressive and enterprising agency, the California Walnut Growers' Association, the growers have left no stone unturned to make walnut raising a profitable industry and have succeeded admirably.

By growers' own admission at hearings of the Ways and Means Committee, "the American-grown walnut is much superior in quality and flavor to any of the imported walnuts." The California variety is a clean looking, thin shelled, full meated, fine flavored nut. By an advanced system of grading, the quality is rigidly standardized to an average of about 95 per cent sound meats. Stimulated by intensive advertising campaigns, the demand for these nuts is very large and is steadily growing.

On the other hand, imported walnuts are not produced under such ideal conditions and are inferior in quality to the domestic variety. This inferiority, it is true, lies principally in the exterior appearance and physical characteristics of the nuts; for instance, the stained, hard, thick shell, closely adhering to the meat, like the hull of the pecan.

Some of the references to the quality of imported walnuts in the brief of the Walnut Protective League, presented to the Ways and Means Committee, are not fully in accord with the facts, and as a whole the brief is rather too severe an indictment of a competitive product to be entirely trustworthy. However, with this qualification in mind, growers' own statements are excellent testimony to show the valuable competitive advantage represented by the superior quality of the American-grown walnut.

The Walnut League brief (House hearings, p. 2036) refers to imported walnuts as "the unsightly, poorly cleansed, shrivel-meated, wormy, foreign nuts, which run from 20 to 30 per cent bad meats." It is evident that nuts of this description would not be nearly as popular with buyers as domestic nuts, clean, attractively packed, and having 95 per cent good, sound, full meats.

In House hearings, page 2037, oriental walnuts in which we are particularly interested are testified by producers to be "of the poorest quality of any of the imported nuts. They carry a hard, thick shell, the largest portion of the weight being in the shell, or nuts containing badly shriveled kernels. They have an insipid flavor * * *."

The average American buyer demands quality and will pay a premium to get it. The distinct preference of our buyers for domestic walnuts on account of their superior quality would constitute complete protection to the American grower, even if foreign producers actually had the competitive advantages they are alleged to have.

The marked difference in quality between domestic and imported walnuts, while not as radical as growers claim, is sufficient to make competition very indirect.

Walnuts are not like peanuts, for instance, which, imported or domestic, have the same uses and are practically interchangeable.

The class of trade demanding domestic walnuts would not be satisfied with the lower grade oriental product. The housewife is quick to detect the difference in quality between the two varieties. She does not like the thick shell, difficult to crack, and if she can afford to pay the price she will buy "soft-shell" walnuts exclusively.

On the other hand, the class of trade using foreign walnuts could not afford the home-grown product. The field for marketing foreign nuts is among the working classes and among confectioners, bakers, and manufacturers, to all of whom the element of cost is highly important. Imported walnuts, particularly shelled, are just as suitable for manufacturing needs as those grown in California, and as their low cost permits a much wider sale of the product they in part compose than if the more expensive domestic variety were used, they are much in demand for commercial uses.

If imported walnuts were shut out or restricted by an excessive duty, their users could not afford the high-priced home-grown walnut and would be forced to discontinue or greatly restrict their walnut consumption.

It is difficult to see any noteworthy advantages to any one to be gained by such a situation. The growers' market would not be appreciably enlarged, the Government's tariff income would be proportionably lessened, and the business of manufacturers of products containing walnuts would suffer materially.

Fourth point: "An analysis of cost factors and selling prices of domestic and imported walnuts shows the domestic industry to have many advantages over importers which render further tariff protection unnecessary."

One of the principal contentions of domestic producers is that on account of lower production costs foreign growers have an advantage in the competition for American markets. In their brief presented to the Ways and Means Committee most elaborate calculations were made to establish this point.

In the course of their statement growers said that last year the cost per pound of producing walnuts in the United Stateds was 15 cents. The items totaling this figure were: Cultivating, 9.92 cents; harvesting, 2.56 cents; packing, 1.37 cents; marketing, 1.12 cents.

No exact computations were presented to show the cost per pound of producing foreign nuts, but a detailed report of low labor costs, etc., was made. The inference of course was that foreign walnuts could be produced for about one-third the cost of production in this country.

While production costs are undoubtedly higher in America than in foreign countries, marketing costs are much higher on nuts grown in the latter. Items that do not figure in the cost of selling domestic walnuts constitute a heavy expense to the importer. Some of these are: (1) Risk from exchange fluctuations; (2) many profits taken by the many middlemen that play a part in the marketing process; (3) fluctuating ocean freight rates; (4) marine insurance; (5) import duty. These cost factors are of course in addition to the items of cultivating, harvesting, packing, and selling that enter into the cost of both domestic and imported nuts.

While it is not possible to establish the cost of production of foreign walnuts by exact figures, as was done in the case of the domestic variety, it is seen that the handicaps that impede the process of marketing foreign walnuts would tend to equalize the basis of competition between the American-grown and imported product, even if the selling price of both varieties were the same.

But while the cost per pound of foreign walnuts delivered in our principal cities is not far from the cost of placing domestic nuts in the same centers, the foreign variety can not be sold at or near the price enjoyed by the higher grade, home-grown product.

It is evident that domestic and foreign walnuts of such distinctly different characteristics must be sold at prices commensurate with their respective qualities. In other words, with a greater percentage of waste to the pound, more difficult to crack, and having other disadvantages that domestic walnuts do not have, the foreign variety must sell at prices proportionally lower.

Under these conditions foreign nuts that cost the importer almost as much to land here as domestic nuts cost the grower to produce, must be sold at prices from 30 to 50 per cent lower than those received for domestic nuts.

Last year, as has been noted, the domestic crop that cost 15 cents per pound to raise, harvest, pack, and market, was quickly disposed of at 30 cents per pound f. o. b. California points by the producers themselves. By growers' figures (House hearings, p. 2040) oriental walnuts sold at an average of 14 cents per pound. Sixteen to 19 cents per pound spot Seattle or San Francisco would be more nearly correct, but either figure shows significantly the fact in connection with these comparative market prices that we particularly call to your attention, namely, that while domestic growers received a profit of 100 per cent on their product, importers against whom they demand protection, had to be satisfied with a profit of about 20 per cent. In the light of these facts, importers' alleged competitive advantages are conspicuous by their absence.

In their brief before the Ways and Means Committee, domestic growers made two conflicting charges in connection with relative selling prices that deserve attention here.

"Importers bring in walnuts at much less expense than domestic growers can raise them here," they said. "Then, by padding their prices, importers 'ride' the domestic market and exact huge profits." This argument was used to prove the point that the import business was conducted on such a broad margin of profit that a higher tax would not diminish imports but rather increase revenues enormously.

In the same brief and in direct opposition to this, the charge was made that importers were viciously underselling growers and threatening to push their advantage to a point where they would be able to absorb the market. To substantiate this charge, sales of walnuts were cited at prices as low as 3 cents a pound.

The actual situation, however, is midway between these conflicting positions. As has been said, imported walnuts sold at about 16 cents a pound, representing a very reasonable profit over act[illegible] No evidence has been shown, or can be shown, that they "rode" the domest[illegible] t and sold at prices around 30 cents a pound. Neither did first quality impo[illegible] nuts sell at prices as low as 3 cents per pound.

In support of the "undersel[illegible] rgument, the growers' brief contained many exhibits of sales slips and quotations of imported walnuts at around 5 and 8 cents a pound, the inference being that these covered first quality walnuts. As a matter of fact, as growers were fully aware of, but carefully refrained from mentioning, these quotations and sales reports covered "distressed lots," high in rancidity, probably vermin infested, and certainly not of the first quality.

For example, in Exhibit F, of the growers' brief, a letter from Ariss, Campbell & Gault of this city, who are incidentally local agents for the California Walnut Growers' Association, reports a sale of a thousand bags to "a 5 and 10-cent store" at 5 cents a pound, which were retailed at 10 cents.

The certificate of grade upon which these nuts were sold was issued with the approval of this association after an inspection by the writer, of the lot covered, and, as they were with one possible exception, the poorest lot inspected during 1920, the writer is fully familiar with the details of their condition.

Their original owner becoming involved, they were sold at a sacrifice by the Bank of California to the Rhodes Bros. 10-cent store at the price reported. At the time of inspection, one nut in every five was in an advanced stage of decomposition and the entire lot was on the verge of rancidity. A most disagreeable bitter oiliness was predominant in the flavor, and a most unpleasant odor permeated the shipment.

The use of selling prices of lots of this character to illustrate sales of imported nuts below the market price of domestic nuts is most misleading.

As has been noted, the superior quality of domestic walnuts naturally brings a substantial premium, grade for grade, over the price of imported nuts. We submit that this advantage of American growers, together with the numerous handicaps suffered by importers, constitutes more than sufficient protection against foreign competition and renders an additional duty wholly unnecessary.

Fifth point: "An increase in the rate of duty will injure our trade relations with important purchasers of American products and adversely affect the many industries engaged in foreign trade."

That success in foreign trade is vital to the expansion of America's industries is an accepted fact. The Departments of State and Commerce devote a major portion of their efforts to its promotion while Congress and other divisions of our Government have extended their utmost cooperation. Chambers of commerce, trade associations, and numerous other private agencies are likewise stimulating public interest and giving practical aid to American industries seeking to enter foreign fields.

Yet to succeed in foreign trade there must be a reciprocal exchange of commodities. It has long been understood that foreign buyers are unable to purchase American goods unless credits are established in their favor by the importation of their products; that transportation of American goods overseas can not be economically and efficiently conducted unless there is cargo both ways.

American imports of walnuts to meet the unsupplied demands of our markets, provide this return movement and place American dollar credits at the disposal of European and oriental sellers. These credits can be, and are, used to buy American machinery, textiles, lumber, steel, chemicals, grain, etc. It is evident that to injure our trade relations with these countries by erecting a tariff barrier against their products would be most unwise.

Important as foreign trade is to our manufacturers, our merchant marine and our import and export industry and its many allied interests depend upon it for their very existence. These industries comprise a huge domestic business, in which millions of dollars are invested and on which thousands of our citizens are dependent.

It may seem far-fetched to point out in connection with the tariff consideration of but one commodity the extent and importance of all foreign trade interests. Still the walnut business is a part, and a not unimportant part, of this vast industry, and any step tending toward the diminution of walnut imports will adversely affect to a greater or lesser extent all these interests and many lines of domestic business in addition. Imported walnuts, besides being handled by the importer, must be transported, inspected, and analyzed, stored, manufactured, and marketed through domestic channels, bringing revenue to all domestic interests so engaged. These are important lines of domestic business and we respectfully urge that the same protection be given them as is given to other domestic industries.

Indorsed by the following: Port of Seattle Commission, W. T. Christensen, president; Importers and Exporters Association, H. E. Kimball, president; Customhouse Brokers' Association, J. P. Hausman, president.

FLAXSEED AND FLAXSEED OIL.

[Paragraph 760.]

STATEMENT OF HON. EDWIN F. LADD, UNITED STATES SENATOR FROM NORTH DAKOTA.

Senator McCumber. Senator Ladd, as you have made a special study of every agricultural question as president of an agricultural college in the State of North Dakota, and as you are giving special consideration to the cereal question, the committee has felt that they could rest the matter of the agricultural schedule a great deal upon your views without calling for additional evidence, and so I will ask you to be just as extensive as you desire on any part of this subject.

Senator Ladd. Mr. Chairman, first I would take up and refer to the schedule as prepared by the special agricultural committee, of which Senator Gooding has the data, and say that I thoroughly indorse and agree to the schedules there presented as desirable. But I want particularly this morning to speak with regard to flax and the flax industry.

Referring to paragraph 50, page 9, where the present schedule calls for linseed, flaxseed, and raw oil, boiled or oxidized, 2½ cents per pound and paragraph 760, flaxseed 25 cents per bushel, in the schedule for flax.

In 1910 there was a tariff on flax of 30 cents a bushel and on oil of 32 cents per gallon. At that time we were growing in this country 2,467,000 acres of flax, but in 1912 or 1914 in the revised tariff there was a reduction, so that in 1920 the tariff on flax was 20 cents, but on oil it was 10 cents per gallon. In 1920, therefore, our acreage devoted to flax was 1,785,000; or, in other words, in 1910 we were producing 19,513,000 bushels of flax, and by 1920 we reduced the production to 7,661,000 bushels in this country.

In 1910 we were importing only 5,000,000 bushels, in round numbers; in 1920 we were importing 23,000,000 bushels.

Under the present schedule, which is the emergency schedule, the flax industry and the crushers industry are practically destroyed, as the rate on the oil is only 10 cents per gallon as compared with 20 cents a bushel on the flaxseed. This permits them to bring in the oil at a very much lower figure than our people can produce it in this country. And in the first four months of 1921 we imported 150,000 gallons, but in the next five months, after the emergency tariff went into effect, we imported 2,999,000, and practically all of the leading factories where flaxseed is crushed and oil extracted have been closed down, because they can not import the seed, the oil being imported so much cheaper. For that reason—I am speaking for the farmers of the Northwest, who have asked me to present this matter—I feel that there should be a tariff of not less than 40 cents in place of 25 cents on the flax and 3½ cents per pound on the oil; 40 cents on the flaxseed is not anywhere near as great a tariff at the present time as the 30 cents was in 1910, nor as much protection afforded.

Senator McCUMBER. I think it proper to inject right here that the committees, in formulating the emergency tariff bill, inadvertently, as I believe, omitted to put in the proper differential between the flaxseed and the linseed oil, through fear of other amendments being added, and of greater trouble in passing it through both bodies it was thought best to leave that as it was until we could correct it by the general tariff law.

Senator CURTIS. Will you state again the present tariff on oil?

Senator LADD. On oil it is 10 cents per gallon at the present time, as against 32 in 1910.

Senator SMOOT. You want 40 cents on the seed?

Senator LADD. We want 40 cents on the seed and 3½ cents per pound on the oil.

Senator CALDER. What is it on the seed and the oil?

Senator LADD. It is 20 cents per bushel on the seed and 10 cents per gallon on the oil, and by so doing you have largely increased the imports and reduced the home production of flax over one-half as compared with 1910, and you have practically by this tariff made it necessary for the mills that extract the oils to close down.

Senator SMOOT. On the flaxseed oil, raw and boiled, you want how much?

Senator LADD. We want 3½ cents a pound.

Senator SIMMONS. That is on the oil?

Senator LADD. Yes; 3½ cents a pound on the oil. That corresponds to approximately 26 cents per gallon.

Senator SIMMONS. How many pounds are there in a gallon?

Senator LADD. In round numbers, 7.6 pounds; it varies, of course. That makes 26 cents per gallon, as against 10 cents per gallon at the present time and as compared with 32 cents per gallon in 1910.

Senator SIMMONS. What does that oil sell for in this country, Senator?

Senator LADD. At the present time it is very low, but I think I can give you the figures going back; in 1901 it was $1.05.

Senator SIMMONS. A gallon?

Senator LADD. A gallon; but during the war it ran up, in 1918, to $3.40; in 1919, $4.08; in 1920 it was down to $1.76, and at the present time it is below $1 per gallon.

Senator SIMMONS. It is lower at present than it was before the war?

Senator LADD. Yes, sir; although before the war it did run down as low as 84 cents, but I think it is below 84 cents at the present time.

Senator SIMMONS. You gave 1901?

Senator LADD. In 1901 it was $1.05; then it did go down to 84 cents. But in 1908 it was $1.18 and gradually increased along up to $1.74 in 1916; but in 1917 it reached $2.48; the following year, $2.96, and the following year, $3.40, then $4.08, while it fell back last year to $1.76, and is now below $1 per gallon.

Senator MCLEAN. Your statement contains a condition of the industry at the present time, I presume?

Senator LADD. Yes, sir; and I want to file a more detailed statement, which I will leave with the stenographer.

There are two reasons, it seems to me, that want to be taken into consideration: If we destroy this flax industry by allowing it to go out of the country and the oil to be imported rather than the flax to be grown in this country, we are going to destroy other industries as well. The paint industry will be destroyed and go likewise to foreign countries; the varnish industry will be destroyed largely, and foreign countries, where there is cheaper labor and where this material is produced, will dominate; and then will follow the linoleum industry.

If we encourage the production of flax, we will take out of the wheat-growing section 2,000,000 or 3,000,000 acres of land that will go into flax instead of going into wheat and other cereals of which we have a large surplus.

Senator SIMMONS. Senator, I did not hear the first part of your statement. Probably you have gone over it; if you have you need not answer my question. What did you give the annual production of flaxseed in this country at?

Senator MCCUMBER. It fluctuated, but it has been going down.

Senator LADD. In 1901, which is the earliest data we have, we were producing in round numbers 17,000,000 bushels of flaxseed; but in 1920 it was reduced to 7,661,000 bushels of flaxseed produced in this country.

Senator SIMMONS. What was the cause of that remarkable slump in 1919 and 1920?

Senator LADD. There were two causes: First, in 1910 and before that there was a duty of 30 cents a bushel on the flax and 32 cents a gallon on the oil. Now, that was sufficient to protect our American industry.

Senator SIMMONS. Thirty-two cents or per cent?

Senator LADD. Thirty-two cents per gallon on the oil and 30 cents per bushel on the flaxseed; and we were increasing the amount of flax produced, but when they reduced the tariff to 20 cents per bushel——

Senator SIMMONS. When was that done?

Senator LADD. Along about 1912 or 1914, I do not recall the exact date—I am told it was 1913. Then we began to decrease the amount of flax production in this country.

Senator SIMMONS. When did the reduction begin? You said in 1910 you were producing 17,000,000?

Senator LADD. Yes.

Senator SIMMONS. When did the slump begin?

Senator LADD. Well, in 1912 we had 19,000,000 bushels; in 1913, 28,000,000 bushels; in 1914 we had 17,000,000 bushels; in 1915 we had 13,000,000. Then for the two following years, 14,000,000; then during the war we stimulated and increased somewhat the production. But it fell back again in 1920, and was even less for the present year than it was in 1920. I have not the exact figures for 1921.

And the other reason——

Senator McCUMBER (interposing). We changed the tariff in 1913?

Senator LADD. Yes; it went into effect in 1914.

Senator McCUMBER. And prior to the 1913 law the tariff had been what?

Senator LADD. The tariff had been 30 cents per bushel and 32 cents per gallon.

Senator McCUMBER. And that year before this law went into effect we raised 28,073,000 bushels?

Senator LADD. Yes.

Senator McCUMBER. The very next year, in 1914, we reduced it to 17,853,000; the next year to 13,749,000; the next year to 14,030,000, and 14,296,000; and it has been going steadily down grade ever since?

Senator LADD. Yes, sir.

Senator SIMMONS. In the Payne-Aldrich tariff they did not change the rate?

Senator LADD. I think not.

Senator SIMMONS. Senator, will you please give the importations beginning where we do begin?

Senator LADD. In 1901 we had a shortage of a crop in this country, and we imported 1,631,000 bushels of flax; the following year, 479,000, then 179,000 and 213,000; and so it ran until we got up to the time the tariff started in, and then it begins to increase from 6,000,000——

Senator SIMMONS (interposing). When?

Senator LADD. In 1912–13 it began to increase.

Senator SIMMONS. What were the imports in 1910?

Senator LADD. Five million two thousand bushels. But that same year we exported considerable of oil.

Senator SIMMONS. In 1911 what were the importations?

Senator LADD. Ten million four hundred and forty-nine thousand.

Senator SIMMONS. Jumping in one year from 5,000,000 to 10,000,000?

Senator LADD. This is easily accounted for, as in that year our flax production was a failure and we had to import more flax to offset. We had had for 19 years before 19,000,000 bushels year after year. But that year our production was only 12,000,000 bushels.

Senator SIMMONS. That was 1911?

Senator LADD. 1911.

Senator SIMMONS. In 1912 what was it?

Senator LADD. Nineteen million.

Senator SIMMONS. Imported?

Senator LADD. No; yield I am talking about.

Senator SIMMONS. In 1913 what was it?

Senator LADD. In 1913 we imported 5,000,000 bushels and the following year 8,000,000. Then we began our rapid increase to10,000,000 and increased up to the present time to 23,000,000 bushels importations of the seed, and during the year we have imported largely oil.

Senator SIMMONS. And now the production this year is what?

Senator LADD. I have not got the figures for this year. For last year we produced 7,761,000 bushels of flaxseed in this country.

Senator SMOOT. This year we are importing oil, because of the duty in the emergency tariff bill and the lack of compensating duty to the oil?

Senator LADD. Yes, sir.

Senator WALSH. How much oil is extracted from a bushel of seed?

Senator LADD. I think it is about 2½ gallons per bushel.

Senator SIMMONS. You were giving bushels just now?

Senator LADD. I was giving bushels.

Senator SIMMONS. This statement here, which has just been handed to me, gives the imports for 1918 at 12,785,000. Is that what you have there?

Senator LADD. I have it 13,665,529 for 1918. The other reason for the decline was the fact that at that time there appeared what is known as flax wilt, which destroyed flax after it was about 6 inches high, and a great deal of it died. There was an investigation begun to develop flax that would withstand that disease. Such a flax has been developed, is now generally used, and the flaxseed industry is increasing; and under a tariff protection we would soon be producing in this country, in the Northeastern States and the Northwestern States, sufficient to supply our needs.

In 1910 our needs for linseed oil were approximately 40,000,000 gallons; in 1920 our needs were approximately 75,000,000 gallons of oil, and while our flax production has decreased approximately 39 per cent in acreage, our demands for linseed oil have almost doubled.

Senator SIMMONS. What is that oil chiefly used for?

Senator LADD. For the manufacture of paint and the manufacture of varnishes, and largely in the linoleum industry and various other uses. But those are the great industries. I would urge before the tariff may be decided upon that if it be decided to have the tariff on the oil slightly higher compensatory tariff on the oil than on the flax, in order that the flax we do have to import may come into the country rather than the oil.

Senator SIMMONS. Where do these importations come from?

Senator LADD. Largely at the present time from Argentina.

Senator SIMMONS. The House bill provides for 2½ cents a pound on the oil and 7.6 pounds per gallon?

Senator LADD. Approximately; that is, 18¾ cents, and that corresponds to a duty of 25 cents per bushel on the flaxseed. So that the figures are correct in your new proportion for the ratio?

Senator SIMMONS. The House ratio is correct?

Senator LADD. The House ratio is correct; yes, sir.

Senator SIMMONS. But you think you require that difference; I mean, the House rates maintain that ratio?

Senator LADD. It should be 2½ cents.

Senator SIMMONS. The 25 cents——

Senator LADD. If the 25 cents should be retained.

Senator SIMMONS. And you want 3½ cents and 40?

Senator LADD. Yes, sir. I might say I have had the flaxseed crushers go over these figures and confirm them for me, in order to make sure I had not made any mistake; and their figures are identical with mine in the matter of ratio.

Senator MCCUMBER. Before you leave that subject, Senator, I had just phoned down to the Agricultural Department to know their estimate for 1921 on flax, and their estimate is 8,112,000 bushels production in this country.

Senator LADD. In paragraph 50, I think there should be a tariff upon two additional oils: Chinawood oil and perilla oil are now largely coming into the country, and I would suggest 2½ cents a pound on them.

Senator McCUMBER. I desire to say to you, Senator, that witnesses, I think, representing the varnish industry, have insisted before the committee that this Chinawood oil is not in any sense a competitor of the flaxseed oil.

Senator McLEAN. And can not be produced in this country.

Senator LADD. It is not produced in this country, but I can not agree that it is not in any sense a competitor. It does take the place in varnishes, and perilla oil takes the place in paints.

Senator SMOOT. But neither one of them is produced in this country?

Senator LADD. Neither one is produced in this country. But other oils can be and are produced, and I am not certain—I have not been able to find that soya-bean oil has any duty on it, and soya-bean oil and soya beans, though soya beans are perhaps under the term "beans"?

Senator SIMMONS. Oh, yes; soya beans have a duty.

Senator SMOOT. They have a duty of 2 cents a pound.

(Senator Ladd thereupon submitted the following statement:)

THE TARIFF AND THE FLAX INDUSTRY.

Prior to 1910 the United States was an exporter of flaxseed products and very little flaxseed or linseed oil was imported into the United States. During that period we had an import duty of 25 to 30 cents per bushel on flax and 20 to 32 cents per gallon on linseed oil. For eight years previous to 1910 this country averaged 2,750,000 acres devoted to flax products. Then began the reduction in tariff rates, especially on the linseed oil, and for the seven years—1914 to 1920—our average acreage was 1,684,000 acres. Here we have a decrease in acreage of 1,066,000 acres, or 38.8 per cent, while the normal demand for linseed oil increased from about 40,000,000 gallons to not less than 75,000,000 gallons, or an increase of 75 per cent, while the average acreage decrease, as already indicated, was 38.8 per cent. The tariff during that period was: Flaxseed, 20 cents per bushel; linseed oil, 10 cents per gallon—and the result disastrous to a great industry.

They now propose a tariff of 25 cents per bushel on flx and 2½ cents per pound on linseed oil. To encourage American flax production we should have a rate of not less than 40 cents per bushel on flaxseed and 3½ cents per pound on linseed oil. Shall we attempt to encourage the production of flax for oil in this country or shall we depend upon an uncertain foreign supply from Argentina, Canada, and Russia and so destroy the flax industry of America? I question whether the proposed tariff will encourage the farmer of the Northwest to materially increase the acreage so as to produce the necessary yield of flaxseed, while in my judgment a tariff of 40 cents per bushel will bring the desired result and this without materially affecting the cost of oil to the ultimate consumer.

SHOULD PRODUCE OUR FLAX.

This country can and should produce the flax necessary to supply the needs of the United States and to enable our manufacturers to ship abroad paints and varnishes made from the products produced in this country. This can not be done by any niggardly policy of half-hearted protection, and 50 cents per bushel at this time would afford no greater degree of protection than would the 30 cents per bushel in 1890.

In this country the Northeastern States and especially the Northwestern State- are particularly well located to become large producers of flax as a staple crop in its system of crop rotation. Because of climatic conditions the farmers of the Northwests ern States do not produce the variety of farm products as do many other sections of the country.

This past spring linseed oil was being imported so as to sell at 10 to 20 cents per gallon under the cost of production for the domestic oil, and each year our domestic production has been lessened because of lack of adequate protection.

TARIFF ON FLAXSEED.

Note the degree of protection afforded in 1890 as compared with 1920:

Year.	Tariff on flax, per bushel.	Tariff on oil, per gallon.
	Cents.	*Cents.*
1890	30	32
1920	20	10

It is easy to see where the trouble lies and the reason for the decline in flax production, which can only be revived by a fair treatment to encourage the farmers to again produce flax and so place our country independent of foreign countries and insure the continued operation of the flaxseed-crushing industry of this country; otherwise we destroy this great industry with its millions of invested capital and become an importer of linseed oil from other countries, and thus miss the benefits that would come also from the linseed meal, which is one of the most valuable feeds for the dairy industry.

According to data believed to be substantially correct, on May 14, 1921, the wages paid in the United States as compared with foreign countries in the flax-crushing industry was per hour as follows:

Country.	Pressmen and molders.	Unskilled labor.	Dock labor at entry ports.
	Cents.	*Cents.*	*Cents.*
England	31.289	29.795	41.458
Holland	24.8	22.8	34.4
Germany	9	7	....
United States	50	40	80

Other expenses are proportionally higher in this country, so I think we may safely say that it costs the American manufacturer not less than 25 cents per bushel more than it does abroad on the average which in terms of linseed oil would mean 10 cents per gallon expense to the linseed crushers of this country over that of the foreign countries named.

Another feature that should not be overlooked is the fact that in making up rations and especially for dairy purposes, linseed cake or oil meal is recognized as one of the most valuable of feeds, and if flax is grown in this country the feed becomes available for use in the dairy industry and stock production, and this fact should not be overlooked.

FLAX IMPORTATIONS.

From such data as I have been able to gather I find that for the year 1920 there was imported 24,641,190 bushels of flaxseed and 4,693,360 gallons of linseed oil. The duty on these products was 20 cents per bushel on flaxseed and 10 cents per gallon on linseed oil, meaning a duty of $5,397,574.

In addition to the above, there was imported into this country duty free the following: Soya bean oil, 14,961,833 gallons; china wood oil, 9,061,620 gallons; perilla oil (9 months), 879,413 gallons. Had there been a duty of 20 cents per gallon on this oil it would have amounted to $4,980,573.20 and would have materially protected the flaxseed industry of this country, against which these products are now competitors.

In addition to the above oils, there are as competitors in some respects of linseed oil importation into this country in 1920 as follows:

	Pounds.
Cottonseed oil	9,457,924
Coconut oil	215,238,516
Olive oil (inedible)	496,118
Olive oil (edible)	30,591,060
Palm oil	41,948,224
Palm kernel oil	1,693,740
Peanut oil	95,124,278
Rapeseed oil	12,912,668

WHY FLAX PRODUCTION DECLINED.

The policy of the Government in reducing the duty on flaxseed and to a greater extent on linseed oil has resulted in making it possible for foreign manufacturers to export oil to this country at lower prices than the farmers and linseed-oil manufacturers in the United States could produce it. Foreign competition in oil has, therefore, not only been highly disastrous from the standpoint of the producer of the oil but from the standpoint of the grower of the seed too.

Under the recent tariff policy the production of flaxseed in the United States has been very materially reduced, and if the policy of the past few years is continued the United States farmer will be compelled to sell his seed in foreign markets in competition with that from Argentina, if any is produced, or more probably the farmer will be forced to discontinue the growing of the flaxseed and a great industry now rapidly on the decline will be forced from the country and we shall not only lose the advantage of flax as a crop but likewise the great value of the linseed cake as a feed for the dairy and stock industries.

On the other hand, by a fair and liberal policy toward the flax industry there may be built up a great agricultural industry in the Northwest and the further development of oil production and a marked development of the paint and varnish industry; otherwise these great industries may likewise be forced to other countries where cheap labor enables them to produce their products cheaper than they can be produced in this country and thus they will be able to undersell our own manufacturers.

It ought not to be necessary to argue that it is for the best interests of this country to maintain the linseed-oil industry, which I am informed now amounts to nearly $100,000,000 annually, as this product is essential to the life of so many other industries that affect the entire industrial life of this Nation, to say nothing of the great flax industry of the farmers.

Shall the flax industry of the farmer, the linseed-oil industry of the Nation be preserved or shall we place this country wholly dependent upon foreign manufacturers for its supply of linseed oil, if not for the finished products dependent upon the oil industry?

In my opinion, Congress should place a duty of 40 cents per bushel upon flaxseed and a proper compensatory duty of 3½ cents per pound on linseed oil so as to assure the protection and development of the same. At present the American farmer can not produce enough flaxseed to furnish the demands of the country for linseed oil, but with proper protection this can be done inside of five years. To the extent, therefore, that the American farmer is not able to produce sufficient flaxseed to supply the United States' consuming requirements for flaxseed products, we should so adjust the duty as to encourage the importation of flaxseed from Canada and Argentina rather than of the linseed oil and thus we will encourage home production and manufacture and adequately protect our crushers in keeping this industry alive.

I attach hereto a further statement giving much additional data with regard to flaxseed production in this country, the importation and exportation, both for the seed and the linseed oil, which I believe will be found of value in the consideration of this important question, beginning with the year 1900.

TABLE 1.—*Acreage devoted to flax, imports, and price.*

[Source: Acreage and price, U. S. Bureau Crop Estimates and U. S. Census. Imports, Commerce, and Navigation Reports.]

Year.	Acreage.	Imports.[1] Seed.	Imports.[1] Linseed oil.	Average farm price per bushel of flaxseed Dec. 1.
		Bushels.	*Gallons.*	*Cents.*
1900	(²)	67,379	2,904	....
1901	(²)	1,631,726	14,036	....
1902	3,740,000	477,157	37,779	105.2
1903	3,233,000	129,089	19,289	81.7
1904	2,264,000	213,270	22,960	99.3
1905	2,535,000	296,184	20,915	84.4
1906	2,506,000	52,240	33,439	101.3
1907	2,864,000	90,356	14,185	95.6
1908	2,679,000	57,419	11,417	118.4
1909	2,083,000	593,668	28,102	153.0
1910	2,467,000	5,002,496	467,664	231.7
1911	2,757,000	10,499,227	3,959,476	182.1
1912	2,851,000	6,841,806	809,307	114.7
1913	2,291,000	5,294,296	172,522	119.9
1914	1,645,000	8,653,235	192,282	126.0
1915	1,387,000	10,666,215	535,601	174.0
1916	1,474,000	14,679,233	56,899	248.6
1917	1,984,000	12,393,988	110,809	296.6
1918	1,938,000	13,366,529	50,827	340.1
1919	1,572,000	8,426,886	989,812	438.9
1920	1,785,000	23,391,934	4,550,391	176.6

[1] Year ending June 30. [2] No estimates made of acreage.

Table 1 shows the acreage in the United States devoted to the production of flaxseed; also the amount of seed imported; also the gallons of linseed oil and the average farm price per bushel for flaxseed for December 1 for each year.

Table 2 shows the production in bushels for each year beginning with 1901, the first available complete record; also the amount of flax imported and the amount of exports together with the amount retained for consumption in the United States:

TABLE 2.—*Production, imports, and exports of flaxseed, and amount retained for consumption in United States.*

[Statistical Abstract of the United States, 1920, p. 562.]

Year ending June 30—	Production.[1]	Imports.[2]	Exports. Domestic seed.	Exports. Foreign seed.	Retained for consumption.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*
1901	17,592,000	1,631,726	2,755,683	21,112	16,446,931
1902	25,319,000	477,157	3,874,033	64,748	21,857,376
1903	29,284,880	129,089	4,128,130	20,211	25,265,628
1904	27,300,510	213,270	758,379	....	26,755,401
1905	23,400,534	296,184	1,338	3	23,695,377
1906	28,477,753	52,240	5,988,519	....	22,541,474
1907	25,576,146	90,356	6,636,310	2,044	19,028,148
1908	25,851,000	57,419	4,277,313	11,391	21,619,715
1909	25,805,000	593,668	882,899	....	25,515,769
1910	19,513,000	5,002,496	65,193	....	24,450,303
1911	12,718,000	10,499,227	976	....	23,216,251
1912	19,370,000	6,841,806	4,323	21,919	26,185,564
1913	28,073,000	5,294,296	16,894	168	33,350,234
1914	17,853,000	8,653,235	305,546	....	26,200,689
1915	13,749,000	10,666,215	4,145	63,208	24,347,862
1916	14,030,000	14,679,233	2,614	17	28,706,602
1917	14,296,000	12,393,988	1,017	....	26,688,971
1918	9,164,000	13,366,529	21,481	851	22,508,197
1919	12,369,000	8,426,886	15,574	44	21,780,268
1920	7,661,000	23,391,934	24,044	24,936	31,003,954

[1] Production is of the crop year preceding the fiscal year. [2] Year ending June 30.

Table 3 gives the total imports and exports of linseed oil expressed in gallons for the period beginning with 1889 and closing with 1920.

TABLE 3.—*Imports and exports of linseed oil.*

[Source: Commerce and Navigation Reports.]

Year.	Imports.[1]	Exports.[1]	Year.	Imports.[1]	Exports.[1]
	Gallons.	*Gallons.*		*Gallons.*	*Gallons.*
1889	10,436	72,451	1905	20,915	282,188
1890	11,562	89,288	1906	33,439	312,766
1891	11,629	76,789	1907	14,185	450,206
1892	5,943	112,386	1908	11,417	367,883
1893	7,406	103,936	1909	28,102	273,029
1894	767	92,861	1910	467,664	228,426
1895	827	62,718	1911	3,959,476	175,210
1896	12,103	67,159	1912	809,307	246,965
1897	3,852	112,262	1913	172,522	1,733,925
1898	3,490	90,074	1914	192,282	239,188
1899	3,298	107,000	1915	535,601	1,212,133
1900	2,904	103,494	1916	56,899	714,120
1901	14,036	99,919	1917	110,809	1,201,554
1902	37,779	102,116	1918	50,827	1,187,850
1903	19,289	182,330	1919	989,812	1,096,304
1904	22,950	336,419	1920	4,550,391	1,136,585

[1] Year ending June 30.

It is interesting to know that the price per bushel for flaxseed was as low as 81.7 cents in 1903 and rose to $4.389 in 1919, but in 1920 it was back again to approximately the price for 1915.

Several factors have worked to decrease the flax production in the United States. The most important, however, in my judgment, is the tariff provisions and especially that affecting the linseed oil.

Another important factor was the fact that flax could not generally be grown on the same land for more than one or two crops without a complete failure. For a long time the cause for this was unknown but in recent years it has been discovered that it was due to a disease that is brought into the soil with the growing of flax and known as "flax-wilt" which tends to destroy the crop in its early stages of growth. During recent years there have been developed strains of flaxseed which are immune to the disease and can, therefore, be grown continuously on the same land without being attacked by the so-called "flax-wilt."

The acreage of flax has declined steadily during recent years with a slight increase in acreage during the period of 1916 and 1918, when there was stimulation because of need for war activity and increased prices. There has been an almost continued increase of seed imported beginning with 1907 to 1916. In 1920 the importation was the greatest in the history of the country.

On the other hand there has been an increased demand for consumption of flaxseed in this country and especially for linseed oil which has in recent years increased from approximately 40,000,000 gallons per year to about 75,000,000 gallons.

Our exports have declined in flax products while the imports have largely increased. As a matter of comparison I am presenting in Table 4 a statement to show the average value of production per acre in the United States on December 1 for the years from 1910 to 1920 for both flaxseed and wheat.

TABLE 4.—*Value of production per acre in United States, December 1.*

Year.	Flaxseed.	Wheat.	Year.	Flaxseed.	Wheat.
1910	$12.048	$12.273	1916	$23.914	$19.556
1911	12.747	10.925	1917	13.643	28.312
1912	11.240	12.084	1918	23.807	31.855
1913	9.352	12.144	1919	23.261	27.582
1914	10.584	16.367	1920	10.949	19.913
1915	17.574	15.623			

Inasmuch as North Dakota has been in years past the largest producer of flax in the United States, I present herewith Table 5 showing the acreage for the years beginning with 1902, the first complete available data, the yield per acre, the total production for the State, average price per bushel, and the total value of flaxseed for the year.

TABLE 5.

Year.	Acreage.	Yield per acre.	Production.	Price per acre.	Value.
			Bushels.		
1902	2,160,000	7.2	15,552,000	$1.03	$16,018,560
1903	1,814,400	7.3	13,245,120	.81	10,728,547
1904	1,233,792	10.6	13,078,195	.99	12,947,413
1905	1,357,171	11.6	15,743,184	.84	13,224,275
1906	1,465,745	9.9	14,510,876	1.02	14,801,094
1907	1,700,000	8.0	13,602,000	.96	13,058,000
1908	1,530,000	9.0	13,770,000	1.19	16,386,000
1909	1,068,000	9.6	10,246,000	1.57	16,086,000
1910	1,117,000	3.6	4,021,000	2.35	9,449,000
1911	1,200,000	7.6	9,120,000	1.84	16,781,000
1912	1,246,000	9.7	12,086,000	1.14	13,778,000
1913	1,000,000	7.2	7,200,000	1.21	8,712,000
1914	840,000	8.3	6,972,000	1.28	8,924,000
1915	660,000	9.9	6,534,000	1.78	11,631,000
1916	790,000	10.3	8,137,000	2.52	20,505,000
1917	965,000	3.9	3,764,000	3.00	11,292,000
1918	800,000	7.8	6,240,000	3.45	21,528,000
1919	700,000	4.6	3,220,000	4.41	14,200,000
1920	735,000	5.3	3,896,000	1.78	6,935,000

In this table it will be noted that in 1902 the acreage devoted to flax in North Dakota was 2,160,000, while in 1920 it had fallen to 735,000 acres and was less in some preceding years.

BRIEF OF THE BUREAU OF RAW MATERIALS FOR AMERICAN VEGETABLE OILS AND FATS INDUSTRIES, REPRESENTING THE PAINT AND VARNISH MANUFACTURERS.

We desire to enter our protest against the inequality existing in this bill between the rate of duty imposed on flaxseed and the duty imposed on linseed oil. And we protest against any rates of duties on flaxseed that will result in a duty of more than 12 cents per gallon on linseed oil. A duty on flaxseed resulting in any higher rate than 12 cents per gallon on linseed oil will impose too great a tax on linseed oil, will restrict the consumption of paints and varnishes and impose upon the consumer higher prices for paints and varnishes than could be justified by a reasonable application of the theory of protection.

We desire to submit herein out views concerning the rate of duty imposed on flaxseed in H. R. 7456, paragraph 760, and our views concerning an amendment that should be made in section 316 of this same bill, which section 316 as it now stands directly affects and reduces the rate of duty that would apparently be collected on flaxseed under the rate as provided in paragraph 760, and we further desire to set forth our views as to the proper method of establishing a compensatory rate of duty on linseed oil which is the principal product of flaxseed and which is dutiable at 2½ cents per pound under paragraph 50 of this act.

DUTY ON FLAXSEED, ACT OF 1913.

The rate of duty on flaxseed under the act of 1913 was 20 cents per bushel, this being the actual rate collected as the drawback provision in the act of 1913, paragraph O, section 4, contained the following provision:

"*Provided*, That where a principal product and a by-product result from the manipulation of imported material and only the by-product is exported, the proportion of the drawback distributed to such by-product shall not exceed the duty assessable under this act on a similar by-product of foreign origin if imported into the United States, where no duty is assessable upon the importation of a corresponding by-product, no drawback shall be payable on such by-product produced from the imported material."

DUTY ON FLAXSEED, H. R. 7456.

The rate of duty on flaxseed in this bill, paragraph 760, is stated at 25 cents per bushel, but the actual rate collected will be only 18½ cents per bushel, as section 316, special provisions of this act, contains the following provision:

"*Provided*, That where two or more products result from the manipulation of imported material, the drawback shall be distributed to the several products in accordance with their relative values at the time of separation."

DRAWBACK PROVISION IN H. R. 7456 REDUCES THE RATE OF DUTY ON FLAXSEED.

The principal product of flaxseed in the United States is linseed oil and the by-product is linseed cake.

As will be hereinafter plainly shown the problem of establishing a protective tariff for the American flax grower is solely one of protecting the oil content of American-grown flaxseed against the competing oil content of foreign-grown flaxseed, and hence to establish such protection in a clear and definite manner no system of assessing duties on flaxseed or other oleaginous seeds or materials should be adopted whereby the importer of foreign flaxseed or oil-bearing seeds or materials is allowed and paid any drawback upon the exportation of any of the by-products, as such by-products are oil cake in one form or other on which no duty is assessable, and consequently the rate of duty imposed on such materials is actually reduced below the stated rate by the refunding of a portion of the duty paid when the by-product exported is a commodity which comes in free of duty if any were to be imported.

OIL CAKE.

The United States produces a surplus of oil cake, and oil cake was duty free under the act of 1913, and is duty free in this bill, H. R. 7456.

The United States exports large quantities of its cottonseed oil cake, and considerable of the linseed cake resulting from the crushing of domestic flaxseed is also exported, and therefore it is evident that foreign flaxseed is imported solely for its oil content.

LINSEED OIL.

The problem of affording protection to the American flaxseed grower is therefore one of protecting the linseed-oil content of each bushel of flaxseed against the linseed-oil content of a bushel of foreign-grown flaxseed, which oil content has been separated from the foreign flaxseed by a foreign oil crusher who may export the oil content separately to the United States.

AMBIGUITY AND CONFUSION RESULTING FROM DRAWBACK.

That the element to be protected is the linseed-oil content is plain to be seen. The conversion of the protection to be granted on this element, linseed oil, into a rate of so much per bushel is merely incidental and for the convenience of expressing the rate upon the material (flaxseed) in which the oil is contained.

PROPER PROCEDURE FOR ESTABLISHING RATE OF PROTECTION.

The proper procedure for establishing the rate of protection on flaxseed is to consider the commodity in terms of linseed oil as this problem of protection is confined entirely to the oil content as there is no tariff problem concerning the by-product or linseed cake.

A bushel of flaxseed, of 56 pounds, as provided in paragraph 760 of H. R. 7456, yields in actual crushing practice 19 pounds of oil and 37 pounds of cake, hence the problem is one of protecting this 19 pounds of oil against 19 pounds of oil unseparated in a bushel of imported flaxseed or against 19 pounds of linseed oil that has been separated by a foreign crusher.

As linseed oil in commerce is dealt in in units of gallons of 7½ pounds each, it will be seen that 2½ gallons of oil are contained in a bushel of flaxseed; that is, the quantity a bushel of flaxseed will yield in crushing as established by practice in the crushing industry.

RATE OF PROTECTION FOR AMERICAN FLAXSEED GROWER.

If it is desired to protect the American flax grower to the extent of 8 cents per gallon of oil content the rate to be established on bushels of flaxseed would be 2½ times 8 cents or 20 cents per bushel.

If it is desired to protect the American flax grower with a rate of 10 cents per gallon of oil content, the rate to be established on bushels of flaxseed would be two and one-half times 10 cents, or 25 cents per bushel.

To make the rates effective when so established by this method of calculation, which is the only logical method when it is agreed that the element on which protection is to be calculated is linseed oil and nothing else, the cake having been placed duty free, it is only logical and sound that the rates so established should not be rendered ineffective by the application of any drawback system providing for the payment of a drawback on linseed cake, which is equal to the refunding of a duty levied upon the linseed oil content of imported flaxseed when only the cake is exported and which cake is not the object of any tariff consideration.

We therefore urge that the rate of duty to be imposed on flaxseed be calculated in the above-described manner and in order to make the rate of duty so decided upon fully effective we recommend that if Title III, special provisions of H. R. 7456, is going to be retained in the bill that section 316 thereof be amended by adding to this section as the last paragraph the following:

"*Provided further*, That the provisions of this section shall not apply to the products of oil-bearing seeds and materials enumerated in paragraph 760 of this act, and where a principal product and a by-product result from the manipulation of imported material enumerated in paragraph 760 of this act, and only the by-product is exported, the proportion of the drawback distributed to such by-products shall not exceed the duty assessable under this act on a similar by-product of foreign origin if imported into the United States. Where no duty is assessable upon the importation of a corresponding by-product, no drawback shall be payable on such by-product produced from the imported material; if, however, the principal product is exported, then on the exportation thereof there shall be refunded as drawback the whole of the duty paid on the imported material used in the production of both the principal product and the by-product, less 1 per cent as hereinbefore mentioned."

This provision of amendment will make the rates of duty determined upon under paragraph 760 definite in application and clear of comprehension. This amendment will also provide the American flaxseed crusher with a drawback on any linseed oil he may export, equal to the amount of the duty he paid on the same quantity of linseed oil as contained in the flaxseed which he first imported and from which he separated the oil, less the 1 per cent retained by the Treasury Department.

As the bill now stands the American flaxseed grower would be left with the impression that the rate specified in paragraph 760 was the rate at which he was actually protected, whereas this is not the fact. As the bill now stands any importer bringing in flaxseed for crushing purposes only pays 18½ cents per bushel, as he is credited with a drawback calculated on that part of the flaxseed in connection with which there is no tariff consideration, as that part of the flaxseed, linseed cake, is on the free list and practically all foreign flaxseed is so imported for crushing purposes and the linseed cake is so all exported.

COMPENSATORY PROTECTION FOR AMERICAN LINSEED CRUSHER.

The compensatory rate for the American linseed crusher must necessarily be a rate applied to linseed oil under paragraph 50 of H. R. 7456, exactly the same as the per gallon oil content rate established for the protection of the American flax grower. Under paragraph 50 the rate on linseed oil should be changed and expressed in gallons. The Committee on Ways and Means were advised to impose rates on vegetable oils in units of pounds, and properly so, in the case of coconut oil, soya bean, cottonseed oil, and a few other vegetable oils, but linseed oil is one exception to which the above recommendations should not have been applied as the American consumers of this oil have dealt in it from time immemorial on the basis of gallons just as the consumers of those other oils have been used to dealing in units of pounds. Therefore if the rate of protection decided upon for the American flaxseed grower is 8 cents per gallon on the oil content of flaxseed or 20 cents per bushel, the compensatory rate of protection for the American linseed crusher would be 8 cents per gallon on linseed oil. If 10 cents per gallon or 25 cents per bushel for the American flax grower, the compensatory duty on linseed oil should be 10 cents per gallon.

PROTECTION FOR THE AMERICAN LINSEED CRUSHER TO EQUALIZE COST OF CRUSHING IN THE UNITED STATES AND FOREIGN COUNTRIES.

We submit herewith an analysis of two briefs submitted on the above subject by the American linseed crushers, one of which was submitted to your honorable committee and one of which was submitted to the Committee on Ways and Means:

[1. Brief to Committee on Ways and Means by Spencer Kellogg & Sons, Buffalo, N. Y.]

Cost of crushing at home and abroad.—Stated not serious other things being considered but is solely a matter of ocean transportation. Did not claim labor cost disadvantages.

Transportation costs.—Author of above brief stated would present ocean freight disadvantages later. As he subscribed to other brief we place under this item the same figure appearing in other brief, 3.28 cents.

Suggested protection for crushing industry.—Suggested return to Payne-Aldrich measure under which had favorable differential of difference between 7.4 cents gallon on flaxseed and 15.0 cents on linseed oil or 7.6 cents crushing protection or over twice amount required to cover only disadvantage claimed.

[2. Brief of W. O. Goodrich, Milwaukee, Wis., representing entire industry.]

Cost of crushing at home and abroad.—Total cost of crushing in United States, per bushel, $0.50; foreign cost of crushing, $0.25; excess cost in United States, $0.25, or 10 cents per gallon.

Transportation costs.—Transportation disadvantages, 3.28 cents; total, 13.28 cents.

Suggested protection for crushing industry.—Author in testimony acknowledged represented by first brief in which only disadvantage claimed was 3.28 cents transportation costs but at later date here claims 10 cents labor cost disadvantage which other associated witnesses originally stated did not exist.

To establish the disadvantages under which the American linseed crusher operates as compared with the conditions under which the foreign crusher operates is the problem.

Referring to the above analysis of evidence presented, brief No. 1 was submitted by Spencer Kellogg & Sons, of Buffalo, N. Y., to the Ways and Means Committee and appears in the records of the hearings of this committee on tariff revision in part 6, page 4397. We quote the third paragraph therefrom.

"In 1913 the Underwood-Simmons measure was adopted, the rates of which were made up in conference between the House and the Senate and the lowest suggested rate for linseed oil was adopted, while the highest rate for linseed was adopted. This action, as shown in the table above, left only a difference of 3 cents a bushel as a protection to United States manufacturers against not only foreign labor, which would not be such a serious matter, other things being taken into consideration, but which is serious because the whole matter is one of ocean freight rates, and we are under certain disadvantages in that respect, which we will attempt so show later on."

At the top of page 4398 this witness or petitioner suggests that just and fair rates for linseed and linseed oil are 20 cents per gallon on oil and 25 cents on Flaxseed with a drawback provision to reduce the actual duty on flaxseed to 18½ cents per bushel. That this suggestion was not offered seriously is apparent from the last paragraph of this brief, in which a lower rate is approved of on linseed oil.

So far as this problem is concerned the vital points contained in this brief were the following:

1. It shows plainly the operation of the Payne-Aldrich bill whereby the actual duty paid on flaxseed was 18½ cents, although the rate specified in the Payne-Aldrich bill is 25 cents per bushel.
2. It establishes the witness' belief that no appreciable difference exists in the costs of crushing flaxseed in the United States as compared with the costs in foreign countries.
3. It states the whole difference in costs or the American crushers' disadvantage is due entirely to disadvantages existing with regard to ocean freight rates which are to be shown later on.
4. The Payne-Aldrich Act—which with its duty of 25 cents on flaxseed, less drawback, or 18½ cents per bushel actual, or 7.4 cents per gallon, and its rate of 15 cents on linseed oil, or a differential in favor of the American crusher of 7.6 cents per gallon—afforded "reasonable" protection and would be satisfactory.

Now, coming to the second brief and our analysis of it, we wish to call attention to the verbal testimony of Mr. William O. Goodrich, of Milwaukee, Wis., representing the William O. Goodrich Co., who appeared before your honorable committee August 17, 1921:

"Mr. Goodrich. I am chairman of the Linseed Crushers and Flaxseed Committee, which is a committee representing the entire linseed-oil producing industry in this country."

And further on appears the following:

"The Chairman. You had a hearing before the House committee?

"Mr. Goodrich. Yes, sir.

"The Chairman. Was it printed?

"Mr. Goodrich. Yes, sir."

The only brief filed with the Ways and Means Committee is the brief of Spencer Kellogg & Sons and there is no record of any other testimony on the subject. We therefore presume that the brief of Spencer Kellogg & Sons (Inc.) is the brief or hearing acknowledged by Mr. Goodrich as having been presented in his interests to the Committee on Ways and Means. Therefore it appears to be quite well established that the brief presented by Spencer Kellogg & Sons (Inc.) before the Committee on Ways and Means represented the entire industry, just as the brief presented by Mr. Goodrich to your honorable committee on August 17, 1921, also represented the entire linseed crushing industry.

We wish to establish clearly that both briefs apparently had the approval of the entire industry at the time they were filed.

We call attention to the corresponding analysis of the second brief. The vital points developed in this brief appear to be the following:

1. The disadvantages under which the American industry operates is equal to 25 cents per bushel, or 10 cents per gallon, whereas before the Ways and Means Committee the representative of this industry in that brief states that "The question of foreign labor would not be a serious matter, other things being taken into consideration, but which is serious because the whole matter is one of ocean freight rates, and we are under certain disadvantages in that respect."

In this brief the less serious matter of comparative labor costs is three times the amount of the most serious freight disadvantage previously dwelt upon. From no serious disadvantage on account of labor costs before the Committee on Ways and Means the question of labor costs to be provided for by your honorable committee develops to be 25 cents per bushel, or 10 cents per gallon, which is two times the total factory cost of crushing flaxseed, in our opinion. The cost here stated at 50 cents per bushel is 20 per cent of the value of the products and by our estimate is about four times the factory cost of the operation.

2. The ocean freight disadvantages of which an explanation was promised in the previous brief are found explained here in this brief, the disadvantage in this respect being claimed to be 3.28 cents per gallon.

3. The total disadvantage claimed as compared with foreign linseed crushers is 13.28 cents per gallon. In this brief it is stated that unless this industry is to be destroyed the amount of this disadvantage must "absolutely" be provided.

4. The protection for American crushers under this bill is equal to the difference between 7.4 cents per gallon duty on flaxseed and 18¾ cents per gallon duty on oil, or a difference of 11.35 cents per gallon, or nearly 2 cents less than the industry claims in its written brief that it must "absolutely" be provided with, and yet in the verbal testimony before the brief was left with your committee Mr. Goodrich, representing the entire crushing industry, said, "We are entirely satisfied with the provision made for protecting our industry in the tariff bill now before you."

How can these witnesses be so well satisfied with a rate of protection granting them only 11.35 cents per gallon protection against foreign linseed oil when they say they must have not less than 13.28 cents in their printed brief.

By following the arguments of this industry back, the answer is perfectly clear. While 13.28 cents per gallon is absolutely needed in the brief presented to your committee we find the industry through the oral expressions of its spokesman delighted with only 11.35 cents per gallon, and going back still further to the brief presented to the Committee on Ways and Means we find that protection for the crushing operation of only 7.6 cents per gallon would have been very satisfactory to the industry, and we do not believe the evidence submitted to your honorable committee is worthy of consideration, but believe the actual conditions are truthfully set forth by Spencer Kellogg & Sons, who represented the industry before the Ways and Means Committee. In this brief it is stated.

"1. Labor costs as compared with the labor costs of foreign crushers do not present a serious problem, other things being considered (we presume ~~the other~~ things considered are the many natural advantages possessed by the crushers for supplying our home market with oil).

"2. The whole question of disadvantage is admitted to be one of equalizing transportation costs and the disadvantage is now stated to be 3.28 cents per gallon."

LABOR COSTS.

That the difference in labor costs could not be claimed to be serious as first admitted by the crushers is readily confirmed. Any disadvantages of this kind could only involve factory labor as the foreign oil crusher if attempting to enter the American markets and render a relative kind of service in distributing his products would be would be unable to render the same kind of distribution service except at a much greater cost than the American crusher, if able to do it at all.

The labor in linseed crushing as in the case of crushing other seeds is well known to be a small element. In our cottonseed oil industry the labor cost of crushing cottonseed which yields only 15 per cent of oil is 5 per cent of the value of the products produced. Linseed oil mills are more modern and better equipped than the average cottonseed oil mills and are provided with mechanical devices and conveyers which reduce the labor to a minimum. The United States Tariff Commission, in its survey of the linseed industry, on page 131 states: Establishments in operation, 25; wage earners employed, 1,488; total wages paid, $1,127,000.

The labor employed was less than 60 workers in each establishment on the average.

The production of linseed oil in the United States during the same year, 1914, was: Flaxseed consumed, 23,000,000 bushels; linseed oil produced, 507,422,000 pounds, or 67,650,000 gallons.

The labor cost during that year, so far as the 1,488 wage earners on the pay rolls of the entire linseed-crushing industry were concerned, was therefore $1,127,000 for the production of 67,650,000 gallons of linseed oil, or 1.7 cents per gallon, or 4.25 cents per bushel of flaxseed.

The average value of flaxseed that year (1914) was $1.52½ per bushel, and as $1,127,000 expended for wages was for the production of linseed cake as well as the oil, a proper percentage of labor cost is arrived at by comparing the wages paid per bushel and the average value per bushel of flaxseed; 4.25 divided by 152.50 equals 2.8 per cent.

The census of 1905 shows that the wage cost in the production of linseed oil was 3 per cent of the total value of the products produced.

It appears probable that the wages paid to labor in this industry does not constitute the entire labor expense, as the labor cost of handling the imported flaxseed from incoming steamers at the ports of entry and into the mill might largely be performed by stevedore companies or other agencies and the disbursements therefor might not appear in the item of wages paid to wage earners.

On the other hand, undoubtedly part of the wages paid to wage earners is for work done after the crushing operation and is properly chargeable to shipping and distribution, which costs would have to be borne by any foreign linseed-oil mill attempting to sell linseed oil in the United States and would have to be borne by them as a foreign cost of distribution.

However, if a liberal allowance were made to the American crusher for labor costs not reported in his pay roll, and if for this purpose an amount equal to one-third of the amount shown as wages were added to the costs carried as wages, then the total cost of crushing would only be 4 per cent of the cost of the flaxseed.

It is, of course, to be understood that other costs, such as administrative and selling, are a part of the cost of the products when delivered to the consumer, but these costs have no place in the consideration of tariff making, as a foreign linseed crusher would have to pay even greater additional selling and distribution costs than the domestic crusher in order to secure the same results in the matter of making sales and effecting the distribution of foreign linseed oil. The foreign crusher, if attempting sales distribution in the United States, would be likewise obliged to pay for the elements of this on the basis of American standards.

On this date, August 26, the market price of linseed oil at New York in bulk in tank cars was 70 cents per gallon; the price of linseed cake f. a. s. New York was $42 per ton of 2,000 pounds. At these values the 19 pounds of oil in a bushel of flaxseed and the 37 pounds of linseed cake were selling as follows: Linseed oil, 19 pounds, or 2½ gallons, at 70 cents, $1.75; linseed cake, 37 pounds, at 2.01 cents per pound, $0.743; total, $2.493.

Total value of these products from a bushel of flaxseed was in round figures $2.50. If the cost of crushing was 50 cents per bushel as suggested by Mr. Goodrich who appeared before your committee the percentage would have been 20 per cent, which amount would be absurd.

The statistics concerning this industry fully bear out the statement of Spencer Kellogg & Sons in their brief to the effect that the difference in labor costs at home and abroad are not serious, and in fact we do not believe the American industry is at any disadvantage whatever.

TRANSPORTATION COSTS.

The disadvantage claimed of 3.28 cents per gallon on account of certain transportation costs is in our opinion too high for the reason that in arriving at this figure the representatives of this industry calculated the difference in the cost of transporting their linseed cake made from foreign flaxseed to Europe where it is all sold and the cost of transporting linseed oil produced in European oil mills to the United States if exported to this country and arrived at a difference of 3.28 cents per gallon in favor of the linseed oil shipped from the foreign mills. However, the costs of recoopering the barrels in which foreign oil would have to be shipped, leakage of oil on the voyage, excess of marine insurance on oil above cake, and a number of other expenses not enumerated which would occur in connection with the landing of foreign linseed oil in barrels would cut this differential or disadvantage down by 1 cent per gallon in our opinion and in all probability the disadvantage would not exceed 2 cents per gallon if accurately figured in detail. However, these slight errors can be ignored and, in accordance with the brief of Spencer Kellogg & Sons (Inc.), if this disadvantage of 3.28 cents per gallon is accepted as representing the disadvantages of the American crusher through transportation costs, it is the only disadvantage that exists, and on the other hand the American crushers enjoy many advantages as explained in our brief relating to paragraph 50 of this bill.

COMPETITION FROM FOREIGN LINSEED OIL HAS BEEN NEGLIGIBLE.

We present herewith a table showing the production, imports, and exports of linseed oil for the calendar years 1914 to 1920 and the first half of 1921.

LINSEED OIL.

Year.	Production.	Consumption.	Imports.	Exports.	Price per gallon.
	Gallons.	*Gallons.*	*Gallons.*	*Gallons.*	
914	507,422,000	498,210,000	4,350,000	1,995,000	$0.50
915	418,260,000	409,130,000	663,000	10,045,000	.56
916	531,587,000	510,295,000	711,000	6,180,000	.75
1917	482,199,000	464,468,000	633,000	11,485,000	1.11
1918	375,452,000	361,805,000	196,000	5,806,000	1.59
1919	452,928,000	441,269,000	16,143,000	11,320,000	1.74
1920	485,272,000	488,992,000	35,200,000	5,368,000	1.23
1921 (6 months)	104,111,000	99,966,000	4,987,000	1,999,000	.61
1920 (6 months)	117,226,000	135,033,000	25,213,000	3,156,000	1.68

FLAXSEED (LINSEED).

Year.	Production.	Consumption.	Imports.	Exports.	Price per bushel.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	
1914	13,749,000	23,000,000	9,247,000	23,000	$1.52[illegible]
1915	14,030,000	28,000,000	14,697,000	68,000	1.79[illegible]
1916	14,296,000	27,000,000	13,098,000	2,000	2.22[illegible]
1917	9,164,000	18,000,000	9,394,000	5,000	3.09[illegible]
1918	13,369,000	25,000,000	12,974,000	26,000	3.93[illegible]
1919	7,661,000	22,000,000	14,036,000	17,000	4.53[illegible]
1920	10,990,000	24,000,000	24,641,000	41,000	....
1921 (6 months)	....	....	4,945,000	241	....
1920 (6 months)	....	....	13,802,000	39,000	....

By taking our imports of linseed oil during any or all of these years and deducting our exports, it will be found that our net imports are very small and less than 5 per cent of our consumption.

During recent years American linseed crushers have absorbed considerable of the linseed oil which has been imported, therefore these imports from abroad, amounting in total to less than 5 per cent of our consumption, do not represent competition in the strict sense of the word. As mentioned in our brief on linseed oil, paragraph 50, American consumers of linseed oil, such as our paint and varnish manufacturers, will not abandon the domestic crushed oil and go afield for their supplies unless the foreign supplies can be obtained at fully 10 per cent less than the price at which the domestic crusher is selling for, and even then the foreign oil so imported rarely is shipped away from the Atlantic seaboard. Probably 50 per cent of the foreign linseed oil imported has been purchased by our domestic crushers and has been taken into their storage tanks and plants at the Atlantic seaboard and reshipped to American paint and varnish manufacturers at probably the same prices as were being quoted by these crushers for domestic oil, and thereby a large part of these shipments have been a source of profit to the American linseed crusher instead of being "competitive," all of which conclusively demonstrates the American crushers' many advantages through his distributing facilities, which, we believe, entirely apart from tariff protection, acts as a protection equal to 10 per cent ad valorem. The linseed crushers' natural advantages in the distribution of linseed oil is such that he could sell a given lot of foreign linseed oil at 10 per cent above its import duty-paid cost where the same lot of oil if offered for sale on import terms at the import duty-paid price would not be accepted by the same consuming purchaser as being a satisfactory purchase.

OUR RECOMMENDATIONS.

We therefore recommend that as a margin of protection for the American linseed crusher over and above the actual per gallon of oil content rate of duty imposed on flaxseed that no further additional rate of protection be imposed on linseed oil in excess of 4 cents per gallon.

If the amendment to section 316 (drawback) is adopted, as suggested hereinbefore, we would recommend the tariff on flaxseed and linseed oil be adjusted as follows:

Flaxseed, 20 cents per bushel; linseed oil requires 8 cents per gallon compensatory and 4 cents per gallon crushers' protection, total 12 cents per gallon.

On this basis the actual protection given the American flaxseed grower would be increased from the net rate of 18½ cents per bushel which would result from H. R. 7456 in its present form to 20 cents and the rate of 2½ cents per pound on linseed oil in paragraph 50, or 18¾ cents per gallon, would be reduced to 12 cents per gallon.

We would therefore sum up our recommendations as follows:

That section 316 be so amended that the rates of duty imposed on flaxseed and other oil-bearing seeds and materials contained in paragraph 760 would be made positive and definite in application and that the provision now in the bill for the paying of drawbacks on oil cake resulting from the crushing of dutiable oil-bearing seeds and materials be eliminated.

That the rate of duty on flaxseed in paragraph 50 be reduced from 25 to 20 cents per bushel.

That the rate of duty on linseed oil in paragraph 50 be reduced from 2½ cents per pound to 12 cents per gallon.

The 32 paint and varnish manufacturers of the United States, members of this bureau, protest against the rates now written in H. R. 7456 on flaxseed and linseed oil as being illogically constructed and indefinite of application and as imposing a rate of duty on linseed oil 6¾ cents per gallon higher than is necessary to provide fair and reasonable protection for the American linseed crusher.

GRASS SEEDS.

[Paragraph 761.]

STATEMENT OF WILLIAM G. SCARLETT, BALTIMORE, MD., REPRESENTING WHOLESALE GRASS SEED DEALERS' ASSOCIATION.

Mr. SCARLETT. I am president of the Wholesale Grass Seed Dealers' Association, and a member of the firm of William G. Scarlett & Co., of Baltimore.

Senator DILLINGHAM. What paragraph do you speak on?

Mr. SCARLETT. Seven hundred and sixty-one, sir. Gentlemen, I have a brief here which I will file with you. I can either read the brief or speak from it, just as you prefer.

Senator SMOOT. File your brief, and if there are any points you want to bring out bring them out just as succinctly as possible, for your own good.

Mr. SCARLETT. As advised, I am speaking as president of the Wholesale Grass Seed Dealers' Association on paragraph 761. This tariff bill provides for certain duties on various seeds. They speak of them as "grass seeds." I would like to call your attention to the fact that many people in referring to grass seeds think of lawn grass. We are not interested in that; we are interested in the great forage seeds, such as clover, alfalfa, alsike, crimson clover, timothy, and vetch, all of which have been placed on the dutiable list. These seeds are indispensable to our farmers, and while the volume is not great the production or the result is enormous.

These seeds are used for feeding cattle and for enriching the soil, and not for ornamentation.

Senator SMOOT. You mean alfalfa is used for feeding cattle?

Mr. SCARLETT. Alfalfa hay, not the seed.

Senator SMOOT. We are talking about seeds now.

Mr. SCARLETT. Yes, sir; I was referring to the production of the seeds. I may mention that the seeds themselves——

Senator SMOOT (interposing). Do you want these seeds on the free list?

Mr. SCARLETT. Yes, sir.

Senator SMOOT. The farmer raises alfalfa seeds and raises most of these other seeds, and he does not want it there.

Mr. SCARLETT. I think he does, sir. The farmer in America does not raise sufficient alfalfa to supply the demand of America, and seeds are an incidental crop. If the hay product is selling in the market at a higher price, which it frequently does, it does not pay the farmer to allow his stand to go to seed.

Senator SMOOT. You may know more than I do about alfalfa seed, but I have grown a great deal more of alfalfa than you have, and I know something about it myself. Will you tell us why we should have free seed?

Mr. SCARLETT. We should have free seed, sir, because this country does not raise a sufficient quantity of forage seeds to supply the demands of this country.

Senator SMOOT. That happens with a great many things in this bill, does it not?

Mr. SCARLETT. I only know about paragraph 761, sir; I do not know about the other parts of the bill. And it is a fact that when seeds advance in price the demand decreases and does not increase, and it is also a fact that high seeds mean that poor quality is used instead of high quality.

The total annual production of grass seeds is 400,000,000 pounds, valued at between 40 and 50 million dollars, but the annual hay crop alone (1911 to 1920 average) had a farm value of over a billion and a half dollars, and that does not take into consideration the crops turned under for green manuring and soil improving.

During the war the Government felt——

Senator MCCUMBER (interposing). Is that correct that alfalfa hay amounts to more than a billion dollars?

Mr. SCARLETT. Not alfalfa hay, but all hay. I am very glad you asked that question, because so many do not associate these indispensable forage seeds as grass seeds.

During the war our Agricultural Department was rather alarmed on account of the supply apparently not being great enough for the demand, and they sent representatives abroad to assure us that there would be a sufficient supply for the demand here.

Grass seeds have always been on the free list. They have never been on the dutiable list—I guess I should not say "grass seeds"; I should say forage seeds. I do not like "grass seeds" because it is misleading—ever since there has been such a thing as a tariff.

I have references here in the brief; if you would like I can read them or file them with you, whichever you prefer.

Senator DILLINGHAM. We have all that material.

Senator McCUMBER. Make it a part of your remarks by filing your brief.

Mr. SCARLETT. All right. I do not want to take up your time with that, sir.

Taking the imports from 1910 to 1920 and using the duties that are proposed to be levied according to this Fordney bill, the total revenue to the Government would be less than three-quarters of a million dollars, which is very small compared with the enormous value of these seeds, and with the duty the importations in all probability would be decreased so they would not even get that amount.

If these duties are placed on seeds the cost per sowing-acre will be considerable. I have them here with other paragraphs, but I will just give a few of them:

Cost per sowing-acre for alsike the duty would be 45 cents per acre.

On the cost per sowing acre of crimson clover the duty would be 15 cents.

On the cost per sowing acre for hairy vetch the duty would be $1.20.

On the cost per sowing acre for spring vetch the duty would be 60 cents per acre.

On the cost per sowing acre for rye grass, the duty would be $1 an acre.

On the cost per sowing acre for orchard grass the duty would be 70 cents per acre.

The American farmer must pay an average of 17.9 per cent more for these grass seeds, or at the rate of 59.1 cents more per sowing acre under this new tariff.

Senator McLEAN. That is, these rates would average an ad valorem duty of 17½ per cent?

Mr. SCARLETT. These are specific duties, and take so much per pound that would be the average increase; yes, sir.

Senator McLEAN. The ad valorem equivalent would be 17½ per cent?

Mr. SCARLETT. Seventeen and nine-tenths cents; that would be the average. The increase on above grasses 17.9 per cent, and the average increase for sowing acre is 59 cents.

I called attention to the fact that forage seeds in this country are incidental crops. The farmer frequently finds it to his advantage to cut his hay and market his hay or to turn it under for green manuring.

Senator McLEAN. What percentage of the consumption is imported?

Mr. SCARLETT. The American farmer demands 38 per cent more clover seed than is produced in the United States.

Senator SMOOT. That is clover seed?

Mr. SCARLETT. That is clover of all kinds. By the way, clover takes up the largest quantity of our importations by far.

Senator McLEAN. Is there any difference in the ~~quality~~?

Mr. SCARLETT. Quite a difference, sir, which is very nicely protected by Federal seed law, which we have had in operation for nine years. That seed law provides that seeds must be of a certain percentage of purity and a certain percentage of germination before they are admitted to this country. And at the present time there are over 100 tons of Chilean red clover lying on the docks at New York which can not come into this country because it is infested with dodder. We have splendid protection in that respect.

Senator McLEAN. It is very important, is it not?

Mr. SCARLETT. It is, sir.

Senator McLEAN. The American quality is as good, if not better, than the imported article?

Mr. SCARLETT. The American quality varies very much; as it comes from the farm it is frequently in very bad shape. There are some sections where the quality is very poor in America. We have some sections in the West—and maybe these gentlemen will recall—where alfalfa contains considerable dodder, so much so that that seed can not be used in other sections of the United States because the State laws will not permit it.

Senator WATSON. In other words, there is no demand for this tariff in order to obtain a pure quality of seed in the United States.

Mr. SCARLETT. Absolutely none, sir.

Senator SMOOT. I did not understand the question.

Senator WATSON. I say, there is no demand for the tariff in order to protect the quality of the seed in the United States.

Senator SMOOT. The tariff will not protect the quality at all. We raise just as good seed in the United States as anywhere in the world.

Senator WATSON. Precisely, but there is a law now that controls that proposition that a tariff is not necessary to improve it.

Senator SMOOT. Not at all.

Senator WATSON. What proportion of your alfalfa that is used in the United States do we produce in the United States?

Mr. SCARLETT. There are no statistics to show what the proportion is. But it varies; for instance, you take Kansas—this year the crop was very poor, so much so that it looked like there was not going to be any alfalfa in Kansas at all. Naturally when there is a shortage of production in this country the imports increase.

Senator McLEAN. What is the difference in price?

Mr. SCARLETT. The difference in price? You mean between the imported and the American seed?

Senator McLEAN. And the domestic product.

Mr. SCARLETT. That is a rather difficult question to answer; that is, there is no regular difference in price. There are times when the imported seed may be higher than the American seed. It depends on the production on the other side.

Senator SMOOT. There are certain lands in the West that grow alfalfa seed, and the very best seed that there is in the world, that would not grow a crop of hay to speak of at all.

Senator McLEAN. It is an article that has been very high.

Senator SMOOT. It is not high at all.

Senator McLEAN. It is very high in the East.

Senator SMOOT. You are not using so much of it?

Senator McLEAN. It is very expensive.

Senator SMOOT. What do you call "expensive?"

Senator McLEAN. I do not recall just the price that has been paid, but I know it is the most expensive seed we buy.

Senator SMOOT. Alfalfa seed never sells, with the exception of a few years during the war, for more wholesale than 10 cents a pound at home.

Senator McLEAN. I pay four times that

Senator SMOOT. We can not tell anything about what the retailers will do to the American people.

Senator McLEAN. I was asking the question, because I like to show up in these hearings as we go along the unconscionable spread between the wholesale and retail prices.

Senator SMOOT. The alfalfa grower would be pleased if he could be guaranteed 10 cents a pound for his seed year in and year out.

Senator McLEAN. Timothy has been very high and all seeds have been very high.

Mr. SCARLETT. May I ask where you are from?

Senator SMOOT. I am from the State of Utah.

Mr. SCARLETT. You have a great deal of trouble in Utah with dodder in your alfalfa, and we would like very much to see it eradicated from your alfalfa, as well as from your red clover. We would like to work with you to get that dodder out. You grow nice alfalfa, but the seed is not fit to use.

Senator SMOOT. We have no trouble having other people use it.

Mr. SCARLETT. Your demand is restricted on account of the noxious weed in it.

Senator SMOOT. There is a weed in it.

Mr. SCARLETT. We would like to help you get it out; we are with you on that.

Senator SMOOT. The seed being on the free list will not help get it out.

Mr. SCARLETT. No; but it gives us that much more supply. If we were to depend on Utah for a supply, we could not use it, because the State laws will not permit us to use seed with dodder in it, and if there is a failure here we have no place to turn for seeds. We can not turn to Utah, because it is unfit for use.

Senator SMOOT. There is a little section of that, but the great bulk of the Utah seed is as good as any seed in the world.

Mr. SCARLETT. I am glad to hear of it; we are very glad to know it.

Senator SMOOT. In fact, I think that is where it was started in this country. The first alfalfa sown was sown in Utah.

Senator McCUMBER. Is there any method of eliminating the noxious seed from the alfalfa seed?

Mr. SCARLETT. It can not be done, unfortunately, sir.

Senator McLEAN. How about the thistle in the clover seed? We have to be very careful.

Mr. SCARLETT. You understand, seed of that character will not be allowed to come into this country. Our import act protects us in that regard. If there is Canadian thistle in our clover seed, they can not bring it to this country. If there is dodder in our alfalfa seed, the Agricultural Department will not allow it to come in, and we can not touch that seed until the Agricultural Department have passed on it.

Senator McLEAN. Is there any Federal regulation that protects the farmer against these noxious seeds in domestic-grown products?

Mr. SCARLETT. There is no Federal regulation, unfortunately, but there are State regulations.

Senator SMOOT. All of the State laws protect it.

Mr. SCARLETT. Nearly all the States have laws now.

Senator McLEAN. We get Canada-thistle seed in clover seed almost always.

Mr. SCARLETT. Watch your tags. If there is thistle, it should be on your tags, and it should not be used. Nearly all States provide that tags on your shipment should have a statement of the percentage of purity and germination; and I would suggest that you watch your tags.

In that connection, I understand that the chairman of the subcommittee of the Ways and Means Committee of the House was not aware of this import act, and on account of his not being familiar with that act he favored a duty on seeds. I think he will tell you that, sir; he has told our members that.

Senator SMOOT. Senator Sterling writes to me this morning and incloses a number of letters from farmers in his own State (South Dakota) asking that the alfalfa duty be increased 2 cents, from 2 cents to 10 cents per pound.

Mr. SCARLETT. That is quite possible. The farmers who produce seed in this country comprise about 5 per cent. Is it fair to tax the other 95 per cent (on over 6,000,000 of farms) to protect that 5 per cent?

Senator SMOOT. There are not 6,000,000 farms in the United States that grow alfalfa.

Mr. SCARLETT. No; but there are probably 6,000,000 farms that will use alfalfa to a greater or less extent, though not growing it for seed.

Senator SMOOT. Not even growing it for hay?

Mr. SCARLETT. There is not even half or a quarter. I do not know the statistics, but there are over 6,000,000 farms, and the majority of the farms will have a little patch of alfalfa, and we are all interested in seeing that they grow alfalfa. The more they grow, the better.

Senator SMOOT. For the seed trade?

Mr. SCARLETT. No, sir; the seed part is not interested. I am very glad you mentioned that. I am not here speaking especially for the seed men. It does not make any difference to us at all; absolutely none. The farmer will pay this duty. If the duty is put on seed naturally, if we have got to charge it on our price, and the farmer's interest is our interest.

Senator SMOOT. And the farmer who raises it is not your interest?

Mr. SCARLETT. Yes, sir; the farmer who raises it is our interest, and we would be very glad to go out to your State to help him raise pure seed.

Senator SMOOT. They know how to raise seed out there just about as well as the seed men here in the East.

Mr. SCARLETT. The seed man does not know much about it. But please get that in your mind, we are not here because it especially affects our business. It is only as far as it affects the farmer. What affects the farmer affects us, and we expect you will probably hear from the farmers later on in this connection.

If the farmers come along and say all of them want the duty we will go along with them; we are perfectly willing to go along with the farmers. The duty does not amount to 10 cents as far as we are concerned.

I understand that neither the Treasury Department nor the Agricultural Department have favored a duty. The Treasury Department does not think it is necessary and the Agricultural Department does not think it is necessary.

Senator SMOOT. I do not think the Treasury Department has expressed any opinion on it whatever.

Mr. SCARLETT. No, because they have not been asked.

Senator SMOOT. Then, how do you know?

Mr. SCARLETT. They have not been asked officially.

Senator SMOOT. It would not make any difference to the committee if they had; the committee would decide the question.

Mr. SCARLETT. It probably would not make any difference to the committee. But the Treasury Department, I believe, have statistics and they are interested in revenue.

Senator SMOOT. They would not get any revenue by putting it on the free list.

Mr. SCARLETT. They would not get much duty by putting it on the duty list, either.

Senator SMOOT. They would not get any less on the dutiable list.

Mr. SCARLETT. But they would injure the seeding availability in the United States; the injury would be greater than the revenue derived from this.

Senator WATSON. Take red clover, for instance. Do we produce enough red clover in the United States to supply the domestic demand?

Mr. SCARLETT. No, sir.

Senator WATSON. Every year there is an import?

Mr. SCARLETT. ~~Every year there is~~ an import, sir. In the last 10 years, from 1910 to 1920, the average import of red clover was 10,494,254 pounds.

Senator WATSON. Is the same true of white clover, alsike, and other clovers?

Mr. SCARLETT. Yes, sir, in proportion.

Senator MCLEAN. Is there a profit in raising it, or is the margin very close?

Mr. SCARLETT. I have heard it from some farmers, sir, that they would rather buy their seeds and pay a big price than to let it go to seed, because they had a greater value in the hay or the green manuring by turning it under to enrich the soil than to let it go to seed and cut if off at a critical time of the year and allow the soil to be exposed to the heat of the sun.

Senator MCLEAN. Still, it is raised in large quantities for seed purposes, and I did not know but what you would be able to answer the question as to whether the margin of profit was very small or not. There might be a large profit in raising it for hay. There would be if the transportation charges could be reduced. There is a great market for alfalfa in the East, as it is considered the highest quality of forage in the East, and we would like to get it from the West, but the freight rates are so high that it is almost impossible for us to buy in competition with other grasses, and I was wondering whether there was very much profit in the seed in the vetch. I think it is an industry that should be stimulated in this country if possible, because it is an expensive part of the farmer's outlay if he seeds much. The seeds are very high.

Mr. SCARLETT. The Agricultural Department have tried to stimulate the production during the war, but many of them found it more profitable to turn it under and use if for other crops rather than to let it go for seed, and that is why we would like to get the seed here cheaper if possible if it is of good quality.

Senator SMOOT. Senator, many western farms use it ever so often to turn under for fertilizer. It is a splendid fertilizer. The roots go down very deep, and not only that, they turn it under as fertilizer and then rotate the crops, and then put alfalfa back again. It is not because of the importation of seed, nor any demand at all.

Mr. SCARLETT. You take an item such as hairy vetch, which is becoming of considerable importance in the United States. It is grown very little here, and it is sown on farm lands in the South, lands which are almost valueless. It is the most wonderful thing the south has had in years. It is rejuvenating that whole section. I understand that land down there is very cheap; in fact, I have been told that it could be bought at $5 or $10 an acre. That looks awfully cheap to me. However, I have been told that is a fact. It would cost them $1.20 an acre to put hairy vetch on that land, and they will not do it, sir. Vetch will not be produced in those sections. That will just be a loss to this country; and it is used as an introductory crop to get that ground in condition to start other crops.

Senator SMOOT. How many years would the $1.20 last?

Mr. SCARLETT. With the one seeding?

Senator SMOOT. Yes.

Mr. SCARLETT. I do not know, sir.

Senator SMOOT. That is the same as alfalfa. It costs 40 cents an acre for alfalfa, and it can run for 10 years at a cost of 4 cents an acre.

Mr. SCARLETT. That is if they are continuing to let it grow up in alfalfa, but if they want to rotate it would be for only one year.

Senator SMOOT. That is done for fertilizing and nothing else?

Senator MCCUMBER. In many of the arid sections, where they do not have considerable money and do not irrigate, it will not last three years.

Senator SMOOT. You can not grow it unless you do irrigate.

Senator MCCUMBER. Oh, yes; you can.

Senator SMOOT. Mighty little of it.

Senator MCCUMBER. It is grown all over this country where they do not irrigate. It is grown in my State, and they do not irrigate it.

Senator SMOOT. They do not raise very much seed unless they irrigate.

Mr. SCARLETT. Mr. Smith has just called my attention to the fact that this $1.20 additional is the tax and not the base cost of the seed.

Senator SMOOT. We all understood that.

Mr. SCARLETT. And the price that we paid, according to this table, was as of July 9, and I might say that in anticipation of this duty prices of nearly all imported seed have advanced approximately 25 per cent, and there is a howl from the farmers at the present time why they should be paying so much more when everything is being deflated.

You spoke of growing clover, alfalfa, etc. You know in such States as Pennsylvania they grow large quantities of red clover. Still they are the greatest buyers of red-clover seed. There is more red clover bought in Pennsylvania than any other State, I think. Nevertheless, they raise red clover there; and that is because it pays them better to turn it under, I presume, and buy red-clover seed from outside sections.

Senator McLEAN. How far north is the hairy vetch profitable?

Mr. SCARLETT. It grows in Michigan. Whether it is grown to any appreciable extent in Canada I do not know. But I do know that it grows in Michigan.

Senator McCUMBER. Where do you get the seed from the outside?

Mr. SCARLETT. The best hairy vetch comes from Sweden. Hairy vetch also comes from Germany, Czechoslovakia, and Central Europe.

It is a fact, of course, that the tariff will inflate prices, and these duties will be paid by the farmers, and we hope you gentlemen will have in mind that there are many, many more farmers who buy seeds than there are who grow them, and it is for that class that we are speaking.

Senator SMOOT. Many more who buy wheat than grow it?

Senator McCUMBER. What?

A VOICE. It is on the free list.

A VOICE. Some one says it is on the free list.

Senator SMOOT. That is all he knows about it.

Mr. SCARLETT. There are sections in this country where they raise certain seeds. Red top is raised in Illinois, but it is not imported. Timothy seed is raised in Iowa, but it is not imported. It being on the free list does not affect them at all; it does not affect those seeds that are raised in sufficient quantity in America to supply our consumption.

Senator DILLINGHAM. Can you state just what is raised in this country and not imported among the seeds? You have mentioned two or three.

Mr. SCARLETT. Timothy seed and red top.

Senator SMOOT. Red top is imported, is it not?

Mr. SCARLETT. Not to any great extent, I think. There may be a little; if there is a change in the market, it may come back; that is, American seed.

Senator McLEAN. Timothy seed is included in 761. But you say it is not imported?

Mr. SCARLETT. No, sir. We raise enough timothy in this country to supply the home demand and export some.

Senator McCUMBER. What other varieties do we raise enough of?

Mr. SCARLETT. None except red top, and if they are on the free list it does not affect them.

Senator McLEAN. What do you say about the rates, if we are to retain any rates? Are they fairly comparable to the prices here as contained in 761?

Mr. SCARLETT. That is a question the farmer would have to answer. I could not answer that.

Senator McLEAN. In maintaining an ad valorem equivalent some would be much higher than others?

Mr. SCARLETT. Yes.

Senator DILLINGHAM. What do you sell alfalfa seed for?

Mr. SCARLETT. Alfalfa seed at the present time is worth 20 cents a pound.

Senator DILLINGHAM. And the duty is 2 cents a pound?

Mr. SCARLETT. That is an advance of 4 cents a pound in the last four weeks—the price I mentioned.

Senator DILLINGHAM. What are you selling crimson clover for?

Mr. SCARLETT. We are selling crimson clover at 9½ cents a pound.

Senator DILLINGHAM. And the duty is 1 cent?

Mr. SCARLETT. Yes, sir.

Senator DILLINGHAM. What about red and white clover?

Mr. SCARLETT. Red clover is selling at about 19 cents a pound.

Senator DILLINGHAM. And the rate is 2 cents?

Mr. SCARLETT. It is 3 cents, sir.

Senator DILLINGHAM. And white clover?

Mr. SCARLETT. White clover is selling at 30 cents a pound.

Senator DILLINGHAM. And the rate is 3 cents?

Mr. SCARLETT. Yes, sir.

Senator DILLINGHAM. What do you sell timothy for?

Mr. SCARLETT. Timothy is selling for about 6 cents a pound.

Senator DILLINGHAM. And the duty is 2 cents, according to this bill?

Mr. SCARLETT. Yes, sir.

Senator McLEAN. How many pounds are there in a bushel of timothy?

Mr. SCARLETT. Forty-five; that is about $2.70 a bushel.

Senator McLEAN. That is a pretty large ad valorem?

Mr. SCARLETT. Gentlemen, that about covers it, as far as the general run is concerned.

Senator McLEAN. Do you want to file your brief?

Mr. SCARLETT. Yes, sir. If there is anything I can answer I would be very glad to do it.

BRIEF OF WILLIAM G. SCARLETT, BALTIMORE, MD., REPRESENTING THE WHOLESALE GRASS SEED DEALERS' ASSOCIATION.

Paragraph 761 of the Fordney tariff bill provides duties on grass seeds per pound as follows: Alfalfa, 2 cents; alsike clover, red and white clovers, 3 cents; crimson clover, 1 cent; clovers not specially provided for, 2 cents; millet, one-half of 1 cent; timothy, 2 cents; hairy vetch, 2 cents; spring vetch, 1 cent; and all other grass seeds not specially provided for, 2 cents.

DEFINITION OF GRASS SEEDS.

As grass seeds have a technical meaning unknown except by those acquainted with the subject, grass seeds are defined and known within the contemplation of the United States tariff laws, agriculturally, and in the seed trade, as the seeds producing all fodder, pasture, and fertilizing plants, i. e., speaking botanically, the two great groups called Gramineae and Leguminosae, plus rape, a member of the mustard family.

Therefore the term "grass seeds" covers practically all the agricultural or field-sown seeds, except the cereals like corn, wheat, rye, oats, etc., which, though botanically grasses, yet, under the tariff laws and agriculturally, are not considered grasses.

AGRICULTURAL IMPORTANCE OF GRASS SEEDS.

Compared with other commodities, grass seeds may not appear to have a large money value. The Bureau of Markets of the United States Department of Agriculture has made an estimate, probably only a rough estimate, that the average yearly production of all grass seeds, domestic and imported, in the United States is 400,000,000 pounds, valued at between forty and fifty million dollars.

No mistake, however, must be made as to the really tremendous values of the products of these grass seeds.

The average annual hay crop of the 48 States from 1911 to 1920, farm value, i. e., value to the producing farmer, was $1,613,896,000.[1] Estimates of the very large value

[1] Statistical Abstract of the United States, 1920, Bureau of Foreign and Domestic Commerce, p. 144.

of other products of grass seeds could be cited from the same authority. Yet there is no means of ascertaining the imposing value of crops from leguminous seeds which are plowed under for green-manuring for soil improvement.

During the last war seeds were held of such prime importance that the various Government departments classed them with munitions or food products in all priority classifications. Congress passed a special war act to determine the supply and to increase the supply of these seeds.

It is therefore too obvious to require further details that grass seeds, though of perhaps small value, have, by reason of what they produce, a very great effect on the welfare of the country.

GRASS SEEDS UNDER FORMER TARIFF LAWS.

Grass seeds under all the tariff laws of this country have always been carried on the free list. Paragraph 595, Underwood Act of October 3, 1913; paragraph 668, Payne-Aldrich Act of August 5, 1909; paragraph 611, McKinley Act of August 27, 1894; Tariff Act of October 1, 1890; section 2503, tariff act of March 3, 1883; section 8, tariff act of February 8, 1875.

PRINCIPAL REASONS WHY GRASS SEEDS SHOULD BEAR NO IMPORT DUTIES.

The American farmer, particularly in his present distressing condition, should not be burdened with the heavy increase in the purchase price of grass seeds which will be caused by the duties assessed in paragraph 761 of the Fordney tariff bill.

The inevitable result of these heavy duties on grass seeds will be to increase the prices of grass seeds whether produced in this country or in foreign countries, because of the economic effect of the substantial elimination of competitive world markets. This is proved by two circumstances:

Certain grass seeds composing a large part of the agricultural demands of this country are not produced in the United States to any commercial extent, to wit, crimson clover, alsike clover, hairy vetch, spring vetch, rape, Canada blue grass, rye grass, and all the natural grasses.

The following Table A will show in figures the average yearly imports of the aforesaid grass seeds for the years 1910 to 1920, inclusive, the proposed duty to be assessed thereon by paragraph 761 of the Fordney bill, and the potential revenue to be received from such duties and paid exclusively by the American farmer. This table is prepared from the printed reports of the United States Department of Agriculture:

TABLE A.

	Average yearly imports, 1910-1920.	Proposed tax per pound.	Average yearly revenue.
	Pounds.	*Cents.*	
Alfalfa	4,897,026	2	97,940.52
Alsike	2,872,936	3	86,188.08
Crimson clover	5,595,594	1	55,955.94
Red clover	10,494,254	3	314,827.62
White clover	355,696	3	10,670.88
Other clovers	3,595,782	2	71,915.64
Millet	1,592,721	½	7,963.60
Timothy	111,619	2	2,232.38
Hairy vetch	857,259	2	17,145.18
Spring vetch	659,293	1	6,592.93
Other grasses	3,488,909	2	68,978.18
Total			740,410.95

That the Congress may have an even more striking proof of the burden of these duties on grass seeds which are not produced on a commercial scale in this country Table B is given, showing that the American farmer must pay an average of 17.9 per cent more for these grass seeds or at the average rate of 59.1 cents per sowing acre. These figures do not tell the entire story, unless one is aware of agricultural conditions. For example, hairy vetch would cost, under this Fordney bill, $1.20 more per sowing acre, and as this seed is often sown on poor land of low valuation the duty means no planting and no production on such land.

TABLE B.

Seeds directly affected by imports.	Current wholesale price per pound.	Proposed import tax per pound.	Resulting wholesale price with duty per pound.	Approximate increase in price.	Tax per sowing acre.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
Alsike clover	17½	3	20½	17.1	45
Crimson clover	7½	1	8½	13.3	15
Red clover	18	3	21	16.6	45
White clover	35	3	38	8.5	36
Hairy vetch	8½	2	10½	23.5	120
Spring vetch	5	1	6	20	60
Rape	7½	2	9½	26.6	20
Canada bluegrass	18	2	20	11.1	80
Orchard grass	20	2	22	10	70
Rye grass	6¼	2	8¼	32	100

Average increase of above grasses, 17.9 per cent; average increase per sowing acre, 59 cents.

Prices of this table are as of July 9, since which date prices have advanced considerably on account of buying abroad in anticipation of the duty.

Certain grass seeds, namely, red clover, white clover, orchard grass, and millet, are grown on a commercial scale in the United States, when, if at all, the so-called protective doctrine might be a consideration. On the contrary, such a duty is unnecessary and inadvisable for the following reasons:

The domestic crop never has been able to supply the demand of American farmers for these domestic-grown grass seeds, as shown by the following statistics compiled by Government departments:

Clovers.—The domestic acreage and production of all varieties of clovers, which constitute the largest item of domestic-grown grass seeds, including crimson and alsike clovers, for the year 1918, to be sold for planting in the year 1919 was, according to the Crop Reporter of the United States Department of Agriculture, issue of September 6, 1919, 66,120,000 pounds. Page 499 of the Department of Commerce report for the year 1919 showed an importation into this country of all clovers of 25,041,898 pounds. Therefore, the American farmer demands 38 per cent more clover than is produced in the United States. These figures are typical of other years.

Millet.—While millet is grown on a commercial scale in this country, yet, as shown by the last-mentioned report, 1,775,226 pounds were imported.

A most significant fact is that red clover and alfalfa, composing the largest proportion of these domestic-grown grasses, are what is called "Incidental seed crops." American farmers do not grow these crops expressly and solely for the production of seeds. Other important issues enter into the disposal of these crops, viz, the current or prospective market value of hay. If hay is or may be high the crops are gathered to be sold for fodder. If the farmer, at the approach of harvest, finds a seed crop more valuable he allows the crop to ripen for seed.

In elevating the costs of grass seeds to farmers by this Fordney tariff bill, Congress is favoring a few seed growers in a few limited sections of the country at the expense of the vast majority of the American farmers.

Most of the meadow fescue seed crop of the United States is produced in four counties in eastern Kansas. (Seed Reporter, U. S. Dept. of Agriculture, issue of November, 1917, p. 4.)

Red top grass seed crop is produced in southern Illinois and Indiana.

Eighty per cent of the domestic production of timothy seeds comes from certain parts of four States, Missouri, Minnesota, Illinois, and Iowa. (Seed Reporter, issue of Aug. 10, 1918.)

Alfalfa seed is produced by a few Western States. Most unfortunately this supply, notably in the States of Utah, Colorado, and Idaho, is becoming unavailable for seed supplies because the producers can not or will not properly clean their fields of noxious weed seeds. Some of these weed seeds can not be removed by cleaning machinery, and in other cases can only be removed with such difficulty that the selling price of the recleaned seed is well nigh prohibitive in certain markets.

The tariff on grass seeds will, by seriously increasing the purchase price to the American farmer result in the curtailment of planting and consequently of production. It is well known to the seed trade that any material increase in prices of seeds is quickly reflected in diminished sales.

Higher prices for grass seeds caused by paragraph 761 of the Fordney tariff bill will drive the small, and too often the large farmer to buy cheaper, inferior, and weed-infested grass seed. The purchase of such seed containing large quantities of noxious weed seeds will be a calamity, will disastrously affect the economic value of crops, of the land, lower tax valuations, and nullify the effect of the valuable work of the United States Department of Agriculture and the agricultural departments of the States to educate the farmer to buy even at higher prices the highest quality of seeds, practically free from noxious weed seeds.

The American farmer who buys grass seeds to plant is in such a condition that the Congress should not increase his burdens by higher priced grass seeds. This Fordney bill admits duty free agricultural implements (par. 1504) and other benefits. Why reverse this policy by putting grass seeds on the dutiable list? If this duty is by way of protection the benefit can not attach to a large proportion of the grass seeds which are not domestic grown, nor should this policy be adopted where, as in this case, only a small number of growers are to be benefited at the cost of the vast majority of farmers.

The duties on grass seeds mean no appreciable increase in revenue. See Table A, which shows this amount of potential revenue to be $740,410.95. But the Government will not realize even this sum because imports will lessen very considerably.

The official tables of statistics of exports of grass seeds from this country show that these seeds are depending on the world markets, freely offered in competition with the world. This condition shows that protection is not needed as far as growing seeds is considered.

Seedsmen have made diligent inquiry to ascertain from official sources the reasons why the House Committee on Ways and Means has attempted to reverse the policy of all former tariff laws by placing grass seeds on the dutiable list in this bill with the following results:

We understand that neither the Treasury Department nor the United States Department of Agriculture have suggested or approved duties on grass seeds in this bill.

The only reason assigned by the chairman of the subcommittee of the House Ways and Means Committee for the duties was to prevent importation of low-grade grass seed. The complete answer to this is that there has been a Federal statute called the Federal import seed act of August 20, 1912, which has efficiently operated to prevent the importation of low-grade grass seeds for the last nine years—a fact which was unknown to the chairman of this subcommittee.

CONCLUSION.

There is no sound reason for imposing these onerous duties on grass seeds, but rather the strongest claims of the American farmers for free grass seeds as in all former tariff laws.

Therefore, paragraph 761, imposing duties on grass seeds, should be stricken out by the Senate Committee on Finance and by the Senate, and the conferees of the Senate with the conferees of the House should insist on such amendment. Grass seeds should be inserted in the free list of the tariff bill in the appropriate place.

GARDEN SEEDS.

[Paragraph 762.]

STATEMENT OF KIRBY B. WHITE, DETROIT, MICH., REPRESENTING THE AMERICAN SEED TRADE ASSOCIATION.

Mr. WHITE. Mr. Chairman and gentlemen of the committee, this association comprises practically all of the importers of garden seeds. I wish to ask you to refer to paragraph 762, on page 106 of the bill, in which is stated, "Garden seeds, not otherwise specially provided for, 20 per cent ad valorem."

We ask simply this, that you make that duty specific rather than ad valorem. It was specific under the Aldrich Act. It is specific now under the Underwood Act. It ought always to be specific, because of the practical difficulties in appraising the value of garden seeds.

Your committee recognized this difficulty in 1909 when the bill came from the House, indicating the duties as ad valorem, and changed the form of assessment at the request of the American Seed Trade Association.

The reason for the very great difficulty of appraisal is that every lot of garden seeds is an individual lot, precisely as every Holstein cow is an individual cow. The value in the one case may be four times the value in the other case.

If you wish a duty which is equivalent to 20 per cent, as indicated in the bill, approximately 6 cents per pound would be the right amount based on the last 10 years average on foreign valuation. With American valuation it would probably be more.

The importers will cheerfully abide by any rate, 5 cents, as in the present act, 6 cents, 10 cents, as was provided for in the Aldrich Act, or 15 cents, so long as you relieve us of the burden of declaring a market value which exists only in the opinion of the Treasury Department.

Are there any questions?

Senator McCUMBER. Nothing, thank you.

DRIED BEANS.

[Paragraph 763.]

BRIEF OF GEORGE R. SIEVER, REPRESENTING THE FOREIGN COMMERCE ASSOCIATION OF THE PACIFIC COAST.

We invite your attention to paragraph 763 of the Fordney tariff bill, wherein dried beans are given a duty of $1\frac{1}{2}$ cents a pound, an increase of 200 per cent over the rate on this commodity in the tariff act of 1913.

We respectfully urge that your committee amend this item so as to assess dried beans not more than one-half cent per pound. This recommendation is made in consideration of the following facts, which will be fully established in this statement:

1. The proposed duty is not necessary for the protection of domestic producers because recent losses of domestic producers were not the result of foreign competition, but were due to economic causes.

2. The proposed duty is not necessary for the protection of domestic producers because their claims that importations adversely affect the domestic industry are not borne out by an analysis of conditions during normal years, or even during 1917–18.

3. The proposed duty is not necessary for the protection of domestic producers because the 1917–18 situation upon which they base their demands has been reversed since 1919.

4. The proposed duty is not necessary for the protection of domestic producers because competition between domestic and foreign growers for American markets is already on a basis favorable to the domestic industry.

5. The proposed duty will not benefit the Government because it is so excessive as to impair its value as a revenue producer.

6. The proposed duty will be detrimental to the interests of the consuming public because it will unnecessarily raise the price of a staple food product.

7. The proposed duty will not serve the best interests of the country because it will injure our trade relations with important purchasers of American products and adversely affect the many industries engaged in foreign trade.

Following is a summary of figures on the bean industry, which will be frequently referred to herein.

Production statistics were obtained from the Yearbooks of the Department of Agriculture and the Statistical Abstract for 1920 (figures for 1910–1913 being given in the only form available, an average of the crops of those years).

Imports statistics from 1910–1918 were secured from the Tariff Commission handbook entitled "Imports and Duties, 1908 to 1918, inclusive;" for 1919–20 from that commission's "Survey of the American Bean Industry."

Figures on exports were found in the series of the Bureau of Foreign and Domestic Commerce, "Foreign Commerce and Navigation of the United States."

The bushel used as the unit of measure contains 60 pounds of beans.

Year.	Production.	Imports.	Exports.	Year.	Production.	Imports.	Exports.
	Bushels.	*Bushels.*	*Bushels.*		*Bushels.*	*Bushels.*	*Bushels.*
1910........	11,166,000	1,076,000	365,000	1917........	16,045,000	2,521,000	2,164,000
1911........	11,166,000	1,087,000	288,000	1918........	17,397,000	2,459,000	2,398,000
1912........	11,166,000	822,000	341,000	1919........	11,935,000	1,200,000	3,795,000
1913........	11,166,000	974,000	400,000	1920........	9,075,000	537,000	1,754,000
1914........	8,846,000	1,617,000	314,000				
1915........	10,321,000	731,000	1,214,000	Total...	128,998,000	13,406,000	14,793,000
1916........	10,715,000	382,000	1,700,000				

First point: "The proposed duty is not necessary for the protection of domestic producers because their recent losses were not the result of foreign competition but were due to economic causes."

Although domestic growers claim that "beans are the only important food product that have sold at prices materially lower than the price of the previous two years. Beans are the only important food product which have sold below the cost of production." (California Bean Growers' Association brief, House hearings, p. 1664), your committee knows such circumstances to be general throughout the entire agricultural industry.

While domestic bean growers, in common with producers, importers, and holders of all agricultural commodities, recently suffered heavy losses due to a decline in the value of their product, their losses were only the natural result of a reaction from the abnormal economic conditions that previously obtained.

The fact that the same losses were sustained by producers of crops grown and marketed practically without foreign competition and by importers of goods not produced in the United States, as well as by growers of beans shows the primary cause of the recent price decline to be economic and certainly not amenable to legislation.

In this connection, attention is called to the heavy decline that took place in the prices of such varied products as cotton, iron and steel, petroleum, and apples. In the case of every one of the commodities referred to the competition of imports is negligible yet prices declined equally as violently in these lines as in the case of beans.

Then again, commodities that are not produced in this country and meet with no domestic competition also declined heavily, silk, coffee, and burlap being examples.

The fact that the decline that affected beans also affected almost all commodities, domestic and imported, is very strong evidence to show that the cause of the decline in the price of beans was fundamentally economic.

Second point: "The proposed duty is not necessary for the protection of domestic producers because their claims that importations adversely affect the domestic industry are not borne out by an analysis of conditions during normal years or even during 1917-18."

Taking only the figures for 1917-18, when most abnormal conditions prevailed, domestic growers endeavor to create the impression that the market has been flooded with foreign beans, bringing down prices to the producer and generally disrupting the industry. Also that such a condition will become permanent if a high protective tariff is not enacted.

Yet looking into the facts of the matter we find that while imports greatly increased during the war years, the same was true of domestic production. In terms of figures, imports jumped from 1,617,000 bushels in 1914 to 2,521,000 bushels in 1917, while production increased from 8,846,000 bushels in 1914 to 16,045,000 bushels in 1918.

We also find that even in 1917-18, exports offset imports to a degree that gave domestic growers almost complete protection. In 1917, 2,521,000 bushels were imported and 2,164,000 exported, leaving a difference of 56,720 bushels to "overflow" a market already dominated by 16,045,000 bushels of domestic beans. In 1918, 2,459,000 bushels were imported and 2,398,000 bushels exported, leaving a difference of only 61,059 bushels to "bear" a market supplied with 17,397,000 bushels of domestic beans.

Figures since 1910, which give a much more accurate basis for judgment than those for the two war years, show that exports of beans from the United States to other countries have exceeded imports of beans into the United States during the same period by over 75,000,000 pounds.

Furthermore, the average ratio of imports to domestic production since 1910 has been, home-grown 89 per cent, imported 11 per cent.

If there were no exports whatever and the whole force of foreign imports were thrown on the domestic market, it would hardly be reasonable to consider 11 per cent of the marketable beans as controlling a market in which domestic beans are so overwhelmingly predominant.

The fact that imported beans sold and still sell for less than domestic beans is not due to vicious underselling by importers but to the superiority of the American-grown product. In accusing importers of weakening the market by consistently underselling them, domestic growers are representing as an evil a situation that is actually one of their strongest protections against foreign competition, namely, the distinct superiority of domestic beans and the premium always paid for a domestic grade over the price given for the oriental variety coming into direct competition with it.

This preference of the American buyer for domestic beans is constantly capitalized by the growers at from one-fourth to three-fourths of a cent per pound (see Tariff Commission's survey of the American bean industry).

Third point: The proposed duty is not necessary for the protection of domestic producers because the 1917–18 situation, upon which they base their demands, has been reversed since 1919.

Even assuming for the purpose of argument that imports did exert the harmful influence growers claim, which is certainly not the case, the fact that the situation that prevailed in 1917–18 has since entirely readjusted itself is another objection to further tariff protection at this time.

Imports for 1919 were less than half of the volume imported in 1918, while exports were more than one-third greater than in 1918.

Imports for 1920 were but one-fifth of 1918 figures, while exports were more than double the volume of imports.

With imports four-fifths less than in 1918 and still steadily declining, fear of oriental competition seems hardly justified.

In connection with the excess of exports over imports, a factor that merits consideration is the expediency of continuing to import lower grade oriental beans at the ratio of 10 per cent of our production and disposing of 17½ per cent of our higher grade domestic crop in foreign markets.

During the past six years this country has exported more than 13,500,000 bushels of beans as against the 75,000,000 bushels it produced. In other words, since 1915 our exports have amounted to 17½ per cent of our production. Our imports during the same period were but 7,500,000 bushels or 10 per cent of our production.

This exportable surplus must compete with foreign beans in the world's markets and the price for which it sells must necessarily have an important part in determining the price of the commodity at home.

It would seem to be the wiser step to continue to dispose of 17½ per cent of our beans abroad and to import lower-grade oriental beans, equal to but 10 per cent of our production in their stead.

Fourth point: "The proposed duty is not necessary for the protection of domestic producers because competition between domestic and foreign growers for American markets is already on a basis favorable to the domestic industry."

A tariff is enacted with one or both of two objects in view, namely, to protect home industry, or to provide revenue. Taking up the first of these objects, it is submitted that if home industry is already sufficiently safeguarded, further protection is unnecessary. Or in other words, if (1) the volume of imports is not large enough to threaten domestic producer's control of the market, and if (2) foreign producers have no advantages that could make such a situation possible, no further tariff is necessary from the protection standpoint.

From statistics given above, it was seen that imports when compared with domestic production, are relatively small, amounting to less than 10 per cent of the domestic crop in normal times.

It is more difficult to establish the relative competitive positions of foreign and domestic producers with regard to American markets as definite figures are not available. It is interesting to note, however, that the statements of domestic growers as to the low production and marketing costs of foreign beans, contrasted with the small volume of beans imported, show such a discrepancy as to almost of themselves refute the charge that imported beans have a competitive advantage.

Judging from the small amount of beans imported either those who bring in this commodity have the advantage over domestic producers in competition for the American markets and do not use it, or the charge that they have such an advantage is in error. As it is hardly probable that importers or members of any other industry would fail to use any advantage in their favor to increase the volume of their business the only conclusion to be reached is that they actually do not possess any such competitive advantage.

That the latter situation is the true one is seen from the following comparison of factors involved in marketing domestic and foreign beans:

AMERICAN BEANS.	ORIENTAL BEANS.
1. Expensive but efficient labor.	1. Cheap but inefficient labor.
2. Modern machinery.	2. Crude implements.
3. Latest improved methods of cultivation.	3. Antiquated and unscientific methods of cultivation.
4. Large-scale production.	4. Small-scale production.
5. Close to consuming markets.	5. Thousands of miles from American markets.
6. Speedy but expensive transportation.	6. Slow and expensive land and inland water transportation.
7. No exchange problem.	7. Risk from exchange fluctuations during course of conversion from native currency, to tael, to gold dollar; or from silver yen to gold yen, to gold dollar.
8. Producer, broker, jobber, and retailer exact profit before goods reach consumer.	8. Interposition of numerous middlemen involves substantial profit to each. During course of marketing, beans pass through hands of grower, native dealer, broker, exporter, broker, importer, broker, jobber, retailer, and finally consumer.
9. No ocean transportation.	9. Ocean transportation, another factor of fluctuating cost.
10. No marine insurance.	10. Marine insurance cost.
11. No import duty.	11. Import duty.
12. Preferment by American buyers bringing premium of one-fourth to three-fourths cent per pound.	12. Must be sold at a price one-fourth to three-fourths cent per pound below price enjoyed by domestic product.

Even from the brief contrast above, which is confirmed by the survey of the industry by the Tariff Commission, some idea may be gained of the intricate and costly process of marketing foreign beans and the numerous advantages of domestic producers that entrench them so solidly in the market they control.

Certainly no additional tariff to further strengthen domestic growers' dominant position is necessary or desirable.

Fifth point: "The proposed duty will not benefit the Government because it is so excessive as to impair its value as a revenue producer."

As noted above, one of the two objects of a tariff on imports is to bring in revenue.

It is elementary to state that an excessive duty will entirely shut out or seriously restrict importations of the commodity it covers, and hence have little value as a source of revenue.

It is also hardly necessary to point out that if imports of a given article were declining under a moderate tariff, an increase of that rate by 20 per cent would probably serve as an absolute check of the movement.

Yet these fundamentals seem to have been overlooked in fixing the rate of duty on beans.

Previous to the enactment of the emergency measure, a duty of 25 cents per bushel was in force. Yet under this moderate tariff there was a steady decline in imports. In 1919 only one-half as much beans were brought in as during 1918, and in 1920 the volume imported was less than one-half of that of 1919. Exact figures will be found on page 2 of this brief.

While this decline would no doubt have continued, the effect of the emergency act was to bring the movement to an abrupt standstill.

Figures of imports through Seattle, the principal port of entry for this commodity, show that while 13,230,000 pounds of beans came in during the months of June and July, 1920, not one pound was imported during June and July, 1921.

The fact of the matter is that the marketing process through which oriental beans must pass is so involved and expensive that a duty higher than one-half cent per pound is prohibitive.

Intended as an embargo measure, the emergency act served its purpose well, particularly in the case of beans. The imposition of any rate above one-half cent per pound in the permanent bill will have a similar effect and will certainly defeat its purpose if it is expected to yield a revenue.

Sixth point: "The proposed duty will be detrimental to the interests of the consuming public, because it will unnecessarily raise the price of a staple food product."

It is well known that beans are a highly nutritious food. On account of their meat value and many uses they are a staple article of diet in the homes of the middle and laboring classes and are particularly esteemed by those of foreign extraction. Their wide military use shows that as a cheap and concentrated ration they are unexcelled.

In the interests of the consuming public, it is unquestionably desirable that beans be sold at as moderate a price as will give a fair profit to the producer.

If a duty is provided that will give domestic growers a corner on the home market, prices will naturally rise and domestic beans will bring more than a fair return at the consumers' expense.

Then again, due to rain damage, drought, frost, disease, and vermin, which affect beans, both growing, harvested, and stored, they are a risky crop and heavy shortages occasionally occur.

With an excessive duty in force, years of domestic crop failure will be the only years in which a tariff will be operative. With prices soaring and protection for domestic producers even less necessary, the consuming public will be forced to absorb the import duty.

Therefore, as the effect of an increased duty in years of normal production will be to subsidize the grower at the consumer's expense, and in years of crop failure to place a tax on a staple article of food which must also be paid by the consuming public, we submit that not only is no additional duty desirable but such an increase would be against sound public policy.

Seventh point: The proposed duty will not serve the best niterests of the country, because it will injure our trade relations with important purchasers of American products and adversely affect the many industries engaged in foreign trade.

Much effort has been spent, particularly during the past few years, by our Government and private agencies to aid American industries in entering foreign fields.

In this connection it has been recognized as a fundamental economic fact that there must be a reciprocal exchange of commodities; that foreign buyers are unable to purchase American goods unless credits are established in their favor by the importation of their products; that transportation of American goods overseas can not be economically and efficiently conducted unless there is cargo both ways.

American imports of beans, one of the Orient's important crops, place American dollar credits at the disposal of Japanese and Chinese sellers, which in turn can be used, and are used, to buy American machinery, textiles, lumber, steel, chemicals, grain, etc. The enormous populations of these countries are just beginning to demand the products of western civilization and opportunities are perhaps more promising for the sale of our products in these countries than in any other section of the world. It is evident that to injure our trade relations with these countries by erecting a tariff barrier against their products would be most unwise.

But important as foreign trade is to our manufacturing industries, our merchant marine and our import and export trade and its many allied industries depend upon it for their very existence.

It may seem far-fetched to point out in connection with the tariff consideration of but one commodity the millions of dollars invested in and the hundreds of thousands of persons dependent on these industries. But the emergency measure, covering only a scattering list of commodities, has proven so disastrous to commerce that it is not entirely irrelevant to note in connection with beans that any step tending toward the diminution of imports will adversely affect, to a greater or lesser extent, the importer, the steamship company, the dock company, the weigher, the chemist, the warehouseman, the railroad company, the bank, and all other affiliated interests. These are important lines of domestic business and in conclusion we respectfully request that the same protection be given them as is given to other domestic industries.

(Indorsed by the following: Port of Seattle Commission, W. T. Christensen, president; Importers and Exporters Association of Seattle, H. A. Kimball, president; Customhouse Brokers Association of Seattle, J. P. Hansman, president.)

BEANS, PEAS, AND LENTILS.

[Paragraphs 763, 765, and 767.]

STATEMENT OF EMIL S. NORDLINGER, REPRESENTING DRIED FRUIT ASSOCIATION OF NEW YORK.

Senator McCUMBER. You desire to speak with reference to paragraph 763, do you—dried fruit?

Mr. NORDLINGER. Paragraphs 763, 765, and 767.

I have been requested by the Dried Fruit Association to suggest to you that the duty under the Payne-Aldrich Act be retained.

We do not import any dried beans to speak of when we have normal crops here. They are only imported when the crops are short or when there is a crop failure. They are used principally by poor people. The principal consuming districts are the mining and lumber districts. It would be an injustice to the consumer to put a duty of 2 cents a pound on cheap articles like dried beans, or 1¾, as suggested.

I refer to ordinary navy beans. Before the war we used to import them from Rumania and Hungary and some from Russia. During the war they came in from Japan. What the outcome will be when conditions become normal nobody can tell. We do not know whether we will be able to import them from Europe again.

On dried peas the present duty is 17 cents. It is proposed to raise the duty to 75 cents a hundred pounds, which is three-quarters of a cent a pound, and is entirely out of proportion to the value of the goods. The wholesale value of dried peas is about 3 cents a pound—the white or green peas—and three-quarters of a cent would mean 25 on the value.

Senator JONES. Are you an importer or grower?

Mr. NORDLINGER. We are importers. We also deal in domestic beans and peas.

Lentils used to come from Russia before the war. The only other country that produces them is Chile; but when conditions become normal again Russia will probably produce them and be able to export them. They used to cost in Konigsberg 2 cents a pound. They have been sold here to the poor Italian and Russian people at 2 pounds for 5 cents, but the average price was about 5 cents a pound retail. Now it is proposed to put a duty of 2 cents a pound on this article. They are not grown in this country; and the Dried Fruit Association thinks it would be an injustice to the poor people to put a duty of fully a hundred per cent on a cheap article of food.

Senator JONES. Do we not produce in this country something just as good to take its place?

Mr. NORDLINGER. We grow similar articles, like beans and peas. They are similar food articles. But lentils is an article which is consumed principally by Italians and Russians. They are accustomed to it at home, while the Americans do not use it much except as a side dish. It is eaten principally, or exclusively, by very poor people. To make the cost to them double it seems to us is an injustice.

If you will permit me I will submit a brief.

Senator McCUMBER. Very well; you may.

Mr. NORDLINGER. Thank you.

BRIEF OF EMIL S. NORDLINGER, REPRESENTING THE DRIED FRUIT ASSOCIATION OF NEW YORK.

At a meeting of the Dried Fruit Association of New York, held on August 3, 1921, the undersigned committee has been instructed to protest against the increase in duties on beans, peas, and lentils proposed in the tariff now under consideration by your committee.

We respectfully submit herewith arguments in support of our contentions:

Beans: Paragraph 763. The duty on this article under the act of 1913 is 42 cents per 100 pounds (25 cents per bushel); under the emergency tariff, 2 cents per pound, while the law as passed by the House of Representatives provides for a duty of 1¼ cents per pound, and a motion has been made before your committee to advance this to 1¾ cents per pound.

It is not necessary to enter into the question of nutritious merit. It is well known that beans are staple food for the poorer classes. In normal years the United States produced about 10,000,000 bushels, and the statistics show that excluding the war years the average excess of imports over exports has been less than 1,000,000 bushels. In fact, during the years 1897, 1898, 1899, and 1907 there were more exported than imported. This proves that in normal years there is no necessity to import beans from other countries. Only in years when due to climatic conditions the crop is short can any material quantity be imported profitably, and just in those years when prices in this country would tend to become excessively high import from abroad would mitigate this condition for the consumers, who can ill afford to pay fancy prices for a necessity of life. The price of beans in foreign countries on varieties which formed the largest part of importation before the war was about 2½ cents per pound f. o. b. point of origin; the duty of 1¼ cents per pound would be equivalent to 50 per cent; 1¾ cents per pound would be proportionately higher. To tax the poor man's food to such an extent is unreasonable and unjust, when it is proposed to assess a duty of 28 per cent on caviar, 33⅓ per cent on mushrooms, and 22 per cent on goose livers, which are luxuries, and an increased duty will not benefit the grower in years of normal yield, as the supply in this country is sufficient for normal demand. It would only injure the consumer in years when the crop is insufficient for normal demand, and in those years the grower will obtain a higher price for his product anyway, as a shortage in this country would tend to increase the price proportionately. If, however, during years of normal production prices should be held higher by the growers, it would tend to divert the export orders which generally come from Cuba and other West Indian islands to Canada or other foreign producing countries.

Peas: Under paragraph 767 it is proposed to tax dried peas 75 cents per 100 pounds; split peas, 1 cent per pound. The present duty is 10 cents per bushel (17 cents per 100 pounds) on dried peas and 20 cents per bushel (33 cents per 100 pounds) on split peas. This also is an article of food which is used almost entirely by poor people, and it is generally produced in sufficient quantities for the United States consumption in this country. As the United States Department of Agriculture does not separate beans and peas in their statistics, we can not furnish any figures regarding this article, but our experience has been that in years when crops in this country were normal dried peas could not be imported from abroad and compete with the price of the domestic product. An increased duty would therefore only tend to increase the cost to the consumer without bringing any money into the United States Treasury.

Lentils: In paragraph 765 it is proposed to increase the duty on this article to 2 cents per pound, the present duty being 25 cents per bushel (42 cents per 100 pounds). This article is not grown commercially in the United States. The increased duty would therefore not help any grower, but simply put a burden on the consumer. The consumers of lentils are mostly poor laboring people, who buy this on account of its exceptional food value. Before 1914 95 per cent of the lentils imported were grown in Russia, shipped from there to Koenigsberg, where they were screened and cleaned, and thence forwarded to other parts of the world. The average price in Koenigsberg was about 2 cents per pound. A duty of 2 cents therefore would mean an increase to the consumer of 100 per cent, which is certainly altogether out of proportion when you consider that lentils are purchased by people who can ill afford to be taxed in this manner.

We, therefore, respectfully request that the rates be changed to the rates in force under the Payne-Aldrich bill, which were: Beans, 45 cents per bushel (75 cents per 100 pounds); lentils, 45 cents per bushel (75 cents per 100 pounds); dried peas, 25 cents per bushel (42 cents per 100 pounds); split peas, 40 cents per bushel (66 cents per 100 pounds).

Foreign trade of the United States in beans and peas, dried, years ending June 30, 1890–1920.

Year ending June 30—	Imports.	Exports, domestic.	Excess of imports.	Excess of exports.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
1890	1,260,287	261,212	999,075	....
1891	1,656,758	251,053	1,405,705	....
1892	874,050	637,972	236,078	....
1893	1,754,993	389,913	1,365,080	....
1894	1,184,081	326,748	857,333	....
1895	1,535,960	242,680	1,293,280	....
1896	612,801	473,975	138,826	....
1897	482,984	900,219	....	417,235
1898	165,560	854,284	....	688,724
1899	184,589	883,291	....	698,702
1900	967,031	617,355	349,676	....
1901	1,096,640	465,670	630,970	....
1902	851,968	294,483	557,485	....
1903	1,088,665	232,841	855,824	....
1904	978,187	248,805	729,382	....
1905	472,572	330,321	142,251	....
1906	458,041	447,474	10,567	....
1907	406,679	435,490	....	28,811
1908	1,657,401	306,939	1,350,462	....
1909	3,355,405	288,209	3,067,196	....
1910	1,015,157	366,721	648,436	....
1911	1,037,371	288,638	748,733	....
1912	1,811,692	341,268	1,470,424	....
1913	2,182,643	400,868	1,781,775	....
1914	2,500,558	314,655	2,185,903	....
1915	1,452,550	1,214,261	238,289	....
1916	1,603,080	1,760,383	....	157,303
1917	4,911,014	2,164,943	2,746,071	....
1918	6,213,679	1,784,282	4,429,397	....
1919	6,209,252	4,978,320	1,230,932	....
1920	5,418,281	2,335,323	3,082,958	....

MUSHROOMS.

[Paragraph 766.]

STATEMENT OF A. G. HUPFEL, NEW YORK, N. Y.

Mr. HUPFEL. Mr. Chairman and gentlemen, Mr. Jacobs and I will talk on mushrooms. I am speaking with reference to the mushroom growers of the country and he will speak on the canned mushrooms. I am asking you to leave the tariff as arranged by the Ways and Means Committee the same as they have arranged it. I am asking for the protection of a real infant industry. I am the first man that has ever converted a brewery into a mushroom plantation. During the hearing before the Ways and Means Committee one of the gentlemen appeared and stated that mushrooms could not be raised in this country. I have brought along some photographs taken by the International Film Co. and the Thompson people, who furnish pictures for all the Sunday pictorial papers of the country, and I show you pictures of an old brewery that has been turned into a mushroom plantation.

Senator CALDER. When did you begin this work?

Mr. HUPFEL. We were put out of business during the war by prohibition, and after looking over 25 or 30 industries I finally decided to go into this industry, finding that a brewery could be used for that purpose; and I have letters here showing that a great many brewers of the country are turning their minds now to raising mushrooms. I have one letter here from the Frank Fehr Brewing Co. They have already started. They now have about 20,000 feet under cultivation, and they are going to increase that this year to 100,000.

I have a letter also from the Moerschel Co., of Sedalia, Mo. They also want to take it up. I have another one from the Houseman Brewing Co., of Madison, Wis. Another from the Sheeby Spring Brewing Co., of St. Charles, Mo. Another one from the Stroh Brewery, of Detroit, Mich.

You see what I have done here [exhibiting photographs] is to open a new field, and I feel that with proper protection, such as the Ways and Means Committee of the House has provided for us, this struggling industry, which was started in this country, I understand, about 12 or 15 years ago, can flourish. This industry, I found on investigation, raises about a million pounds of mushrooms a year, and there are imported about eight to nine million pounds.

Senator LA FOLLETTE. The members of the press here are very desirous of knowing whether these mushrooms grown in the breweries contain a "kick."

Mr. HUPFEL. Senator, if I told you it contained over 2.75 I am afraid our sales would be so increased that we could not fill the orders.

Senator JONES. What is the tariff on mushrooms now?

Mr. HUPFEL. The industry has been under a tariff of about 2½ cents a pound.

Senator JONES. I have not the bill before me. Is that what the House bill provides?

Mr. HUPFEL. The House bill provides for 33 per cent ad valorem, American valuation.

Senator JONES. What difference will there be between the two rates?

Mr. HUPFEL. We figure that the rate will be about 35 cents a pound under the American valuation.

Senator JONES. It is raised from 3 cents to 35 cents?

Mr. HUPFEL. Two and one-half cents is nothing. It is not even a tariff for revenue.

Senator JONES. You started in this business when the tariff was 2½ cents?

Mr. HUPFEL. During the war when they could not be imported, when I was put out of business.

Senator JONES. Did you start into the business with the idea that you would get protection of 35 cents a pound?

Mr. HUPFEL. Not exactly. I had to use my plant for something. I looked over all these various other industries, and none of them were setting the world afire with their profits. I started out on this as these photographs will show you. Let me take this one picture here [indicating]. This shows the cellars dismantled. This shows you the experiment of using the cubic capacity [indicating]. Those are the wooden frames, 2 or 2½ feet apart, on which mushrooms are raised. I will show you those same cellars of steel construction, six tiers high, using the entire capacity. The brewery cellars were about the size of this room, and to raise mushrooms under this system—the French system—on the floor, was wasting a lot of this room. So we have gone into it in this manner [indicating on photograph].

Senator MCCUMBER. You are satisfied with the rates given by the House?

Mr. HUPFEL. Yes, sir. I merely ask you to hold it, Senator. That is all.

Senator DILLINGHAM. What material are they grown in?

Mr. HUPFEL. Fermented horse manure or compost. It takes about three weeks to ferment that. The spawn is inserted, which is really the plant. The mushroom has seeds or spores, and these are planted, and that spore goes into the compost, the mycelium, as we call it, which is really the plant It reproduces itself and bears fruit, and that fruit is the mushroom

Senator CALDER. It is your idea that if proper protection is given it will so encourage the industry that you can take care of all of it without any importations at all?

Mr. HUPFEL. I think so; yes, Senator.

Senatar CALDER. And competition would bring down the price of the raw article?

Mr. HUPFEL. That is the fact.

Senator JONES. How many million pounds did you say are imported now?

Mr. HUPFEL. From the records I have here from Washington, between eight and nine million pounds.

Senator JONES. How many pounds do you expect to produce in your plant?

Mr. HUPFEL. We expect to get the capacity up next year to about 300,000 pounds.

Senator JONES. Then it will require a number of plants?

Mr. HUPFEL. We are not the only growers in the United States. It will give them a chance. Canada has put a duty of 30 cents upon American mushrooms raised out in the far West. There are a great many mushrooms out in the West, but because of the low price of the imported mushrooms they have been driven out of business from time to time.

Senator JONES. What do mushrooms sell for?

Mr. HUPFEL. It varies. At this particular season of the year when no fresh mushrooms can be obtained, they sell at 80 cents to $1 a pound. In the height of the season, in the wintertime, they run about 30 to 40 cents a pound.

Senator JONES. You would rather have a specific duty so that you would know what the price was going to be?

Mr. HUPFEL. We would rather have a specific duty, but we are satisfied with what the Ways and Means Committee has done for us.

Senator JONES. Do you think when your mushrooms are selling in this country at 30 to 40 cents a pound an ad valorem duty of 35 per cent would be ample?

Mr. HUPFEL. I think so.

Senator JONES. Then, what about it when they are selling at $1 a pound in the United States? Do you want, then, to get 35 cents duty?

Mr. HUPFEL. No. When they are selling at $1 a pound——

Senator JONES. You do not need any protection then, do you?

Mr. HUPFEL. The situation is just this, Senator: The American public are not used to using the fresh mushrooms. They use the dried and the canned mushrooms, and about 80 per cent of the mushrooms are ground up for sausage and soups. The imported mushroom breaks the American market for fresh mushrooms.

Senator JONES. Is that seasonal?

Mr. HUPFEL. Yes, sir.

Senator JONES. What seasons of the year?

Mr. HUPFEL. The only season that mushrooms are very high is in the months of July and August; and the reason for that is that they can not be raised without proper refrigerating facilities. There is one other mushroom grower who has put in an ice machine, and the breweries have refrigerating facilities. We have refrigerating machines, and thereby control the temperature of the cellars, which is a very, very important thing.

Senator JONES. So, then, the price of mushrooms in the United States actually varies each year, generally speaking, from 30 to 40 cents a pound up to $1 a pound?

Mr. HUPFEL. The high price is only in the summer time.

Senator JONES. So that in the summer time you would have a tariff of 35 cents a pound when prices are high, and in the other months of the year from 9 to 10 cents a pound?

Mr. HUPFEL. I assume that the imported mushrooms would regulate it to cover those two months. Directly after the war they imported here a whole shipload of mushrooms, one-half a million dollars' worth coming in, in cans, and they were held over. Prior to the war it broke the market from something like 60 cents to 30 cents in New York. We could not produce them for 30 cents.

Senator JONES. What can you produce them for?

Mr. HUPFEL. About 40 cents.

Senator LA FOLLETTE. What did you say the imports were?

Mr. HUPFEL. Between eight and nine million, I am advised.

Senator LA FOLLETTE. The official statement here is that the total quantity imported in 1921 was 3,732,459 pounds.

Senator McCUMBER. That means the fiscal year ending June 30.

Senator LA FOLLETTE. Yes. And in 1920 there were imported 3,301,000 pounds.

Mr. HUPFEL. I have the figures here of the Department of Agriculture.

Senator JONES. The difference might be in the classification, whether fresh mushrooms or canned.

Senator LA FOLLETTE. These are the total importations.

Mr. HUPFEL. I have the figures here of the Department of Agriculture.

Senator LA FOLLETTE. Here are the official figures of the Treasury Department [indicating].

Mr. HUPFEL. I do not know where these came from. I will read them to you. In 1918, 1,200,000 pounds; in 1919, 2,093,000; 1920, for the first nine months, 2,200,000 pounds. They did not have the figures for the last quarter.

Senator CALDER. They are about the same as the figures you have read.

Mr. HUPFEL. These are from France.

STATEMENT OF EDWARD H. JACOBS, WEST CHESTER, PA.

Mr. JACOBS. The mushrooms grown in this country at the present time are far beyond the estimates given. The Department of Agriculture asked me to get as close an estimate on the subject as I possibly could, within the past year, and I figure that there are from five to six million pounds of fresh mushrooms grown, and they are getting to be used very largely in place of the canned mushrooms. I myself grew 600,000 pounds last year. Mr. Hupfel grew 200,000 pounds. That amounts to 800,000 for two growers alone. We have at least 250 growers in the East and a good many in the West. There is no doubt but that the American farmer can grow all the mushrooms that can possibly be used in this country, either fresh or canned.

I have just completed a trip through the West investigating the canned-mushroom situation, and the large wholesale dealers told me that from 75 to 80 per cent of all the canned mushrooms imported are used by Chinamen. There are about 900 Chinese chop-suey restaurants in Chicago alone, and about 800 in New York City. They take mushrooms like these [indicating] and cut them up in little slices and lay them across the top of the dish for decorating purposes and serve them to their customers. They prefer the imported mushrooms because they are bleached white and they retain that white color. We know of no means in this country within the law by which we can bleach mushrooms white as marble and have them retain that color without using chemicals, which we could readily do. But the pure-food authorities will not permit us to do that. They are at liberty to come and inspect our plants at any time, but they are not at liberty to inspect the plants in the foreign places where the mushrooms are canned for importation to this country.

So that we, as growers and canners, consider that we have an unfair competition there. We are against the bleached foreign mushrooms when we are not permitted to bleach our own mushrooms. These retain the natural color, which is a cream color, and the natural flavor, and they are just as good as fresh mushrooms——

Senator LA FOLLETTE. Do you know what chemical is used in the bleaching process?

Mr. JACOBS. Sulphur fumes. That can be used in such a way as to whiten the surface, and there are traces of the sulphur used. When you open a can of fresh mushrooms you can often detect the odor of sulphur, although you can not detect the sulphur itself in the mushrooms. We would not be permitted to do that, and I would not encourage it because it is not necessary. The natural flavor and color are far more desirable. The Chinamen come from across the Pacific and land in our country and go across the Atlantic to get these bleached mushrooms, and come back and feed the American people, who would much prefer to have fresh mushrooms or home-canned mushrooms. I never eat the French mushrooms because I consider that they are flavorless. Any mushroom grower does. I am acquainted with pretty nearly all the mushroom growers, and I know that if the demand in this country warranted growing double the supply of mushrooms in this country they could almost do it in a year; and, as Mr. Hupfel says, thay are going into the mushroom business in every State in the Union that will grow them.

From a canner's standpoint we would like to see the duty increased to 40 per cent. We have never had a duty in this country that would permit us to can mushrooms and sell them on the market. I think it is a shame that we never have.

Under the McKinley law we had a duty of 25 per cent ad valorem. They might as well have been free, because they could put mushrooms into the hotels in this country at one-half our cost of production.

I started in the canning industry and got a lot of mushroom growers interested 10 years ago, but the foreign growers put us out of business right away. We lost everything we put into it, just because their labor and other conditions are more suitable to producing mushrooms cheaply over there. We have very expensive buildings to put up and expensive coal and the disadvantage of the freight rates that we have. I used to pay 70 cents a ton for freight. Now I pay $1.40. I used to pay 16½ cents an hour for the best Italian labor, and now I pay 35 cents.

If you will give us what we request we will produce mushrooms in two or three times the quantity, and the benefit all goes to the American farmer. The growers themselves will can them and sell them without any profit if they have to, just to get the trade and get the business and grow more mushrooms. I think that is all.

STATEMENT OF GEORGE O'HARA, PRESIDENT OF THE ASSOCIATED IMPORTERS OF FOOD PRODUCTS.

Mr. O'Hara. Mr. Chairman and gentlemen, my name is George O'Hara. I am president of the Associated Importers of Food Products, with headquarters in New York, although our association is a national one, having members in Boston, Chicago, Philadelphia, and other cities.

Referring to the proposed tariff of 33⅓ per cent ad valorem on mushrooms, House bill 7456, paragraph 766, page 106. Our association is of the opinion that this high rate is proposed in consequence of the erroneous testimony of various fresh-mushroom growers before the Ways and Means Committee at the recent hearings, not only as to the reasons why they have been unsuccessful in marketing their product in tins, but also as to why the French canned mushrooms have the preference with the chefs in the hotels, and also as to the conditions, costs, etc., of the packing of the French article.

I have here the hearings on the general tariff revision before the Committee on Ways and Means, and on page 1760 of Mr. Jacobs's testimony—I presume, the gentleman who preceded me to-day—he mentioned something similar to what he told you about the disadvantage that they are up against on account of the bleaching of the French mushrooms.

This gentleman evidently is not aware of the conditions. It is absolutely impossible, and has been ever since the pure-food law has been in existence, to import any mushrooms into the United States that are bleached with sulphate of copper. I myself am an importer and also a manufacturer of mushrooms on the other side, and I have had 30 years' experience in the business.

He said the same thing as he told the gentlemen before the Ways and Means Committee. The importers are more likely to be picked up on anything of that kind than the domestic manufacturers would be if we were to attempt it, because our goods come through the different ports, and the Bureau of Chemistry have offices in every one of the appraisers' stores. They have quite a staff in New York City, where most of these mushrooms come in.

Senator Dillingham. Is that true down to the time that our pure-food law was adopted?

Mr. O'HARA. Before the pure-food law there was a pinch of sulphur put into bleached mushrooms, but we have found that it is unnecessary to bleach them. The Frenchmen have a little secret of their own which meets with the approval of the Agricultural Department here, and there is no such thing as bleaching them any more. We sell just as many without bleaching them as we used to before the pure-food law went into effect.

I am glad that Mr. Jacobs is still in the room, as I want to say here now that his statement is absolutely unfounded. I do not think he makes the statement maliciously, but he evidently is not posted. The Bureau of Chemistry takes samples out of the different shipments, and they know if there is such a thing going on. If there were, we would have to reexport the goods. There is nothing of the kind taking place. The domestic manufacturer might "get away with it," to use a slang expression, because there is nothing to stop him except that he might be picked up in interstate commerce.

Mr. Jacobs said something about the chefs, in his statement before the Ways and Means Committee, preferring these canned mushrooms. The truth is that there is business for fresh mushrooms and business for canned mushrooms. Those who prefer the canned mushrooms prefer them because of the economy. They can open up a tin of mushrooms, if some one drives up to the hotel and asks for steak and mushrooms, and there is no waste. If they were to buy several baskets of fresh mushrooms and did not use them there would be a loss. There are some road houses who make a specialty of chicken and mushrooms, and those places would probably prefer the fresh mushrooms, because they would use a great many of them.

I have talked with hotel chefs, and I find that some prefer the fresh mushrooms, and some prefer the canned because of the economy.

In the argument of Mr. Gross before the Ways and Means Committee, page 176 of these hearings, he spoke of the cost and compared the cost of labor in the United States as against what the French pay. In the meantime I wrote over to the other side and received complete information.

It is true that the American labor is higher. Mr. Gross said that the Americans pay from $4 to $5 a day, and in his testimony he said that the French labor received from 60 to 75 cents a day.

The actual price that the French laborers are paid is 2½ francs per hour, say, 20 cents on exchange of eight. That is normal, or, rather, it is about what the exchange has been for some little time back. That is $2 a day of 10 hours. The chief workman, who has to know something about the qualities of mushrooms, etc., receives 250 francs per week, or $20 per week.

Another one of the arguments used with reference to mushrooms was the question of labor and the question of manure and the question of coal. As far as coal is concerned, you heard Mr. Jacobs say that they had a high price to pay for coal. What do you imagine the price of coal must be in France? It has been considerably higher, sometimes four and five times as high as we have to pay for coal which is sent into Pennsylvania, Mr. Jacobs's own State, right from near-by mines. In France it is a question of receiving it principally from England. The coal there is considerably higher than ours.

Mr. Jacobs or Mr. Gross testified—or, I believe, it was a Mr. Evans; either one of those three gentlemen who spoke on mushrooms—that

American manure was $2.80 a ton, and that the freight was $3.50, making a total of $6.30 delivered at their factories.

They went on to say that in France, in the cities of Paris and Bordeaux, there are caves that have been quarried out for centuries, and that those caves are used for the production of mushrooms. That is absolutely a myth. There is no such thing. In the catacombs of France never have mushrooms been raised.

They went on to say, further, that in regard to this manure it was delivered to the factories in France by simply pushing up a chute in the street and dumping the manure down into the catacombs and caves in the streets of Paris and Bordeaux.

I am telling you what is in these hearings. The fact is that that is absolutely not the case. I have been there many times myself and I know the situation. The mushrooms in Bordeaux are carted in wagons and come by freight. In Paris there are some quarries outside the city where mushrooms are raised, but the people who own those quarries exact the payment of a rental; so that there is nothing free about it.

In the testimony of one of these gentlemen it was said that their cost of mushrooms was 44 cents a pound, whereas in France, they said, they were raised for 15 cents a pound.

They are not right in that figure. I do not want to make any misstatement, so I have had the information from the other side. The information is that there are different grades of mushrooms. That is why these prices vary. They cost there from 5 to 9 francs, at the rate of exchange of 8—40 to 75 cents. So we have mushrooms at practically the same figures as they have on the other side. We have cheaper labor over there. They pay a little bit more for their manure. Their price delivered would be $6.30. Our price delivered over there is $10.28. This manure has to be taken out of the big cities of France, such as Paris and Bordeaux, just as it is taken out of the big cities of Philadelphia or New York. Our labor is about half; our manure cost is more. The original cost is about the same, but we are handicapped because we have the freight, when it comes from the Tours section of France, down to the seaport, and we have the freight from Bordeaux and Havre to New York City. That is the principal port. These gentlemen have been getting a rate of 33⅓ per cent. We have always had a specific rate on mushrooms, and I was glad to hear Mr. Hupfel say that he would be satisfied, because I am hoping that you gentlemen will give us a specific rate, even though we are willing that it shall be higher than it is at present.

At present mushrooms pay 2½ cents a pound duty under the Underwood bill, and it has been the same under the Payne-Aldrich Act, but that 2½ cents a pound duty is not only on the weight of the mushrooms, but on the weight of the tin and the immersing fluid and the container, and as 100 of these tins weigh about 114 pounds, the duty per case has been $2.85. As each tin contains 8 ounces of drained mushrooms, this amounts to about 5.7 cents per pound on the drained mushrooms.

They claim that they were not imported during the war. They did come over all through the war. These gentlemen made a misstatement. Probably they did not know it, but we imported mushrooms continuously during the war. There was no difficulty in bringing them in.

Our association is particularly desirous that mushrooms shall be continued at a specific rate of duty, as we know that it would be a very difficult matter to appraise the values if this article were assessed at ad valorem rates. Our association has had experience with sardines, since this latter article was placed on the ad valorem list, by being continuously before the board of appraisers, settling disputes about values—a lengthy and costly proceeding. As most packers of mushrooms have their own ideas of grading, we can see nothing but trouble ahead for our members, the examiners, and for the appraisers at the different ports, as no two grades would be alike. Hence we recommend that a specific tariff of 4 cents per pound, including the weight of the contents and the container, be applied. This would mean a duty of $4.56 per case of 100 half-kilo tins, which is the size of the package ordinarily imported from Farnce; and as the present tariff of 2½ cents per pound figures $2.85 per case, the increase in duty we propose amounts to 60 per cent advance over the present as well as over the Payne-Aldrich tariff.

It is our honest opinion that 4 cents per pound on the weight of the mushrooms, the immersing fluid and the cans themselves—the equivalent of 9.1 cent per pound on the drained mushrooms—is the maximum that these goods can stand, and that any higher rate would so curtail the importation that the object sought, to provide revenue, would be lost.

Furthermore, while there is a domestic industry in fresh mushrooms that requires a certain amount of protection, we can furnish an abundance of evidence to the effect that the experiment of packing domestic canned mushrooms during the war, made on a small scale, was very unsatisfactory, and buyers who purchased a sample shipment declare they will not continue handling these domestic canned mushrooms on account of the poor quality, and not the cost.

The houses that gave me that information are the very houses whose names were used by the gentlemen in their arguments before the Ways and Means Committee.

I thank you for the attention you have given me, and I have a letter here which I would like to submit if it is agreeable to you.

Senator McCumber. It will be made a part of your testimony and printed as such.

(The letter referred to is as follows:)

August 30, 1921.

In the matter of sardines, our association respectfully requests that the duty be assessed at specific rates, similar to the method followed in the Dingley and Payne-Aldrich bills. The tariff obtained from this method would be approximately the same as would be obtained by the proposed 26 per cent duty in House bill 7456.

The object in asking for the so-called Dingley rates is to avoid continual contention before the United States Board of Appraisers concerning the correct values on sardines.

Members of our association and the association itself are frequently in litigation before the United States Board of Appraisers, and it is safe to say that in the majority of cases importers of sardines have been paying duty on a higher valuation than was justified in order to escape being penalized for undervaluation.

Respectfully submitted.

Associated Importers of Food Products,
George O'Hara, *President.*

(Permission was previously granted by the chairman to file the following as a part of the witness's testimony:)

PARIS, JUNE 20.

MINISTRY OF COMMERCE, *Paris.*

SIR: The United States Government is at present studying a general reform of their customs tariff and the American suppliers are taking drastic steps with the public authorities with respect to commodities in which every party is interested, in order to increase the customs duty in such a proportion that the importation of products of foreign origin be impossible.

We thus learn that growers of North American mushrooms are suggesting that the present duty of 2½ cents per pound on preserved mushrooms be increased to 50 cents.

But the growers acknowledge that cost of production for cultivated mushrooms in the States is about 44 cents per pound, i. e., that duty on same would be superior to the cost price of the American mushroom.

If it is taken into consideration that French mushrooms are always exported to the States as tinned goods, duty on which is calculated on the gross weight (1 pound tin containing only 230 grams net of mushrooms) one can realize that American suppliers wish a duty equivalent to more than double the cost price of the American product, to be applied on our preserved mushrooms.

In order to justify a protective exorbitant duty, American growers first mention hygienic reasons and furthermore pretend that the production of mushrooms we are exporting cost very little indeed.

Purposely mistaking dry mushrooms with tinned mushrooms, they pretend that among the latter wild mushrooms can be found, these being picked by people who are unable to distinguish the right kind, and often they are found to be poisonous.

They further state that our mushrooms are bleached with chemicals, the use of which is prohibited in the States.

But the tinned mushrooms which have for many years been exported from France to the States in large quantities are entirely cultivated mushrooms.

They being grown in quarries, they are well known and entirely free of injurious effects.

On arrival in the States, our preserves have to be tested by chemists at the Bureau of Agriculture, and if they are not in accordance with American regulations, their admission into the States is immediately prohibited.

In order to prove that tinned mushrooms are really cheap, American growers pretend the renting charge for disused quarries where they are cultivated is almost insignificant, and that Parisian catacombs are specially used, as manure can be thrown through chimneys without expense, the workmen on the mushroom beds only getting 6 cents per hour, viz, 72 centimes in French money.

But the growing of mushrooms being an important agricultural industry, the old plaster quarries convenient for the above-mentioned purpose are hired at very high prices, which vary between 0.75 franc and 1 franc per square meter in the Parisian region.

In the Paris catacombs no mushrooms have as yet been grown nor manure been thrown.

Horse manure, which is very hard to get, costs at present about 25 to 30 francs per ton, in railroad station, and the cost of carriage is 9.85 francs per 100 kilos.

The workmen on mushroom beds are paid 2 francs and 2.50 francs per hour, chief workmen getting from 230 francs to 250 francs per week.

Cultivated mushrooms are sent to the States in white tins weighing gross O. K. 500, i. e., a little more than the English pound, the price of which varying between 2.50 francs and 4.50 francs, according to quality.

But these tins contain 230 grams of mushrooms, i. e., the English pound of French mushrooms is sold in France from 5 to 9 francs, namely, 41 to 75 cents, at the rate of 12 francs to the dollar.

If carriage charges are added, plus cost of duty, 2½ cents per pound gross, viz, 5 cents per pound of mushrooms net and incidentals, French mushrooms in the States become more expensive than American mushrooms.

The American growers are therefore trying to stop the importation of the foreign article so as to realize big profits prejudicial to the American population.

The culture of mushroom beds is a French industry of importance and the preservation of same occupies on a big scale the factories in Paris, Bordeaux, La Touraine; it is estimated that two-thirds of mushrooms preserved in France are sent to the States.

Summing up, the application of a prohibitive duty by the North American Government on our mushrooms would be very detrimental to agriculture and French industry, and we sincerely trust that the needful will be done so that our embassy and commercial attaché in Washington be without delay in possession of all necessary documents with a view to enable them to reveal the exact situation to the American public authorities and thus avoid the previous mentioned exorbitant duty. We are, sir,

Your very obedient servant,

CHAMBRE SYNDICALE DES FABRICANTS DE CONSERVES ALIMENTAIRES.

ONIONS.

[Paragraph 768.]

STATEMENT OF J. B. STAMBAUGH, REPRESENTING THE NATIONAL ONION ASSOCIATION.

Mr. STAMBAUGH. My name is J. B. Stambaugh. I represent the National Onion Association, and I will take but very little of your time.

One thing we contend is that the present tariff rate is not equal to the difference of cost of producing in foreign countries and the cost of transportation to this country to our Atlantic seaport towns. I want to draw your attention to the fact that the United States can grow all the onions and is now growing more than are consumed in the United States, so we don't need any protection. Further, I want to call your attention to the fact that it is almost entirely a labor proposition. From the time we produce the seed, and we do produce our own seed, it is a labor proposition. I am an onion grower myself, by the way, gentlemen. We produce our own seed and sow those seeds largely by hand. Those rows are planted from 1 to 3 or 4 inches apart, making it necessary to cultivate by hand. The weeding is done by hand, the pulling is done by hand, and the topping is done by hand, although there are machines that will top onions.

Senator SMOOT. Do you think you ought to have more than 75 cents a hundred?

Mr. STAMBAUGH. Yes.

Senator SMOOT. What do you think you ought to have?

Mr. STAMBAUGH. We would like to have $1.50.

Senator SMOOT. What are you asking for? Not what you would like to have, but what do you want?

Mr. STAMBAUGH. A dollar and a half would give us but very little advantage. Seventy-five cents would give Europe 61 cents per hundred advantage over America.

Senator McCUMBER. Do you raise more in the United States than are used in the United States?

Mr. STAMBAUGH. Yes, sir.

Senator McCUMBER. Therefore, we are exporting large quantities?

Mr. STAMBAUGH. Yes, sir; we export to Porto Rico and Cuba and South America and Canada. Canada is not a large onion-producing country. I ship a good many to Canada, although the exchange has been against us the last couple of years.

Senator McCUMBER. Where are our importations mainly from?

Mr. STAMBAUGH. Our importations are mainly from Spain, Egypt, the Bermuda Islands, Canary Islands, and Australia. Continental Europe ships some, but Spain produces about 2,000,000 barrels for export, and Egypt produces large quantities for export.

Senator SMOOT. Do you sell your onions that you export for more or less money than you sell in this country?

Mr. STAMBAUGH. We don't sell those direct. While I am a shipper, I never sold any to a foreign country, only to Canada.

Senator McCUMBER. Where do you raise your onions?

Mr. STAMBAUGH. We raise in Ohio. Would it be of interest to you to know where those onions are grown in the United States?

Senator McCUMBER. We know, generally.

Mr. STAMBAUGH. It will only take a little bit

Senator SMOOT. You are not interested in garlic, 2 cents a pound?

Mr. STAMBAUGH. We feel as though we should have as much protection as the garlic grower. We have felt that for years. When you speak of onions you always create a laugh, and we have always been the fellow that laughed. It is really the Egyptian and European onion grower that had the laugh.

Senator LA FOLLETTE. Do you produce in this country the same sort of onion you get from Bermuda?

Mr. STAMBAUGH. We grow the Texas-Bermuda onion, and we grow onions of that kind in Louisiana and Florida. Those are southern-grown onions.

Senator LA FOLLETTE. Does it command the same price on the market as the Bermuda onion?

Mr. STAMBAUGH. It is grown from the same seed.

Senator LA FOLLETTE. Does it command the same price? Is it of the same quality?

Mr. STAMBAUGH. It is owing to the soil and climatic conditions. Egypt has been able to import a larger Bermuda onion than Texas or Louisiana or Florida have been able to produce, but they are from the same seed. The Spanish onions are very much like those on the Pacific slope. Take California for illustration, Idaho, Utah, Oregon, and Washington. They grow a type out there that is really larger than any we can grow.

Senator McCUMBER. They are very mild.

Mr. STAMBAUGH. Yes, sir. Spain grows one that is tougher in texture than the American onion. They are put on our market and consumed.

Senator McCUMBER. Will you explain why, if we are exporting large quantities, a tariff would be any good to us.

Mr. STAMBAUGH. I am glad you asked that question. In 1916 we had a failure in the United States in onions, and they went very high. It is during those years that we produce at a loss that we need protection. We don't want you to put that on to give us an advantage over European countries to any extent, but when we produce onions at a loss, as we did last year, that is when we need protection. And right here, while that is not in line with my talk, I produced 140 cars of onions last year, and I lost on every car.

Senator SMOOT. How many did you dump?

Mr. STAMBAUGH. I did worse than that. I shipped my surplus into cold storage and they didn't pay freight, transportation, and storage charges.

Senator SMOOT. That often happens to fruit dealers.

Mr. STAMBAUGH. So I did worse. Most of the people had more sense than I had and dumped theirs.

Senator SMOOT. Let them rot?

Mr. STAMBAUGH. Let them rot at home.

Senator MCCUMBER. Did you export any last year?

Mr. STAMBAUGH. Oh, yes; we gave them away.

Senator DILLINGHAM. Was there no sale for onions last year?

Mr. STAMBAUGH. Yes.

Senator DILLINGHAM. What was the matter?

Mr. STAMBAUGH. There were too many of them.

Senator LA FOLLETTE. How were your prices last year as compared with the year before?

Mr. STAMBAUGH. I bought a lot at 40 cents a hundred. I shipped 300 cars and made about $8 per car net profit on them. So there were no excess profits. I bought them at 80 cents a hundred that cost $1.40 to produce.

Senator SMOOT. Did you sell at 40 cents per hundred?

Mr. STAMBAUGH. No; I sold at 60 cents in a 14-cent bag. I furnished the bag and paid 40 cents for the onions.

Senator SMOOT. Those were the onions we paid 20 cents apiece for?

Mr. STAMBAUGH. I suppose so. You are getting my talk very much confused. You may argue what the increase would cost the consumer. In Cleveland last fall I asked the price of onions and they said 8 cents. I went home and quoted them at 1½.

Have I answered your question to your satisfaction, why we import onions when we are asking for a tariff?

Senator MCCUMBER. Did we export onions last year?

Mr. STAMBAUGH. No, sir.

Senator MCCUMBER. And it is those years when there is a deficit that you need protection?

Mr. STAMBAUGH. Yes.

Senator MCCUMBER. And you must have protection in those years in order to even up your losses in other years?

Mr. STAMBAUGH. Yes. I don't think we need any protection this year. This has been an excessively hot summer. We have raised heavy onion crops during dry seasons, but we don't raise heavy onion crops during dry seasons and hot seasons. Consequently, the United States this year harvested one of the biggest crops of onions they have harvested for years, since we have had a record. They would naturally sell higher, unless conditions are too much against us.

Senator MCCUMBER. And if last year we paid 20 cents apiece for them we will probably pay 40 this year?

Mr. STAMBAUGH. It has been my experience from what information I could gain that there never is very much difference in the retail price of onions. We have lost money on them, and we would walk up to a stand and ask the price of onions, and they would tell you 8 cents, and we were getting them at 40 cents a hundred and shipping them all over the United States, and onions generally were about 6 cents per pound retail. They did seem to get down to a 6-cent basis.

Senator SMOOT. I never heard of it.

Senator MCCUMBER. They did not in this city.

Mr. STAMBAUGH. I presume not. To-day onions in our section are bringing 3 cents a pound, but there is a wonderful shortage. In our section in Hardin County we raised 3,700 cars, and I estimate this year about 1,200. Last year there were about 37,000 cars in the United States, and I estimate this year about 18,000. If every year was like that, I would not be here; but that is not the case.

Senator JONES. May I ask you a question? The chairman suggested a while ago that you want this tariff in the years when you had a light crop?

Mr. STAMBAUGH. No; when we have a heavy crop.

Senator JONES. I think that is where you did not understand the chairman.

Mr. STAMBAUGH. Possibly not.

Senator JONES. I think the chairman suggested that you did want the tariff when you had a short crop, so that you could raise your price and get what you call a fair return for your onions in that kind of a year, but when you have a large crop and are able to export onions, you were not needing a tariff. That, I understood, to be the position of the chairman.

Mr. STAMBAUGH. Yes. Pardon me. I didn't understand him.

Senator JONES. I understood you to say that in this year when you had a short crop you would need a tariff. Is that right?

Mr. STAMBAUGH. No. Well, yes; I mean that. We have such a short crop in the United States that by taking into consideration the rights of the consumer, those onions from Europe coming over, it would be absolutely selfish for us to ask a tariff that would bar those people from shipping them in when they are needed. But last year, a year like last year, I never paid over a cent and a quarter a pound, and conditions got worse and worse until we finally bought them for 40 cents a hundred. That is the year they increased their product 1,032,000 bushels, when us fellows were going bankrupt. Had we had proper protection, we possibly could have delivered all of the production of the United States to the consumer; but as it was we possibly dumped 2,000,000 bushels, and they imported 1,700,000 bushels.

Senator McCUMBER. I confess I do not understand your philosophy. You say you do not need any protection when you have a short crop, and when you have a better crop and you are exporting it will not do you any good.

Mr. STAMBAUGH. Yes; it does do good.

Senator McCUMBER. What time is it you are going to need protection?

Mr. STAMBAUGH. I guess we don't understand each other.

Senator LA FOLLETTE. The protection gives them that market.

Senator McCUMBER. If they are exporting, our price is fixed by export demands.

Senator LA FOLLETTE. They export their surplus.

Mr. STAMBAUGH. The United States will consume just about 25,000 cars per year. If we produce 18,000 cars per year, we need some of those onions. The tariff should not be so high but what we can bring them in. But, for illustration, last year we grew 32,000 cars of onions to feed a population that needed 25,000 cars, and we had that surplus, and yet Europe came in and divided the trade with us.

Senator McCUMBER. If we have to sell abroad and do sell abroad, assuming we get a better price by exporting than we get from the home demand, why did not the foreign trade ship to the same place we shipped to instead of shipping to this country?

Mr. STAMBAUGH. I sold onions at 60 cents per hundred to go through New York City for export. I could reach that market in Cuba and South America with the onions that cost 60 cents per hundred plus the freight. I could not reach it had I paid $3 per hundred plus freight.

Senator SMOOT. Onions were so low last year that there were very few importations into this country.

Mr. STAMBAUGH. There were 1,770,000 bushels that came into the United States last year, according to our figures.

Senator DILLINGHAM. What is the freight from Spain to New York?

Mr. STAMBAUGH. What is the freight from Spain to New York? I thank you for that question. The freight from Spain to New York is 5 cents from the field to the vessel, and 38½ cents to New York City by water.

Senator DILLINGHAM. What is the freight from your section to New York?

Mr. STAMBAUGH. Our freight is 50½ per hundred. Spain has 12½ cents advantage of us on freight. Indiana pays about 60 cents per hundred. Idaho and Utah and that country pays over $1.

I have some figures here if you care to know something further about the cost. I want to offer this in evidence.

Senator McCUMBER. It will be printed.

Mr. STAMBAUGH. Here is a little paragraph that was gotten up by Mr. Rosenblum. I would like to offer that as evidence.

Senator McCUMBER. That will be printed. Is that about all?

Mr. STAMBAUGH. I just want to say one thing more. On the basis of 75 cents per hundred as the estimated cost of producing onions in the European countries and shipping them to seaport towns of the United States, and the estimated cost on the American western slope and in the Central States and Eastern States, the European countries will have 61 cents per hundred the advantage over the United States f. o. b. the ports at the Atlantic coast. We would like to have 1½ cents. That will give us an advantage, and it is a pretty hard proposition for us now.

BRIEF OF JOSEPH ROSENBLUM, SOUTH DEERFIELD, MASS., CHAIRMAN OF COMMITTEE OF NATIONAL ONION GROWERS' ASSOCIATION.

CHANGES RECOMMENDED.

I. This brief is submitted in connection with securing legislation under Schedule G, paragraph 208, which will protect the onion industry of the United States to an extent sufficient to equalize the difference in the cost of the production of the product in the United States and its cost of production in those countries from which it is imported.

These briefs are a summary of the facts compiled by the various onion growers appearing before this committee and by the various associations interested in the production and marketing of onions. The figures herein contained in so far as possible have been taken from the Government reports and when those were not available from records kept by the various producers.

The present duty is 20 cents per bushel of 57 pounds. The change recommended is a duty of 1½ cents per pound.

The reason for the recommendation of such a change is that this amount would fairly represent the difference between the cost of production in foreign countries and the average cost of production of onions in the United States. If such protection is not given as will equalize those the inevitable result must be the continual increase in the volume of foreign importations and the corresponding decrease of production in the United States until the consumer will ultimately be at the mercy of the foreign producer. To-day with the difference in the cost of production, with the rates of exchange in their unstable condition the proposition of growing onions in Spain and Egypt for the American market is attractive and is interesting capital, both here and abroad. This country's producers are this year taking a loss of about 50 per cent of the actual outlay in the cost of production and are not going to continue to raise a product which they know will not return them the actual money invested. The destruction of the onion industry in the United States besides rendering this country entirely at the mercy of the foreign producers would cause a tremendous financial loss to hundreds of various farming communities in various sections of the country where the onion crop is the principal source of income of the farmers and its storing, marketing, and handling constitute practically the sole business of the community. The only way in which this can be averted is by legislation increasing the duty on these imports.

DEVELOPMENT OF INDUSTRY.

II. The onion industry as shown in Title No. 1 affects 17 States directly in the matter of production and of course in the business of storing, distributing, and marketing effects many more. It is an industry where the capital invested in farms, storehouses, equipment, etc., equal approximately $55,507,500. It is an industry which constitutes the principal means of livelihood of about 100,000 people directly and many more indirectly. It is an industry which furnishes from 30,000 to 40,000 carloads of shipping each year. Its development in the United States from the period from 1900 to 1920 is from 12,313 carloads to 37,051 carloads. In the Connecticut Valley from the same period its growth was from 1,000 carloads to 3,600 carloads. In Texas from 20 carloads to 6,000 carloads. In California from 500 carloads to 7,033 carloads.

It is an industry in which the average yearly production more than equals the average consumption.

III. In Title Nos. 1 and 2 are found the average production in the United States since 1914. In Title 3 are found the average cost of production for the various producing localities. These costs of production are obtained from taking from the individual growers their figures of actual expenditures in producing the crop in the various localities and averaging those figures. The information as to these freight rates was obtained direct from the carriers. The information as to the cost of storing onions as set forth in Title 5 was obtained from the owners of the storage warehouses and from the producers.

The information as to the cost of production of the foreign product as shown in Title 8 was obtained from those people producing onions in those countries and the shipping rates quoted on the same title were obtained from the steamship companies.

No. 1.—*Annual estimate of crops of onions August 1, 1914–1920, by States.*

States.	1914	1915	1916	1917	1918	1919	1920
	Cars.	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*
California	6,500	5,100	3,333	9,000	7,000	5,250	5,033
Colorado	400	400	700	400	400	400	1,100
Utah	75	75	75	75	100	75	70
Washington	150	150	175	200	200	300	750
Oregon	400	400	610	300	370	300	350
Idaho	....	....	....	....	....	50	250
Minnesota	400	400	375	700	1,200	500	750
Wisconsin	200	200	400	600	900	500	1,000
Indiana	4,000	2,000	2,830	1,560	2,500	1,200	2,660
Illinois	....	....	....	100	250	400	750
Ohio	7,500	1,100	3,425	3,262	5,337	2,515	3,403
Pennsylvania	100	100	100	150	250	100	150
New York	10,000	9,070	4,410	7,255	10,000	5,255	6,460
New Jersey	400	600	800	200	600	400	250
Massachusetts	3,600	3,000	3,500	3,000	4,000	3,000	3,200
Iowa	300	260	300	500	1,000	450	750
Michigan	400	400	400	500	1,000	350	1,000
Total	34,425	23,255	21,433	28,102	35,107	21,045	27,926

No. 2.—*Spring and summer crops annually.*

States.	1914	1915	1916	1917	1918	1919	1920
	Cars.	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*	*Cars.*
Forward	34,475	23,255	21,483	28,102	35,107	21,045	27,926
California	600	750	1,200	1,000	1,100	1,250	2,000
Texas	6,500	5,260	6,100	5,200	5,000	3,500	6,000
Virginia	200	200	250	200	300	275	300
West Virginia	75	100	150	100	150	160	175
Louisiana	175	300	400	600	400	175	200
Kentucky	400	350	450	400	500	400	450
Total	42,375	30,215	29,983	35,602	42,557	26,805	37,051

Total cars in United States annually.

1914	42,375	1918	42,557
1915	30,215	1919	26,805
1916	29,983	1920	37,051
1917	35,602		

Average production the past seven years, 34,941 cars per year, 17,470,500 bushels.

Average consumption the past seven years is approximately 25,000 to 28,170 cars per year, 14,085,500 bushels.

No. 3.—*Cost per 100 pounds onions to produce and deliver to Atlantic seaboard points with no margin of profit to grower, shipper, or receiver.*

[These figures do not cover onions placed in storage for fall, winter, and spring supply. No. 5 covers these additional costs.]

States.	Cost.	Freight rates per hundred.	Haul (miles).	Cost delivered.
California	$1.30	$1.65	3,000	$2.95
Texas	2.50	1.65	2,400	4.50
Minnesota, Wisconsin, Illinois, Ohio, Indiana	1.40	.60	700-1,000	2.00
New York, Massachusetts, East	1.74	.30	175-250	2.04
Total				11.49
Average cost in United States delivered Atlantic seaboard points				2.87½

No. 4.—*Comparison of figures—Cost per 100 pounds onions to produce and deliver to Atlantic seaboard points with fair and minimum profits to grower, shipper, and receiver.*

[These do not cover onions placed in storage for fall, winter, and spring supply. No. 5 covers these additional costs.]

State.	Cost.	Grower, 25 per cent.	Shipper.	Receiver.	Freight per hundredweight.	Haul (miles).	Cost delivered.
California and slope	$1.30	$0.32	$0.15	$0.20	$1.65	3,000	$3.62½
Texas	2.50	.625	.15	.20	1.65	2,400	5.125
Indiana, Ohio, Michigan, Wisconsin, Minnesota	1.40	.35	.15	.20	.60	700-1,000	2.70
New York, Massachusetts, and east	1.74	.435	.15	.20	.30	175-250	2.825
Total							14.275
Average cost in United States delivered Atlantic seaboard points							3.74

No. 5.—*Storage onions—Additional cost on onions held for fall, winter, and spring supply, because onions must be distributed throughout these seasons.*

	Per cwt.
Storage rentals per 100 pounds, season	$0.50
Shrinkage average 12 to 15 per cent (about 15 to 25 cents)	.20
Insurance per 100 pounds	.01
Interest 6 months, 6 per cent	.05
Total, which should be added to cost of production	.76

No profit figured in these items, nor should there be, as the profit or loss is purely speculation. These items are actual cost.

No. 6.—*American product—Average cost 100 pounds onions delivered Atlantic seaboard points.*

Without profit:		With profit:	
Cost	$2.87½	Cost	$3.74
Storage costs	.76	Storage costs	.76
Actual cost	3.63½	Total	4.50

IV. The sources of imports and the volume thereof as shown in Table 7 are figures taken from United States Government reports and by figures kept by individuals prior to the institution of such reports by the Government.

No. 7.—*Importations of onions.*

Year.	Quantity	Increase.	Decrease.
	Bushels.	*Bushels.*	*Bushels.*
1914	940,921		
1915	754,589		186,332
1916	1,257,803	503,214	
1917	1,934,974	677,171	
1918 [1]	261,029		1,673,945
1919	740,686	479,657	
1920 [2]	1,772,868	1,032,182	

[1] 1918, falling off due to our entering World War and shortage steamship space.
[2] 1920, only covers period of 11 months to Nov. 30, 1920.

These figures are extracted from figures prepared by Foreign Market Service, Bureau of Markets. The largest amount of imports come from the following countries: Egypt, Spain, United Kingdom, Bermuda, Mexico, Australia, Canary Islands.

No. 8.—*Foreign product—Approximate cost per 100 pounds onions delivered to Atlantic seaboard points.*

Country.	Cost of growing.	Container.	Cartage.	Duty 20 cents per bushel of 57 pounds.	Freight.	Cost delivered.
Egypt [1]	$0.65	[2] $0.06	$0.05	$0.35	$0.60	$1.71
Spain [3]	.85	[4] .15	.05	.35	.60	2.00
Total						3.71
Average cost delivered Atlantic seaboard points						1.855

[1] Freight rate Egypt to New York, 4,000 miles haul, compared with same distance in United States.
[2] Bag.
[3] Freight rate Spain to New York, 3,500 miles haul, compared with same distance in United States.
[4] Crate.

About same condition prevails in other foreign countries with the exception of Bermuda, where cost is greater.

No. 9.—*Foreign product—Approximate cost per 100 pounds onions, including profits, to all sources, delivered at Atlantic seaboard points.*

Country.	Cost of growing.	Container.	Cartage, etc.	Duty 20 cents per bushel of 57 pounds.	Freight.	Profit.	Cost delivered.
Egypt	$0.65	[1] $0.06	$0.05	$0.35	$0.60	$0.44	$2.15
Spain	.85	[2] .15	.05	.35	.60	.51	2.51
Total							4.66
Average cost delivered Atlantic seaboard points including profits							2.33

[1] Bag. [2] Crate.

Profits figured as follows: Grower's profit, 25 per cent of cost; commissioner, 10 cents per hundredweight; importer, 15 cents per hundredweight.

No. 10.—*Foreign product—Approximate cost per 100 pounds onions delivered to Atlantic seaboard points.*

Without profits:		With profits:	
Spain	$2.00	Spain	$2.51
Egypt	1.71	Egypt	2.15
Total	3.71	Total	4.66
Average cost	1.855	Average cost	2.33

No. 11.—*Contrast of domestic and foreign cost.*

1. Approximate cost of American product delivered at Atlantic seaboard:
   - Without profit $3.63¼
   - With profit 4.50
2. Approximate cost of foreign product delivered at Atlantic seaboard:
   - Without profit 1.855
   - With profit 2.33
3. Difference:
   - Without profit 1.77¾
   - With profit 2.17
4. Tariff requested 1½ cents per pound.

These figures show the actual cost to the American producer, figured over a period of three years, and include therein the actual storage costs, because as a part of the cost of distribution about one-half of these onions have to be put into storage in order to have them available to the consumer. In title 9 this question of profit does not take into account the difference in the rates of exchange between these various foreign countries and the United States and which of course offer an added inducement to the foreign producer to market his onions in the United States. So, consequently, the tariff asked for is simply the difference in the cost of production which the American producer can not change. He can not meet this emergency by decreasing his production, because he can not control the production abroad, which would increase as he decreased. His only remedy is to obtain a duty which shall protect him to the extent of the actual cost of production against foreign competition.

CONCLUSION.

1. A return to the amount of duty imposed by the Payne-Aldrich bill would not afford sufficient protection to the onion industry at the present time because:

(*a*) The cost of production in the United States has increased over 200 per cent over what it was when that bill was in effect, and the freight rates in the United States have increased from 75 to 100 per cent in the same time, so that the duty imposed in the Payne-Aldrich tariff on onions would not equalize the present difference in cost of production of that product here and abroad.

(*b*) A tariff of $1.50 per hundred pounds will not destroy competition, for when the market in the United States reaches our cost of production the importer can then afford to compete in the market with us. Such a tariff will really protect the American producer in times of overproduction.

(c) A duty of 1½ cents per pound will prevent the development of the present onion industry in Spain and Egypt by American capital, and under the present duty there is every inducement to American capital to invest in the development of that industry.

(d) A duty of 1½ cents per pound would not absolutely prohibit importation and in case the market in this country was higher than the cost of production here, its effect would be no different from that of the Payne-Aldrich duty in 1912, when the imports from Egypt were larger than ever.

2. Our figures submitted in connection with the volume of imports under Title No. 7 are compiled on the basis of the calendar year and not the fiscal year. The reason that they do not show a steady increase during the period from 1914 to 1920 under the low tariff rate is because from 1914 to 1918 the World War prevented the marketing of Egyptian onions in the United States and materially affected both the producing and shipping in other onion-growing countries. The work of reorganizing and developing began again this present season, and its effect is being felt in our markets to-day in an importation greater than ever before.

3. We are submitting herewith sample cost of production sheets from the various States in which the American product is grown, and on those sheets are found the daily wage paid in that locality for farm labor.

Average daily wage paid labor in the United States, $3.25 to $3.50.

Average daily wage paid in Spain for same work, 43 to 58 cents.

The daily wage paid in Egypt we are unable to ascertain exactly, but know that it is less than that paid in Spain.

ADDITIONAL STATEMENT OF J. B. STAMBAUGH, REPRESENTING THE NATIONAL ONION ASSOCIATION.

Mr. STAMBAUGH. I was sent here originally by the National Onion Association. They have requested that I should come back here to show what the work of the emergency tariff bill has been in the last year since it was passed. I have here a few telegrams to which I should like to refer.

Senator McCUMBER. This is not covered in your previous testimony, is it?

Mr. STAMBAUGH. No; we did not have that information. I have simply two telegrams. One is from the Bureau of Markets and one from members in New York City.

I shall not take up a great deal of your time, but shall endeavor to go to the meat of this subject and show you what has taken place.

I would like to have the privilege of stating that in 1914, after the Underwood tariff bill went into effect with a duty of only 20 per cent, the importation of onions was only 1,800 cars. I want now to show you what has taken place during the time since the tariff bill has been passed and to show that the emergency tariff bill carries with it the same protection that the House bill does—75 cents per hundred.

We sent a wire to the Bureau of Markets. For some reason or other the Bureau of Markets has not compiled its reports up to date. They gave us the amount of onions that have been imported from the 1st day of July until the last day of October. I have a telegram here. We wired to Thurman-Page, of New York City, to give us the amount of onions that had been imported from July 1 to date. These are the chief telegrams I wish to treat with.

The total imports of onions from July to October, inclusive, were 725,642 packages. That would figure about 1,600 cars of 500 bushels to the car.

On the 9th day of December we received a telegram from Thurman-Page, New York City, reading as follows:

Spanish correct figures, 1,173,400 packages. Holland, Italy, Hungary, approximately 35,000 packages.

Mr. Chairman, those packages carried 120 pounds. Multiplying the number of packages by 120 pounds gives 2,900 cars of onions of 500 bushels each which have been imported into the United States during the period July 1 to December 9.

You will readily see that in 1914 our total imports were eighteen hundred and some odd cars as against 2,900 cars up to the 9th day of December. I want to impress upon your minds that we are just in the midst of the Spanish importation of onions. That will last for 100 days yet. In fact, I was down in New York City several years ago during the month of April and they were still coming in. In this report there are less than 100 packages of Egyptian onions. That shipment does not commence until February. I think that is true of the Canary Islands and Bermuda onions, so that you can see all these onions are yet coming. But from our experience in former years it looks as if we were going to have five or six thousand cars of foreign onions shipped into the United States.

In order to show the immensity of it, let me call your attention to the report of the national association as of December 1, which shows that there are 4,921 cars of onions in dry storage and 700 cars in cold storage, or approximately 4,600 cars of onions in the United States.

When you figure from July 1 to December 9, you find that there have been 2,900 cars of foreign onions that have come in here with no let up.

I wish to read this telegram to you:

Up to date considerable goods afloat to come forward.

Of course, there is no one who can look into the future and tell how many onions are going to be imported, but I do not think it is possible to get away with less than 5,000 cars of onions into our markets.

Senator McCumber. That would be how many bushels?

Mr. Stambaugh. Five hundred bushels to the car, Senator. We figure that number to the car. If we have a telegram asking us for a car of onions and the amount is not specified, we load 500 bushels.

I am frank to say, gentlemen, that the National Onion Association is alarmed. You may think that this bill should be drawn on the basis of the Payne-Aldrich bill, but when the Payne-Aldrich bill was in vogue, the industry in Spain was not developed as it is to-day. I am speaking of Spain because it is the nation that is alarming us. These other nations are not alarming us. To show that that country was not developed at that time, let me say that all importations were only 1,800 cars into this country under a 20 per cent tariff. What developed that country's importations more than the tariff was the World War. When that came on we were getting a good market for the onions. We could not get bottoms, as you know, and it was an opportune time for Spain. It did greatly develop the onion business in Spain, that was unheard of at that time. We have got to take care of that condition now, or, rather, you have got to take care of us.

Senator McLean. What rate do you want?

Mr. Stambaugh. I thank you for that question. I should have stated that at first. I meant to do so. When I was here before the association told me to try to get $1.50 per hundred, or 1.50 cents per pound. We realize, as an association, that possibly if you wanted to help us it would not be in your power to help to that extent, so they instructed me to plead with you to give us 1 cent per pound.

Senator McCUMBER. How many pounds are there to the bushel?

Mr. STAMBAUGH. That is a question that would be better answered in this way. The United States has no standard.

Senator McCUMBER. Aren't there so many pounds to the bushel?

Mr. STAMBAUGH. It varies in the different States. The weight is fixed by the State. I think, for instance, New York has 57 pounds while Ohio has 56. Two years ago there was a lawsuit that arose through a misunderstanding in regard to the number of pounds.

Senator McLEAN. The average would be about 50 cents a bushel?

Mr. STAMBAUGH. It would be. You see, the 100-pound package has come in and it has become a popular package.

Senator McLEAN. Is there any difference in the quality of the American onion and the imported onion?

Mr. STAMBAUGH. That is a broad question.

Senator McLEAN. They claim that the Spanish onions are the best onions that we have here for consumption; is that so?

Mr. STAMBAUGH. I would have to answer that in this way——

Senator McLEAN (continuing). And that they command a little better price.

Mr. STAMBAUGH. I could say either yes or no. No; they do not command a better price all the time. Yes; part of the time.

Senator McCUMBER. Has your onion the same flavor and the same sweetness as the Spanish onion?

Mr. STAMBAUGH. The Spanish onions are so nearly like ours that the Spanish onions are taken out of Spanish packages and put in American packages and sold as domestic onions.

Senator McCUMBER. That does not answer the question. At least, it does not answer what I had in mind. What I want to know is this: If you take the Spanish onion, which is a very mild, sweet onion, and plant it in the United States, will you produce as good an onion as you secure from Spain, or will it be different when raised in different soil and in a different climate in the United States?

Mr. STAMBAUGH. I am afraid you are misinformed.

Senator McCUMBER. Possibly I am.

Mr. STAMBAUGH. When you speak of that mild, soft, sweet onion it is the Egyptian onion or the Canary Islands onion or the Bermuda onion; it is not the Spanish onion.

Senator McCUMBER. I know that I buy the Spanish onions, which are much more mild than the Bermuda onion; that is to say, I only know what I buy them for.

Mr. STAMBAUGH. Yes.

Senator McLEAN. The others are very brittle and firm and not very sweet.

Mr. STAMBAUGH. That is the truth. I must say that I do not know. I am not competent to answer further than I have heard said.

Senator McCUMBER. I assume that they come from Spain because there are only certain seasons of the year when I can get them. They are out of the market at other times, while the Bermuda onion is in the market all the year round.

Mr. STAMBAUGH. Incidentally, the American onion is best for stewing, because it has the best flavor. The Spanish onion is best raw. They are put in American sacks and shipped out to the trade as American onions.

Senator McLEAN. I had assumed that the Spanish onion commanded higher prices.

Mr. STAMBAUGH. The price of the Spanish onion to-day, in New York City, is practically the same as that of the American onion. They come in three different layers. There is a box about so large [indicating]. You can get the large ones in four layers and fill that box. Then you get the medium size in five layers to fill the box, and the smallest ones will take six layers to fill the box.

Senator McLEAN. Where is the major portion of the American onion grown?

Mr. STAMBAUGH. That is a large question. If you will give me time to answer that, I shall try to do so.

Senator McLEAN. Don't they grow in the Southwest—in Texas?

Mr. STAMBAUGH. The Texas onion is a Bermuda onion. On account of climatic conditions or for some other reason, they do not grow as large as those grown in Egypt and the Bermuda Islands, but they have the same flavor. I understand that they get that seed from that country in which the Bermuda onion is grown. It is a mild onion. That feeds the people from the 1st of April to the latter part of July. Then Louisiana comes in with onions, followed by Florida, and finally Kentucky, Virginia, and Jersey. There are onions shipped from the United States every month in the year. As you go north, I think, the onion is stronger.

You asked me a question a moment ago. Possibly this would be of interest to you.

Senator McCUMBER. You are not going to duplicate anything?

Mr. STAMBAUGH. No. Here are the States and the acreage:

California, 7,200 acres; Washington, 350 acres; Oregon, 500 acres; Utah, 75 acres; Idaho, 300 acres; Colorado, 750 acres; Minnesota, 850 acres; Wisconsin, 990 acres; Iowa, 800 acres; Michigan, 1,100 acres; Illinois, 750 acres; Indiana, 3,550 acres; Ohio, 4,583 acres; New Jersey, 400 acres; Massachusetts, 4,400 acres; New York, 8,720 acres. I am not well posted as to the amount of acres planted in Louisiana, Florida, Kentucky, and Virginia.

This is in the onion section. I do not have the Texas figures, but we are told that they are planting about 10,000 acres now. They are being set out at this time.

I thank you, gentlemen, for this opportunity to appear before you again. I trust that you can give us that cent per pound, because we feel that we need it in order to perpetuate our business.

POTATO FLOUR.

[Paragraph 769.]

STATEMENT OF W. P. HARTMAN, REPRESENTING THE FALK AMERICAN POTATO FLOUR CORPORATION, PITTSBURGH, PA.

Senator McCUMBER. You may state your name and address.

Mr. HARTMAN. My name is W. P. Hartman, representing the Falk American Potato Flour Corporation, Pittsburgh, Pa., and I wish to speak on the subject of potato flour, covered in paragraph 769.

Mr. Chairman and gentlemen of the committee, if you will permit I shall file with you a brief and not read from it. It is very short.

If you will further permit I will file along with it the published hearings on the bill introduced in June, 1919, asking for a tariff of 3 cents per pound on potato flour; and the published hearing of February 12 of this year before the Ways and Means Committee; also a pamphlet published for the information of the Ways and Means Committee by the United States Tariff Commission entitled "Domestic Potato Products Industry"; all of which contains considerable statistical and other data that I will not burden you with at this time.

Senator McCUMBER. You are asking this to be printed as a part of your testimony?

Mr. HARTMAN. Submitted for reference.

Senator SMOOT. What do you say you want on that flour?

Mr. HARTMAN. Three cents per pound.

Senator McCUMBER. The committee will have to be informed as to just what you want printed. You spoke about having some of the hearings printed.

Mr. HARTMAN. The hearings and pamphlet for reference only.

Senator McCUMBER. You do not ask that they be printed?

Mr. HARTMAN. No, sir.

The CHAIRMAN. Very well. Your brief may be printed.

Mr. HARTMAN. There are four points, and I will not take more than five minutes in discussing them, if I may.

The bill allows a duty of a cent and a half per pound. We are asking for 3 cents, and say to you honestly and frankly that the potato flour manufacturers of this country can not exist under a duty of less than 3 cents per pound.

Senator LA FOLLETTE. Why?

Mr. HARTMAN. It costs us 6 cents a pound to produce, and European potato flour is produced by millions of pounds and delivered at our ports at $3\frac{1}{4}$ and $3\frac{1}{2}$ cents per pound.

The introduction of potato flour is a costly item. Every one of our salesmen is a technical baker, and in almost every case where we introduce the product we have to make a demonstration in the bake shop to get it in. The basic price is 9 cents at the mill for our product. The importers are offering potato flour as low as 4 and 5 cents in New York and Philadelphia and other eastern markets. We introduce a quality product, and the importer comes along with his cheap and inferior European grade and undersells us.

Senator LA FOLLETTE. Where does it come from?

Mr. HARTMAN. Mainly from Holland at this time; prior to the war mostly from Germany. We understand Germany is now offering some of it.

Senator SMOOT. How long have you been making potato flour?

Mr. HARTMAN. The first mill was constructed in 1918.

Senator SMOOT. Not the first mill in the United States?

Mr. HARTMAN. The first potato-flour mill; yes, sir. It is distinctly a product of the World War. The first potato-flour mill was constructed in the year 1918 at Idaho Falls.

Senator LA FOLLETTE. How much is produced now?

Mr. HARTMAN. Up to the present time there has been produced something over 5,000,000 pounds. The Falk American Potato Flour Corporation has five plants.

Senator LA FOLLETTE. How much is being imported?

Mr. HARTMAN. There are no definite figures on importations. It was not separated in the imports prior to 1914, nor since that time.

I do not know exactly what the imports would be. They have a great quantity of stock in Europe; a lot of stuff is offered over there. There are more than 12 firms that we know of that are offering it at the prices I have named.

Senator LA FOLLETTE. What are they offering it at here?

Mr. HARTMAN. From 3¼ to 3½ cents c. i. f. New York. During the hearings before the Ways and Means Committee the point was developed as to the increase in the cost of bread if potato flour is used. I would like to say there would be no increased cost, because it is used solely as a bread improver and used exclusively by the baking industry. We all know what mother's potato bread is. It is used in the proportion of 2 per cent, or about 4 pounds to the barrel of wheat flour of 196 pounds.

Senator LA FOLLETTE. What is its value in bread?

Mr. HARTMAN. It is a bread improver. It is a natural yeast food. The use of it makes a better loaf of bread, better in taste, better in flavor, better in keeping quality. The moisture retention is of great value to the baker and housewife.

Senator SMOOT. You do not use the old way of putting it in?

Mr. HARTMAN. The baker can not use the old method because of the new machinery of the present day. He can not mix mashed potatoes with his dough. Our potato flour sifts in and unifies easily with his wheat flour.

There was another point developed in the hearings before the Ways and Means Committee, and that was upon the conversion equivalent of the potato on the compensatory basis. The duty of 1½ cents was fixed by the Ways and Means Committee on the basis of 42 cents per hundredweight on potatoes, and the production factor (as they were incorrectly advised) at 25 per cent, whereas the actual production factor is 20 per cent. I may say to you gentlemen that since the hearings we have shown to the satisfaction of members of the Tariff Commission and certain members of the Ways and Means Committee that it is actually 20 per cent, and we have been told by two members of the committee that if you gentlemen recommend and put in your bill a duty of 3 cents per pound that they will support the measure, with their later understanding of the difference in conversion equivalent. Basing it at 25 per cent, which was an incorrect basis, they arrived at 1½ cents per pound. If the correct factor had been used, 20 per cent, it would figure 2.1 cents per pound.

Senator SMOOT. Potatoes are very cheap in the United States. Does it cost you any more to make potato flour than to make wheat flour from wheat?

Mr. HARTMAN. I could not say about that, Senator. I am not informed as to wheat milling costs. We figure over a 5-year period to pay 60 cents a hundred for the potatoes.

Senator LA FOLLETTE. That is the way you arrive at your cost?

Mr. HARTMAN. Yes, sir. We have to figure on that basis.

Senator WATSON. Where is your competition?

Mr. HARTMAN. Holland and Germany—mainly Holland this year.

Senator WATSON. Do they raise potatoes cheaper than we do?

Mr. HARTMAN. Yes, sir; they raise and transport them cheaper.

Senator WATSON. How is that?

Mr. HARTMAN. The labor cost, transportation, subsidy, and the type of potatoes they grow. The European potatoes contain about 8 per cent more starch than the average in the United States, because they grow a selected variety for industrial purposes, unfit for ordinary use, for table use; whereas, we have to take our potatoes from the ordinary table stock. I want to point out the economic importance of this industry, because we aim to use sound under United States grade No. 1 potatoes, permitting the No. 1 potatoes to go into the ordinary channels of trade. The capacity of the Falk Corporation plants ranges from one to three carloads a day. We have plants located in Michigan, Wisconsin, Minnesota, Idaho, and Colorado. There are two other plants owned by farmers' cooperative exchanges in Colorado and Nebraska, one privately owned in Wyoming, and one in Maine, nine plants at the present time. These plants were not producing anywhere near capacity during the last season, when potatoes were dumped because of the lack of market, because they could not go up against the foreign competition and the prices I have quoted you of 3¼ and 3½ cents.

Senator LA FOLLETTE. How much labor do you employ?

Mr. HARTMAN. The labor cost is relatively small. We employ 20 to 25 men to the plant. We aim to operate in normal seasons about seven months in the year. The other five we can not operate. We aim to operate from October or November up to May and June, depending on the condition of the crop.

I have stressed the two points, one with reference to conversion equivalent and one with reference to not increasing the cost of the loaf of bread. The third is the economic importance of this industry to the American potato growing industry. Take Michigan, for example. They produced 28,000,000 bushels of potatoes last year. The newspapers reported that there were 2,000 carloads dumped on account of the lack of market. If our plant could have afforded to operate at Cadillac, Mich., continuously from the time they were ready on down they would have used somewhere around 650 carloads.

Senator LA FOLLETTE. What is the transportation rate from overseas?

Mr. HARTMAN. From Rotterdam to New York or Philadelphia it is 23 cents per hundredweight; from our nearest plant in Michigan to New York it is 66 cents per hundredweight.

Senator SMOOT. I notice you do not have very many imports of potato flour?

Mr. HARTMAN. No, the record does not show it was heavy. I think in 1914 there were something over 500,000 pounds. We have spent considerable money in developing a market. We have maintained upward of 25 technical men demonstrating throughout the United States, introducing the product. It came out of the war, largely at the solicitation of the various Federal departments. Congress appropriated $50,000 for dehydration investigational work, and the Bureau of Chemistry found that production of potato flour was one of the most promising of the various dehydrating features.

Senator SMOOT. Only 438,000 pounds of dried potatoes and potato flour was brought into this country in 1918?

Mr. HARTMAN. Yes, sir. That was practically all potato flour.

Senator SMOOT. There were only 550,000 pounds in 1914?

Mr. HARTMAN. Yes, sir. There are millions of pounds offered in Europe to-day.

Senator LA FOLLETTE. Do you know the amount of money the Government appropriated, or, rather, when it made its last appropriation to promote this industry?

Mr. HARTMAN. The appropriation was made, I think, in 1918, $50,000.

Senator LA FOLLETTE. I remember it in the appropriation bill, but I do not remember when the last one was made, whether they are continuing the experiment.

Mr. HARTMAN. Yes; they are continuing the experimental work.

Senator SMOOT. There was only one appropriation.

Mr. HARTMAN. $50,000. That work is still being continued. I wanted to show you these samples to demonstrate to you the difference between starch and potato flour. The question was raised that there would be confusion in the customs officers. There is no chance of confusion if a man will use his senses. They do not taste alike, do not feel alike, do not smell alike, and do not look alike. That was one reason, we understand, for putting the rate at 1½ cents a pound, thus being the same as potato starch. I thank you very much, and I would like to file this brief as a part of my testimony.

Senator MCCUMBER. The brief will be printed.

BRIEF OF W. P. HARTMAN, REPRESENTING THE FALK AMERICAN POTATO FLOUR CORPORATION, PITTSBURGH, PA.

The manufacture of potato flour in the United States is a distinct national asset. It is a product of the World War, resulting directly from the encouragement and solicitation of Federal, State, and other authorities. Congress, by its substantial appropriation of funds for research, experimental, and promotional work in the matter of dehydration of vegetables and fruits, voiced a national sentiment favoring the conservation and utilization of foodstuffs, particularly that tremendous volume of farm products so often a total loss because of undergrade.

The records and exhibits of the Bureau of Chemistry, United States Department of Agriculture, will, I believe, among others, sustain the statement that the manufacture of potato flour proved one of the most successful and most promising of the countless and costly experiments conducted to determine methods and products that would survive as a permanent industry.

At the very outset it was known to everyone in any way interested that potato flour could not be produced in this country in direct competition with the cheaply produced, inferior foreign product. It was naturally assumed, as the experiments progressed to commercial proportions, that a new industry of such character, when proven a commercial possibility, would instantly enlist the support of the Congress of the United States, to the end that a duty on imports, sufficient to adequately protect domestic production, would follow in due course.

In pursuance of this theory a bill was introduced in Congress (H. R. 6814) June 29, 1919, asking for a duty on imports of potato flour of 3 cents a pound. Published hearings on this bill before the Ways and Means Committee of the House of Representatives contain sufficient data to prove the positive merits of the application. Supplementing the hearings, a pamphlet published at that time for the information of the Ways and Means Committee, by the United States Tariff Commission, entitled, "The Domestic Potato Products Industries," furnishes important statistics and other specific information. With your permission and in order to save your time, we submit the two documents for your reference as a part of our testimony at this hearing.

Further, as a part of this statement we refer to hearings on general tariff revision before the Ways and Means Committee, House of Representatives, Part V, Schedule N—Sundries and free list, pages 4017–4023.

Potato flour is a very distinct product, comparable in no way, either as to process of manufacture, appearance, odor, flavor, color, texture, or uses, to any other potato product. It is the whole potato minus only its water content and outer skin. Only sound potatoes are used, which are washed, peeled slightly, thoroughly cooked, mashed, dried into flakes over large steam-heated drums, then ground and bolted into a fine, creamy-yellow flour. Potato flour is used almost exclusively by the baking industry solely as a bread improver. Any experienced baker, chemist, or food authority will attest its merits.

Manufacturers of potato flour aim to harmonize the industry with present-day standards of farm marketing of the potato crop so that the factory will absorb the sound under United States grade No. 1 stock. In seasons of overproduction the industry ought to be in position to work up the surplus crop, thus obviating the heavy complete losses to growers and shippers because of dumping and total waste such as obtained this year in Michigan, Maine, and other States.

There are nine factories equipped for manufacturing potato flour in the United States. Five of these plants are owned and operated by the Falk American Potato Flour Corporation, general offices, Pittsburgh, Pa. The factories are located at Cadillac, Mich.; Wisconsin Rapids, Wis.; Bemidji, Minn.; Idaho Falls, Idaho; and Monte Vista, Colo. Plants owned by farmers' cooperative associations or local companies are located in Maine, Wyoming, Nebraska, and Colorado. It will be noted that practically all of the principal potato-growing districts of the country are served by a factory.

Owing to short crops, lack of protective tariff, and other causes, not one of any of the nine plants has been able to work to capacity during any of the years since the first mill was constructed in 1918. If a protective tariff had been in effect I can say to you positively that every one of the Falk plants would have operated continuously during the winter and spring of 1920–21. I conclude the other companies would have been similarly situated.

On the basis of a five-year average—taking into account the seasons of short crops and consequent prohibitive prices for potatoes for manufacturing purposes, and other factors—we figure the average paying price for potatoes at 60 cents a hundredweight. The extraction in manufacturing is 20 per cent potato flour—and not 25 per cent, as the Ways and Means Committee was incorrectly informed during the course of its investigations.

Thus the flour produced, allowing for shrinkage and waste, costs 3.1 cents per pound for the raw product alone. Figuring all items—raw product, labor, supplies, interest, depreciation, idle time of plant, etc.—the cost is 6 cents a pound to produce and bag the flour ready for shipment.

Very heavy constant expenditures are required to maintain the necessary advertising, demonstrating, and other sales costs to introduce and develop the markets. European potato flour, of which there are large quantities available, is offered to-day at 3.5 cents per pound c. i. f. New York.

The Falk American Potato Flour Corporation is capitalized at $1,000,000. More than its total capital stock is now actively invested in the industry. Owing to various causes, the net losses to the company to date have been exceedingly heavy. The other small companies have less capitalization, but all of them have suffered losses.

The House of Representatives (H. R. 7456, Rept. No. 248, par. 769) voted a duty on potato flour of 1½ cents per pound. The potato-flour industry of this country will perish absolutely under this nonprotective measure. Nothing less than 3 cents per pound will afford the required protection. In the same paragraph dried potatoes are protected under proposed duty of 3½ cents. The Ways and Means Committee arrived at 1½ cents per pound on potato flour, basis conversion equivalent, potatoes at 42 cents per hundredweight, extraction of potato flour 25 per cent.

We have since proved to the satisfaction, at least of some of the members of the committee, that they were incorrectly informed and that the actual factory production factor is 20 per cent. With the corrected figure, the compensatory duty would be 2.1 cents. However, we maintain, and we are supported in our position by tariff authorities, that there need not necessarily be the close relation, based upon conversion equivalents, that obtains in the case of raw materials and derivatives such as flaxseed and linseed oil, or wool and textiles. Potato flour and potato starch are two entirely different articles of commerce in every particular. There is no good reason why the two should be confused in any essential.

A tariff of 3 cents a pound on potato flour will insure the life of the industry; less than that amount means its immediate ruin. The relationship of this industry to American agriculture is of first importance. Potato growers' associations and shippers in various States, also some State legislatures, have petitioned you by resolutions asking your favorable consideration for a duty of 3 cents.

TOMATOES.

[Paragraph 770.]

STATEMENT OF FRANK J. BARRY, REPRESENTING NOGALES (ARIZ.) CHAMBER OF COMMERCE.

Mr. Barry. Mr. Chairman and gentlemen, I am appearing as the representative of the Nogales (Ariz.) Chamber of Commerce. The reason that the Nogales Chamber of Commerce is interested in the matter I am representing them on is that we are located on the Mexican border.

Senator DILLINGHAM. What paragraph do you speak on?

Mr. BARRY. I speak on paragraph 770. We are located on the Mexico-Arizona border, at the town of Nogales, and through that point is imported all of the tomatoes grown on the west coast of Mexico. The growers of Mexican tomatoes are in the majority Americans, and a great many of them live in Nogales. Besides, those brokers who handle the products for the Mexican growers live in Nogales, and hence the interest of the Nogales Chamber of Commerce in the tomato business on the west coast of Mexico.

The American consul at Mazatlan has in the consular report of August 3, 1921, made a report on the Mexican tomato, and I would ask permission to file this in connection with my brief as a portion of it.

Senator McCUMBER. That will be done.

Mr. BARRY. I am approaching this subject not as a free trader but as a protectionist, but I think that the circumstances of this particular situation, so far as the west coast of Mexico tomatoes are concerned warrant some different duties than that provided in this tariff bill.

Senator SMOOT. Are you objecting to the 1 cent per pound?

Mr. BARRY. Yes, Senator.

Senator SMOOT. What do you want?

Mr. BARRY. We want it to remain as it is at present or better.

Senator McCUMBER. What is it at present?

Mr. BARRY. At present it is 15 per cent ad valorem at the point of origin, which is about three-eighths cent per pound. It is valued by the customs authorities at Nogales at 2½ cents per pound, and 15 per cent of that is three-eighths cent per pound.

Senator McCUMBER. You want to lower it?

Mr. BARRY. We want to have it lowered from 1 cent to the present rate, and if the committee would feel inclined to make it lower still, for the reasons I will show——

Senator SMOOT (interposing). Is that your brief?

Mr. BARRY. If I am permitted, I will read from the brief because I have it concisely stated there.

Senator SMOOT. There is no need of taking the time of the committee to read a brief, because they will have to go over that brief and that is what they will find your figures from.

Senator McCUMBER. Just give the basis for your position.

Mr. BARRY. As I stated, the present duty on tomatoes is 15 per cent ad valorem on the price of tomatoes at the point of origin, and that price is fixed by the customs authorities at 2½ cents per pound, and therefore the present duty is three-eighths cents per pound, coming into the United States.

The proposed bill raises this to 1 cent per pound, or an increase of five-eighths cent per pound, which is two and two-thirds times the present rate of duty.

As I stated, the records of our chamber of commerce at Nogales show that 77 per cent of the growers of tomatoes on the west coast of Mexico are Americans. I merely mention that for the purpose of showing that the industry affected is really an industry carried on by American citizens, many of whom reside in Nogales.

Tomatoes on the west coast of Mexico reach the United States during the months of December, January, February, March, April, and May.

There are no tomatoes grown in the United States, except possibly those that are grown in hothouses (and they do not amount to anything), during the months of December, January, February, or March. In April Florida produces tomatoes; next comes the Imperial Valley of California, and after that comes Texas.

Senator SMOOT. Does Arizona raise any tomatoes?

Mr. BARRY. Not to speak of, not for any outside consumption I know of. It does probably in the summer season, but not during those months I have mentioned. These winter tomatoes have been growing in Mexico now for some few years, probably 10 years.

Senator WATSON. You are an importer?

Mr. BARRY. No, sir; I am a director of the Nogales Chamber of Commerce, and I am sent here by them.

Senator WATSON. And they want to get tomatoes in from Mexico, do they?

Mr. BARRY. Yes, sir. It is to the interest of the community there, because the money received from those tomatoes is spent mostly there.

Senator MCLEAN. Do you make them into paste?

Mr. BARRY. No; they are imported only in the natural state.

Senator SMOOT. You say you are a resident of Nogales?

Mr. BARRY. I am a resident of Nogales.

Senator MCLEAN. Are those tomatoes sent East?

Mr. BARRY. They are sent to the Middle States; they do not come East. The cost of transportation is so high and the distance so far for a perishable commodity of this kind that it is inadvisable to send them East.

Senator MCLEAN. They come into this country in the months when there is no competition?

Mr. BARRY. That is the claim, and that is when they do come in; when competition might exist from Florida they never get into the Florida market, Florida being confined to the Atlantic Coast States, and only 4 per cent of the Mexico product last year reached the Atlantic Coast States; and, as I will afterwards show, the cost of production is so high that they can not compete with the Florida tomatoes.

Senator MCCUMBER. Are those tomatoes used for canning after coming into the United States?

Mr. BARRY. No; they are used for immediate consumption, for winter use only.

Senator MCLEAN. What is the retail cost?

Mr. BARRY. About 25 cents per pound retail.

Senator SMOOT. How many tomatoes do you want to bring over?

Mr. BARRY. Our people—probably a carload would be sufficient for a whole year locally.

Senator SMOOT. There are other sections of the country probably not fixed like you are, because you do not raise any, and they are raised right across the line. But there are people raising tomatoes in America and in competition with that foreign product.

Mr. BARRY. I beg your pardon; they do not raise them during the months that I speak of.

Senator SMOOT. It does not make any difference when they come over when they are sold or canned for future use.

Mr. BARRY. I know they do not can in Nogales. I am speaking of the whole consumption. They do not can any of these tomatoes. They are sold on the market, distributed in the natural state, and sold to the retailer in the natural state. It would be impossible to can tomatoes at a cost so great as these tomatoes bring on the market.

Senator McCUMBER. But do you meet any competition that would result if we put them on the free list from other sections of the country?

Senator SMOOT (interposing). This does not apply to winter tomatoes. This applies to tomatoes of every kind.

Mr. BARRY. I know it does, and I distinguish in this argument that will follow between them and your summer tomatoes. We do not say the "summer tomato"; we propose that provision be put in section 770.

Senator SMOOT. You have not stated that.

Senator McCUMBER. That is, that in certain months they shall not bear the same duty as those imported in other months; is that your claim?

Mr. BARRY. That is it, Senator.

Senator McLEAN. You are in about the same fix as the potato men?

Mr. BARRY. I do not know anything about those potato men, Senator. Then, as I said, the Mexican crop does not enter into competition with Florida, California, or Texas. As a matter of fact, I have a number of letters from dealers in tomatoes in California, in Texas, and in the Northwest urging that no increased tariff be put on Mexican tomatoes, and I think several Senators have been sent telegrams by their constituents and letters from those States along the same line.

As I stated before, only 4 per cent of this crop reaches the Atlantic coast States, which is the market for the Florida tomato, and I may say that the Florida crop is not sufficient to supply the demand of the Atlantic coast. There is no competition whatever, therefore, between these tomatoes and the tomatoes that are raised in the United States during that period.

Moreover, the cost of producing and marketing these tomatoes is so high that they never can compete with the American-grown tomato. This is due mainly to the fact that it being a perishable product will not reach the market in a condition to be salable if it is not packed right. These tomatoes have to be packed in a certain condition in order that they may reach the market. Therefore, there are quite a number—probably one-half of the crop—that has to be laid aside at the time of picking, because it will not pack and ship, and they have no canning facilities in Mexico. Therefore, this is a great loss to the grower, and his cost is, therefore, much increased.

Senator McCUMBER. What is the particular kind of tomato raised there?

Mr. BARRY. They raise several kinds. It is the same sort of American tomatoes.

Senator McCUMBER. Will you give us the names of the different kinds raised?

Mr. BARRY. I could not, but I think they have the popular kinds used in the United States. I have heard them talk about Yellow Globe and a few of those other kinds.

Senator McLAIN. You say they retail at 30 or 40 cents?

Mr. BARRY. I understand they retail for about 25 cents.

Senator DILLINGHAM. Where, in the North or South?

Mr. BARRY. In the Mississippi States, many of them going to Chicago.

Senator McCUMBER. Is that a very large tomato that is raised there?

Mr. BARRY. No; it is not a large tomato. It is a medium-sized tomato, and hard. I can not say what they pay for them wholesale, understand.

Senator DILLINGHAM. At what price do they come into this country?

Mr. BARRY. In Chicago?

Senator DILLINGHAM. I mean where they are imported.

Mr. BARRY. There is no market there for them.

Senator DILLINGHAM. They have to be bought there, do they not, by somebody?

Mr. BARRY. When they buy them there they probably pay 15 cents a pound.

Senator DILLINGHAM. Are they shipped directly from Mexico to the Northern States?

Mr. BARRY. Yes, sir; they are shipped from the point of origin.

Senator DILLINGHAM. What is the wholesale price when they are shipped?

Mr. BARRY. When they are shipped it is about 8 or 9 cents a pound, at the market, in carload lots.

Senator McLEAN. And the wholesaler gets about 15 or 20 cents in Chicago?

Mr. BARRY. I suppose so; I do not know. I am informed that it costs about 25 cents a pound to the final consumer. In addition to these packing costs they have high transportation charges, of course, coming from all the way down in Mexico. They have about 800 or 900 miles haul below the border, coming up from to Chicago, going up to the Northwest and to Washington State, and coming to Kansas City and to those other points where the consumption takes place.

Therefore, as a protective measure there is no necessity whatever for a tariff on Mexican-grown tomatoes that do not come in competition with our native product; and the cost of production is so high that the native product can drive them off the market.

The only other reason, therefore, for increasing the tariff on these tomatoes would be to increase our revenue, and that, of course, is an important matter to be considered.

During the last Mexican tomato season there were imported into the United States 24,272,000 pounds of tomatoes. That is the record that the Nogales Chamber of Commerce has, and the consul at Mazatlan states that the amount imported was 21,455,000. So we are practically agreed. Possibly some of these tomatoes came from Sonora and not from Mazatlan, where this consul is. There is only a difference of less than 1,000,000 pounds in their reports.

On that importation the Government of the United States received under the present rate of duty, $91,020 in duties.

I am going to give you the costs of production of the La Louisiana farm owned by Americans, which is the only figures I could get. This is owned and run by Americans, and very economically and scientifically conducted, and here are the figures they give as to the cost of production of tomatoes.

Senator DILLINGHAM. That is located where?

Mr. BARRY. In the State of Sinaloa, Mexico, the second State below the border.

Senator MCCUMBER. That will be in your brief. Can you not give us your conclusion without going into it separately?

Mr. BARRY. The net profit to the grower, after paying all of the costs of growing, shipping, duties, and commissions is 0.4 cent per pound and a fraction; less than a half cent a pound they make in profit on them.

Senator MCLEAN. How many pounds are there to the bushel?

Mr. BARRY. They do not import in bushels.

Senator MCLEAN. I did not know but that you might know so that we could get that.

Mr. BARRY. They import in small crates of about 32 pounds to the crate, but they are not imported in bushels.

Senator MCLEAN. That crate holds a half bushel?

Mr. BARRY. If a bushel is 65 pounds it would be about half of it—32 pounds to the crate.

As I say, the profit to the grower on these tomatoes is less than a half cent a pound; and this does not take into consideration the interest on the grower's investment, nor does it take into consideration the bad seasons. Last season was a good one; the year before was a bad season. It was due to the fact that they had a Mexican strike on the railroads. Many cars of tomatoes were lost and rains came along at that time and not only destroyed the crop but also washed out railroad bridges, so that there were a number of cars destroyed, and consequently the cost of production was immeasurably increased.

If you deduct from this half cent per pound five-eighths of a cent duty you are going to absorb their entire profit and leave them a net loss of about one-fifth cent per pound.

Senator WATSON. Do we understand these tomatoes grow only in the winter time?

Mr. BARRY. That is so.

Senator WATSON. And that they do not come in competition directly with the tomatoes grown anywhere else?

Mr. BARRY. No, sir; they do not.

Senator WATSON. And that you can not buy these tomatoes in the Salt River or Imperial Valleys or any other place in that part of the country?

Mr. BARRY. Not in any other place in that section.

Senator WATSON. Because they do not grow there in the winter time?

Mr. BARRY. And the proof of that, Senator, is that the trade in California requests us—have written Senators urging that the duty be not increased on these Mexican-grown tomatoes.

Senator MCCUMBER. Your time is up, Mr. Barry, if you can bring it to a close now.

Mr. BARRY. I will, in just a minute. It may be asked, Can this price be passed on to the consumer? Of course, experience teaches that when you add five-eighths cent a pound to the cost of the tomatoes by duties, that by the time they reach the consumer that amounts up to several cents, and where the consumer is buying tomatoes at 25 cents a pound now he would then pay probably 30 cents a pound. Naturally that would reduce the consumption considerably. It is my opinion and it is the opinion of those familiar with this situation that it would reduce the consumption to about 25 per cent of its present quantity, which would be cutting off three-fourths of the present importations.

If you cut off three-fourths of the importation what do you do with your revenue? Assuming that you put it even at 1 cent a pound, you reduce your revenue at least $30,000 by the increase in tariff. There is no question about it but that three-fourths of the people down there would go out of business, and that you would get $30,000 less on the importation of tomatoes by the increased duty.

Now, I have suggested that you put a proviso to your bill as follows: "*Provided*, That tomatoes imported in their natural state between the 15th day of December and the 15th day of May annually shall be admitted at three-eighths cent a pound duty," which is the present rate, or cheaper, if you can.

And I respectfully submit that to the committee.

BRIEF OF FRANK J. BARRY, REPRESENTING NOGALES (ARIZ.) CHAMBER OF COMMERCE.

The present duty on west coast of Mexico tomatoes of 15 per cent on a 2½ cents per pound valuation at point of origin is three-eighths cent per pound. The proposed bill raises this to 1 cent per pound, making an increase of five-eighths cent per pound or two and two-thirds times the present duty.

MEXICAN TOMATOES PRODUCED PRINCIPALLY BY AMERICANS.

The records of the Nogales (Ariz.) Chamber of Commerce show that 77 per cent of the tomatoes exported from the west coast of Mexico to the United States are raised by Americans. This being the fact, the plea of protecting American industry loses much of its force in the present case.

NO PROTECTIVE TARIFF NEEDED AGAINST MEXICAN TOMATOES.

Tomatoes from the west coast of Mexico reach American markets during the months of December, January, February, March, April, and May. No American-grown tomatoes are available for market during December, January, February, or March. Florida is the earliest State to produce tomatoes, but the Florida crop does not mature before April. The Imperial Valley in California follows Florida. Next comes Texas. No American State produces winter tomatoes, and the only winter tomatoes raised on the Western Continent are those produced on the west coast of Mexico.

Winter tomatoes have reached such a stage of popularity and are so wholesome a food as to be now properly classed as a necessity of our people. The Mexican crop does not enter into competition with the crop from Florida, California, or Texas. Florida's crop finds an ample market in the Atlantic coast States, and by the time the California and Texas crops arrive the Mexican season is ended. Less than 4 per cent of the Mexican crop reaches the Atlantic coast markets. There is no competition in the market, therefore, between Mexican-grown tomatoes and those grown in the United States.

Moreover, the cost of producing and marketing Mexican tomatoes is so high that they can never successfully compete with the American product. This is due mainly to losses in the picking, packing, and shipping, because of the perishable nature of the commodity, high transportation costs, and import duties.

The imposition of an increased tariff on Mexican-grown tomatoes is unwarranted therefore as a protective measure from whatever angle the subject is viewed.

INCREASE OF TARIFF ON MEXICAN TOMATOES WILL REDUCE RATHER THAN INCREASE REVENUE.

The only other reason for increasing the tariff on Mexican tomatoes would be to increase the revenue. During the last Mexican tomato season there were imported to the United States from Mexico 24,272,000 pounds of tomatoes on which the United States collected $91,020 in duties. One of the largest and most economically operated tomato farms in Mexico is "La Louisiana," at Los Mochis, Sinaloa, owned by Americans, and comprising 610 acres. The following is a table of the production and marketing costs for said farm for the last season:

	Per pound.
Cost of growing, including rent, interest, seed, labor, etc.	$0.03550
Cost of packing materials and labor of packing	.01361
Cost of transportation, duties, and commissions	.03622
Total cost	.08533
Gross selling price	.08984
Net profit to grower	.00451

It will be seen that the grower's profit is less than one-half a cent per pound without taking into the calculation interest on his investment or bad seasons.

Now, if we add to the already high cost an additional five-eighths of a cent per pound, as is proposed, we find this entire net profit converted into a net loss of $0.00174, or nearly one-fifth of a cent per pound. The inevitable result will be the abandonment of the industry on the west coast of Mexico and the total loss to American consumers of a wholesome vegetable which has come to be a necessity of the winter table, as well as the loss to the United States of over $90,000 revenue.

It needs no further argument to show that as a revenue measure the proposed tariff would fail.

Can the selling price of tomatoes be increased so that the increased tariff may be passed along to the consumer? Possibly; but in such case the consumption would be greatly reduced, perhaps to less than one-fourth the present consumption. Experience teaches that when duties are passed on to the consumer they are many times multiplied on the way. Winter tomatoes at present cost the housewife about 25 cents per pound. Add five-eighths cent per pound to the present production cost and it is safe to say that the consumer will pay more than 30 cents per pound. Such a large increase in price may not kill the entire consumption but would be certain to kill three-fourths of it. What is the result? A net loss to the Government of over $30,000 per annum.

The importation of winter tomatoes should be encouraged rather than discouraged. Measures should be taken to reduce the price rather than increase it as long as no native industry suffers. The Government could well forego its tariff on such a desirable and necessary article of food during the winter season when fresh vegetables are unavailable. Certainly the importation should not be curtailed nor the price increased by an increase of duty. It is respectfully recommended, therefore, that winter tomatoes be placed on the free list or that the duty thereon be not to exceed three-eighths cent per pound.

The following proviso might be added to paragraph 770:

"*Provided*, That tomatoes imported in their natural state between the 15th day of December and the 15th day of May, annually, shall be admitted free of duty."

TOMATO PASTE.

[Paragraph 770.]

STATEMENT OF JOHN S. MITCHELL, WINDFALL, IND., REPRESENTING MANUFACTURERS OF TOMATO PASTE.

Senator McCumber. Please state your residence and occupation.

Mr. Mitchell. I am from Windfall, Ind. I want to discuss for a short time a peculiar condition. I want to discuss with you the subject of tomato paste, and strange to say, at this time, asking for a protective tariff on tomato paste I shall be able to prove to you will not increase the price of tomato paste but will decrease it.

To our Italian friend who discussed the subject this forenoon I want to present now the American side of the story. Tomato paste is the product of the familiar vegetable tomatoes, that is used, on the average, in our American families in some form at least two meals per day every day of the year. Strange to say, the form of tomato paste is not known to the average consumer, who does not live where tomatoes grow and who does not know whether it is a little pear-shaped tomato or a round one.

A few of us had the nerve during the war to manufacture American-made tomato paste and start at the beginning of the industry to produce the best quality that could be produced, and had the nerve to install the best machinery, believing that the time had come, because the war had barred out importations, that when the war ceased and the Italian nation began to send in here the tomato paste that they had heretofore the Congress of the United States would see fit to give us protection to the extent of the difference in labor. That is the only thing that we need.

Senator SMOOT. The bill gives 28 per cent ad valorem. What do you want?

Mr. MITCHELL. Forty-two per cent.

Senator WALSH. How large an output have you?

Mr. MITCHELL. During the year 1918 we produced 2,000,000 tins of that brand [indicating].

Senator WALSH. What was the value of that two million?

Mr. MITCHELL. At that time it was $20 per case of 200 tins.

Senator WALSH. How many employees did you have?

Mr. MITCHELL. About 150.

Senator WALSH. You have heard what the Italian gentleman said about what it cost to produce?

Mr. MITCHELL. That is right; yes, sir. This concentration is costing us to-day $10 per case, or 5 cents per tin, and contains exactly the same food value of that 2-pound tin of ordinary canned tomatoes [indicating].

This one I bought on the streets of Washington to-day for 20 cents a can. This one can be easily sold for 10 cents a can and it contains exactly the same food value. This is produced by expensive machinery, eliminating seeds, skins, cores, and reducing the tomato pulp from 32 ounces net, down to 6 ounces net.

Now, our Italian friend says the imported article to-day would cost them, if I remember rightly, $18.50 a case. I mention that, gentlemen, because I want to refresh your memory here about wages here in the United States and foreign countries. In February, 1921, in Florence, in Italy, there was a decrease of 1.6 per cent in the cost of foods over the previous month, but an increase of 384 per cent of the cost of food values over the first half of the year 1914. While the decrease in American foods for the previous month was 8.1 per cent, the increase over the first half of 1914 was only 55 per cent. In the city of Milan, the same comparison shows that in February of this year their food costs were 464 per cent. Therefore, if this tin costs $18 now it would cost less than $4 per case in the first half of 1914. That clearly explains why their cost now is extremely high.

Now, if we are allowed to go ahead and pack tomato paste in the United States and are granted a tariff which is just the difference in the cost of labor in Italy and the United States, we will bring the cost of consommé and soups, ketchup, and all the condiments from which the tomato paste is made down to below the cost of 1914. But we must have a market for it, and the market that we want is to retain the Italian trade of the United States, which has solely bought our product.

Senator WALSH. The tomato paste?

Mr. MITCHELL. Absolutely. The American tradesman in the United States knows nothing about that product in the world. We have been busy supplying the Italian population, but if we are permitted to retain our expensive machinery and manufacture this and have time to build up the demand from our American trade, we will produce it inside of five years until, instead of paying 20 cents a can for the food value contained in that tin, with the saving of tin and the freight, we will be able to produce the same food value in that can for not to exceed 6 or 7 cents.

Therefore, strange to say, asking for a protection on this will have the tendency, will have the effect, of reducing the price instead of making it increase.

This year I sold more than a million tins at the price of $11.50 a case, while in 1917 it sold for $20 per case.

Senator WALSH. What was the cost to produce the case?

Mr. MITCHELL. This was my main cost, $10 per case for this [indicating].

Senator WALSH. There is a very small margin of profit?

Mr. MITCHELL. Yes, sir.

Senator SMOOT. How many cans are there in a case?

Mr. MITCHELL. Two hundred, costing 5 cents per tin, equaling in food value this 32-ounce tin that sells at retail here to-day for 20 cents a tin.

Senator WALSH. What does yours retail for?

Mr. MITCHELL. Eight and nine cents. Now, I have figured on this paste question how to arrive at 42 per cent. The cost of tomato paste is 66⅔ per cent labor. The average cost of labor in Italy is less than 25 per cent of the average cost of labor in the United States. Figuring on the American valuation, if we put the parity of the rates in Italy and the United States the same it would take a tariff of 42 per cent, or a specific tariff of 4 cents a pound.

Senator SMOOT. That can costs you 5 cents?

Mr. MITCHELL. That is right; yes, sir.

Senator SMOOT. That is labor, can, and everything?

Mr. MITCHELL. Absolutely everything.

Senator SMOOT. How much labor is in it?

Mr. MITCHELL. I estimate 66⅔ per cent.

Senator SMOOT. That would be 3⅓ cents?

Mr. MITCHELL. That is it.

Senator SMOOT. That is all the labor there is in that?

Mr. MITCHELL. That is right.

Senator SMOOT. You want 42 per cent for 3⅓ cents?

Mr. MITCHELL. Forty-two per cent, as I understand. I do not know that I understand the American valuation or not; but I understand that the American valuation means the wholesale price of American manufactures, which in this year was $11.50 a case.

Senator SMOOT. That would be $4.52?

Mr. MITCHELL. While the labor cost is $6.67 and the Italian labor is one-fifth of that.

Senator SMOOT. You say you sold that at $11.50?

Mr. MITCHELL. Sold it at $11.50; yes, sir.

Senator SMOOT. In other words, for the labor cost of 3½ cents you want protection of 2½ cents?

Mr. MITCHELL. That is it, based on American valuation; but if by some means you should drop that, give us 4 cents a pound specific, which would be $4 per case, which would nearly produce the same thing.

If you will enact this, I want you to know that what we are doing is setting the basis for food value that is contained in tomatoes, reducing the size of the container which contains it, its weight, and the amount of lumber that it takes to case and ship it. In other words, the tomato products in the United States to-day use 25,000 cars per year. If we can reduce the paste in that from 32 ounces net to 6 ounces net and have it contain the same food value, we will have saved 20,000 cars in space and material used, and we will get a product that is purer, because after the tomatoes are washed and sorted they are never touched by human hands; they are handled by machinery all the way through. We will get a purer, cleaner, and more wholesome product than these are [indicating] in the paste from which we make soup, consommés, and all of the things that enter into our foods that we use at two meals per day throughout the year.

Senator SMOOT. You will have to convince the American housewife that this is as good as the tomato itself.

Mr. MITCHELL. That is what we must do.

Senator SMOOT. That we can not help you with.

Mr. MITCHELL. But we want to use the Italian trade which consumes this commodity, and we have got the time. Up to this time it has kept us few manufacturers busy to supply that trade, and we have had no time to put the machinery in operation to prove to the American housewives why they should buy this paste instead of that can of tomatoes [indicating].

Senator MCCUMBER. We are very much obliged to you.

BRIEF OF JOHN S. MITCHELL, WINDFALL, IND., REPRESENTING ROYAL PACKING CO.

1. We ask for an ad valorem duty of 42 per cent, American valuation, or 4 cents per pound, specific duty on the product containing not less than 25 per cent tomato solids and 5 cents per pound on product containing more than 25 per cent of tomato solids, covering the net contents of the package and immediate (tin) covering.

2. Cost of manufacture in the United States during the season of 1921 was approximately $10 per case of 200 tins, each containing 6 ounces net. Density of product, 25 per cent tomato solids.

3. Principal items that enter into cost being the raw tomatoes from the field, tin containers, and wood case.

4. Wholesale value, approximately $11.50 per case.

5. Imports come exclusively from Italy.

6. We are asking for protection to the extent of the difference in labor cost in the United States and Italy.

7. Labor used being almost exclusively farm labor or labor drawn from the agricultural districts. In Italy even the tin containers are made by cheap hand labor during the vacation season. The raw product (tomatoes) being very perishable, it follows that the packing of the product must be in close proximity to the farms as a matter of economy.

8. Comparative cost of labor (agriculture): United States, $46.89; Italy, $9.73 per month. (See Tariff Information, 1921, Wages in United States and Foreign Countries, p. 6.) Italian labor cost being approximately 20 per cent of the cost of American labor.

9. We estimate that fully 60 per cent of the cost of the product is labor.

10. Application of ad valorem duty asked, based on 1921 estimate of cost, would be as follows:

Total cost per case, $10; 60 per cent of which is labor, $6 per case; Italian labor cost, 20 per cent of American labor cost, or $1.20 per case. Difference in labor cost, $4.80 per case in favor of Italy. American wholesale value at time of manufacture, $11.50 per case. Tariff of 42 per cent on American valuation would produce a duty of $4.83 per case and give us protection to the extent of the difference in cost of labor only.

11. Application of specific duty of 4 cents per pound on product containing not more than 25 per cent tomato solids. We estimate that when this product shall have reached an American cost of $8.50 per case we will be down to a prewar basis; 60 per cent of this cost, $5.10 per case, being labor; labor cost in Italy, 20 per cent of $5.10, equals $1.02 per case, or a difference in labor cost of $4.08 per case in favor of Italy. Weight of net contents of package, including immediate (tin) covering, is approximately 100 pounds, at 4 cents per pound, would produce a duty of $4 per case and give protection to the extent of the difference in cost of labor only.

12. Representative of Italian Chamber of Commerce advises that present cost of imported product in New York City is $18.50 per case, and for that reason the American manufacturer needs no protection. However, he fails to note that food prices in Italy are more than 400 per cent above normal. (See tariff information booklet above referred to, pp. 84–85.) With their cheap productive labor, we may expect them to reach normal very quickly, and the cost of $18.50 per case will then be $4.62½ per case, and that little $4 per case specific duty will look good to American farm labor and agriculture.

13. Product at this time is consumed almost wholly by the Italian population in the United States. American manufacturers, if given the opportunity, will educate American consumers to appreciate the advantages of tomato paste in cleanliness and great saving in cost.

14. When Italy entered the World War, the Italian Government placed an embargo on the exportation of tomato paste. American manufacturers built factories and have taken care of the demand to date.

15. Prewar prices of imports were $4.50 to $8 per case Boston, New York, or New Orleans. Domestic prices, 1916, $13 per case; $20 per case in 1917. In 1918 there was an overproduction and market during 1919 dropped below cost of production. In 1921 market for futures 25 per cent tomato solids, $11.50 per case. Present market rising, and is now $14 per case. This rise in value is because at the beginning of 1921 American manufacturers through fear of competition with cheap Italian labor cut production and started dismantling plants. It follows that had we had the protection asked for in this brief, tomato paste would be selling in the United States to-day at less than its present market value.

CHICORY.

[Paragraph 775.]

STATEMENT OF DAVID McMORRAN, PORT HURON, MICH.

Mr. McMORRAN. I am interested in paragraph 775, chicory. Under all previous tariffs chicory has been honored with a separate paragraph. I find in the present bill that it has been grouped with dandelion root, coffee substitutes, and acorns. Why, I do not know, because dandelion root, acorns, etc., are not products that are imported, or ever will be, to any extent. I filed with the House committee an elaborate brief on the subject of chicory, which evidently was not read——

Senator McCUMBER. It may be that it was too elaborate.

Mr. McMORRAN. That may be. I thought I would not prepare any brief this time, but would take about 5 minutes of your time. The bill came out of the committee giving a rate of a cent and a half on the raw materials and 2 cents on the manufactured article, which was only one-half cent protection for the manufactured and meant the absolute destruction of the chicory industry in this country. On an eleventh-hour appeal they consented to put a rate in as it was in the Payne-Aldrich Act, 1½ on the raw and 3 cents on the manufactured.

That is not a prohibitive tariff, as you will note from the record that there was a continuous importation during the Payne-Aldrich Act. With the present tariff, which went into effect in 1914, we had about six months' experience, and it put us out of business. The war came along and saved us. This year we are hanging on. I closed my own business the 1st of July with a loss of $100,000, due to this tariff. We have another loss facing us for the next year.

Senator SMOOT. What do you want on chicory?

Mr. McMORRAN. We want the bill left alone as it came from the House. If you will do that we are going to be satisfied. That is not exactly satisfactory, but it is about the best we can hope for. We do not want to start any disturbance in the House. The present exchange conditions make a 3 cents a pound difference existing, but we can not correct it. We have not been able to discover any way of correcting it except by an additional ad valorem duty, which the House does not approve of. The difference should be 2 cents between the duty on the raw and the manufactured in order to give us protection and put us on the same basis as the foreign manufacturer. Though we would be satisfied with 1½ and 3 cents if it is allowed to stand as in the House bill. There are engaged in this business in Michigan about 10,000 farmers who grow chicory, about 5,000 every year, under normal conditions; and they do not grow it every year. It is a part of their established rotation of crops. Some years one farmer will grow it, and the next year his neighbor will grow it and he will skip a year.

Senator LA FOLLETTE. Is it all produced in Michigan?

Mr. McMORRAN. Practically all of it. There is some grown in California and some in New York. It has been grown all over the country. It has been grown in Wisconsin, Nebraska, Connecticut, and New York.

Senator CALDER. Is there much imported?

Mr. McMORRAN. Yes, sir. There is some imported all the time.

Senator CALDER. What proportion of the total consumption in this country is imported?

Mr. McMORRAN. Under the Payne-Aldrich Act from 10 to 15 per cent of the consumption of the country. That importation has run up as high as 50 per cent. With that 50 per cent we can not exist, because the business is limited.

Senator McCUMBER. It is used as a coffee substitute, is it not?

Mr. McMORRAN. No, sir; it is a coffee mixture. Your impression of chicory is probably——

Senator McCUMBER. I mean, it is mixed with coffee?

Mr. McMORRAN. Yes, sir; but it is not an adulterant.

Senator McCUMBER. It is not used for any other purpose than coffee. That is what I wanted to get at.

Mr. McMORRAN. No; nothing but coffee.

Senator LA FOLLETTE. How does it sell in comparison with the price of coffee?

Mr. McMORRAN. It varies. During the war it sold at twice the ordinary price, because we had a shortage. It is now selling at 7 cents.

Senator LA FOLLETTE. It is mixed in what proportion with coffee?

Mr. MCMORRAN. About 10 per cent is all that should be used, and that is used by the coffee roasters.

Senator LA FOLLETTE. What purpose does it serve in the coffee?

Mr. MCMORRAN. It makes a mellow body to the coffee which you do not get from the modern Central American and South American coffees. You remember that when we used to get one-third Mocha and two-thirds Java we got that mellow body. We do not get that any more. We get Central American and South American coffees which are lacking in body, and the addition of the chicory gives that mellowness which you get in the dining cars and in the best hotels which serve chicory with their coffee. It is not bought very largely by the consumer, only a small portion of it. We hope to educate the consumer to it. In mixing the coffee the proportion is so small that the effect in price to the consumer is negligible. It is only a fraction of a cent a pound; and coffee is never sold by split cents.

Senator JONES. Which kind of coffee does the chicory displace—Mocha?

Mr. MCMORRAN. No, sir; it is more the Java. The old Java coffee was the coffee with a body, and the chicory takes the place of the Java. It requires a very small percentage to do it. You do not want to use too much of it. If the committee will simply bear in mind that the bill as it comes from the House is satisfactory, and not reduce the differential between the raw material and the manufactured we will be satisfied, because the American farmer can not export his product unless the American manufacturers use it. They must have at least 1½ cents in order to struggle through the foreign exchange difficulties, and then we will be on the basis that we were on before the war.

CHOCOLATE AND COCOA.

[Paragraph 776.]

STATEMENT OF STEPHEN L. BARTLETT, IMPORTER OF MANUFACTURED COCOAS AND CHOCOLATES, BOSTON, MASS.

Mr. BARTLETT. My name is Stephen L. Bartlett; my home is in Boston.

The CHAIRMAN. What is your occupation?

Mr. BARTLETT. I am an importer of manufactured cocoas and chocolates, buying them for my own account and paying for them and selling them at my own risk. In no sense am I a representative on a commission basis of a foreign concern.

The article I represent is a food product, unsweetened cocoa powder used in families like tea and coffee.

The CHAIRMAN. Where does this product chiefly come from that you use?

Mr. BARTLETT. The manufactured product that I deal in is manufactured in Holland. We import the goods in small tins for family consumption and in 200-pound casks for manufacturing purposes; and chocolate in 100-pound cases as a raw material wholly.

I particularly ask you gentlemen not to confuse the goods I represent with what is popularly known as chocolates and which are provided for under the confectionery clause of all tariffs.

Senator McCumber. You import simply the raw product?

Mr. Bartlett. No, sir; the manufactured product.

Senator McCumber. The manufactured product of chocolate?

Mr. Bartlett. The manufactured product of the cocoa bean. The cocoa bean is the basis of all chocolate and cocoa preparations, and it is suitable for nothing else but the manufacture of cocoa and chocolate.

Senator McCumber. To what extent is the same product manufactured in the United States?

Mr. Bartlett. I was going to refer to that in a moment, Senator, if you please.

Senator McCumber. All right.

Mr. Bartlett. The cost of manufacturing is mostly by automatic machinery and is no more, or very little more, if any, in this country than in any other foreign country. Cocoa beans are on the free list, and the United States last year consumed 60 per cent of the world's consumption, the best evidence, I think, that as a protective measure the high tariff is not necessary.

The imports of cocoa beans, from which these goods are all made—and I ask you again not to confuse these with manufactured chocolates, which I was once told by a member of the Senate Finance Committee his daughter bought on F Street for a dollar a pound——

Senator Watson (interposing). Let me ask you a question or two, Mr. Bartlett.

Mr. Bartlett. Certainly.

Senator Watson. I do not hear you very well. What is the duty under the present Underwood law?

Mr. Bartlett. The Underwood tariff on prepared unsweetened cocoa powder is 8 per cent.

Senator Watson. The bean itself is on the free list?

Mr. Bartlett. The bean itself is on the free list.

Senator Watson. And on the finished product 8 per cent?

Mr. Bartlett. On the finished product, unsweetened cocoa powder, 8 per cent.

Senator Watson. And this bill proposes 17 per cent, does it?

Mr. Bartlett. This bill proposes 17½ per cent.

Senator Watson. Have the imports under the Underwood law destroyed the industry in the United States or injured it?

Mr. Bartlett. I will quote these figures in reply to you, Senator, in a moment.

The imports of beans under the present tariff, in 1913, were 139,000,000 pounds; in 1920 they had increased to 420,000,000 pounds—three times, 300 per cent.

Senator Watson. That is the raw material?

Mr. Bartlett. The raw material.

Senator Watson. Are they used for any other thing?

Mr. Bartlett. Nothing else.

Senator Watson. Have you any figures to show how much finished product was imported?

Mr. BARTLETT. Yes, sir. Under the same tariff the imports of manufactured products for the year 1913 were 1,598,000 pounds, and in 1920 that decreased to 1,548,000 pounds. Practically speaking, the imports of manufactured products were very little, if anything, compared with the raw material of which this country consumed 60 per cent of the world's consumption.

Now, to increase the tariff as it is proposed in the House measure would stop the importations altogether.

These figures, I think, speak better than anything I can say further.

Senator SMOOT. What do you want? Do you want 8 per cent?

Mr. BARTLETT. I would prefer a specific duty.

Senator SMOOT. Of how much?

Mr. BARTLETT. A specific on unsweetened cocoa powder, valued at less than 20 cents a pound, of a cent a pound; and above 20 cents a pound, 3 cents a pound. That is about the rate of to-day.

Senator SMOOT. What do you have to say about cocoa butter?

Mr. BARTLETT. We can not compete with the American manufacturer. There is a tariff of 3½ cents a pound, which bars out Holland butter.

Senator SMOOT. You are not interested in that?

Mr. BARTLETT. We are not interested. The importation of cocoa powder has increased; the butter has become the product and the powder is the by-product.

Senator MCCUMBER. Why this sudden jump of 300 per cent increase in the amount of tariff between that which sold for 20 cents and that which is sold for above 20 cents? You ask 1 cent on the one, and then you go to 3 cents or three times as much upon the other. Why that disparity?

Mr. BARTLETT. In cheap cocoa powders we can not compete with what is made in this country. On the better grades of powders we can and we are willing to pay about the rate of duty that is fixed to-day, only we ask a specific rather than an ad valorem rate.

Senator MCCUMBER. What do you pay for that which you import, as a rule?

Mr. BARTLETT. The best grade of powder we use, under the present tariff, with the present rates of exchange, cost us about 40 cents.

Senator SMOOT. Take it by the barrel or in 200-pound barrels, what does that cost you?

Mr. BARTLETT. We can not compete with American-made goods which are sold here as low as 3 cents a pound; we can not bring goods in here and pay a duty unless the cost of our goods would be 10 cents, and from that up—the better grade of goods.

Senator MCCUMBER. Your importation is exclusively of that character which is about 20 cents a pound in price?

Mr. BARTLETT. No; we have some bulk goods which cost less; some cheap goods we import in barrels or casks. We are able to make in Europe some better grade of goods and bring them here at a price, but we can not bring them at a price to compete with American manufacture.

Senator MCCUMBER. I still do not understand just why you should make such a vast increase of 3 cents a pound in tariff, where perhaps the goods themselves would not increase 2 cents a pound in value.

Mr. BARTLETT. Senator, you take a dividing line in the quality of the goods at 20 cents; you get into the better class of goods on which we are willing to pay a better rate of duty. We can not bring in the cheap goods which run down as low as 10 or 12 cents and up to 20.

Senator SMOOT. Are there any 60-cent chocolates?

Mr. BARTLETT. No; they can not bring those in. We can not bring anything here that cost as high as that to any extent.

Senator WATSON. You bring in the unsweetened?

Mr. BARTLETT. Yes, sir; the tariff prohibits the importation of sweetened cocoas.

I would like to emphasize these figures which I quote you and are, I think, my best evidence:

Imports of cocoa beans into the United States (quoted from United States Department of Commerce), year ended June 30, 1913, 139,885,843 pounds; year ended June 30, 1920, 420,330,886 pounds.

Imports of manufactured cocoa and chocolate, 1913, 1,598,496 pounds; 1920 (includes chocolate, prepared or manufactured), 1,548,973 pounds.

The imports of manufactured cocoas have increased during the past eight years very little. The tariff is practically prohibitory, and we ask a decrease in the tariff, not an increase as is proposed in the House bill. Home consumption has increased 300 per cent.

The CHAIRMAN. Is that all, Mr. Bartlett?

Mr. BARTLETT. That is all I have to state.

HOPS.

[Paragraph 779.]

STATEMENT OF LEVI COOKE, REPRESENTING THE ANHEUSER-BUSCH CO. (INC.).

Mr. COOKE. Mr. Chairman, I desire to discuss the question of the hops duty. The hops duty is found, I think, in paragraph 779. The situation with respect to hops is this: So far as the tariff treatment in the past has been concerned, the 1909 act placed the duty at 16 cents per pound. I understand that was considered a revenue-producing duty. The 1913 act retained the 16 cents per pound rate. The House committee and the House itself placed the rate in this bill at 24 cents per pound. The Oregon and California hops-producing interests have been in favor, of course, of a protective duty upon hops. There has been no objection, so far as I know, from the domestic consumers to a revenue-producing and a protective duty with respect to that product. But to carry the rate beyond a certain point means the suppression of importation of hops. That is particularly true to-day when the hops are used exclusively in nonintoxicating cereal beverages, and, as the committee has already had shown to them on the revenue bill, that industry is in a very struggling and difficult position. Any increase in the cost of raw material will result in greatly lessening the manufacture of those cereal beverages.

Speaking for Anheuser-Busch (Inc.), who manufacture the so-called Budweiser cereal beverage, I can state as a fact that they use all of the domestic hops that they can employ—that is, they use all the domestic hops they can and still maintain the character. There is a great difference between the hops as grown on the Pacific coast, where the center of the industry is, and the so-called Saazer or Bohemian hops, Bohemia now being a part of Czechoslovakia. A number of grades of hops are so distinct in character and quality and flavor producing characteristics that they can be contrasted but not compared.

It occurred to me this morning in listening to the statements as to the difference between long staple cotton and short staple cotton that there was the same difference between the Saazer hops and the domestic hops. If these Bohemian hops can not be imported to this country because of the high rate, the domestic industry will decrease. In the past they were purchased by contract in Czechoslovakia. Fortunately, when the war came on Anheuser-Busch had a large supply of Bohemian hops on hand. They had ordered five shiploads, and they thought they were going to suffer a commercial loss, but at that time, when the war came on, it resulted in their having a large supply, and they were in a fortunate position.

In buying a crop abroad they analyze it, and they also analyze the domestic product, and the proportion of grades of domestic and imported grains in cereal beverage Budweiser is based not on a strict formula as to so much foreign and so much domestic, but a resultant according to the analyses of the two kinds of hops in different crops.

For some years the proportion of the domestic and imported in average use has been about 3 pounds of hops to 100 pounds of beverage, and the average proportion is half imported and half domestic.

To place a duty of 24 cents a pound instead of 16 cents is, in their opinion, to impose an almost insuperable burden upon that raw material. They can not abandon the use of the foreign hops without destroying the beverage.

So far as the domestic hops situation is concerned, I understand our average crop is about 35,000,000 pounds, more than half of which goes abroad. Under present conditions American hops are very largely used in England and in Canada, and in view of the fact that the importation now comes in at the rate of a million pounds a year we do not think the domestic industry can be hurt at all by leaving the duty where it now is. They import no more to-day than has to be imported. The price of domestic hops being 25 cents a pound when Saazar hops are 80 cents a pound, the economic conditions are such now that no man buys a pound of foreign hops unless he is driven to it.

Senator McCUMBER. Inasmuch as the British ales generally have a reputation for quality, why is it they use the American instead of the Bohemian hops?

Mr. COOKE. For exactly the same reason that Anheuser-Busch uses half of its supply in domestic hops. The British grow a larger crop of hops than Bohemia does. They get a certain quality from their own hops and a certain flavor from the Saazar hops. They buy the cheap American hops and use the Bohemian hops for the flavor.

Senator WALSH. Like the use of Egyptian tobacco in cigarettes?

Mr. COOKE. Yes, Senator. I was trying to think of something to compare it to and that is just a case in point.

Senator McCUMBER. Why should it cost three times as much to raise the Bohemian hops as the American hops?

Mr. COOKE. The only explanation I have ever had is that the price of those hops is much higher than the price of any other hops. In Bohemia the monetary situation to-day is better than that of any other European country, and costs are high. They have about one-tenth of the world's production in hops in Bohemia. We have more than half. England has 15 per cent in round numbers.

Senator WATSON. What has been the difference in the consumption of hops on account of prohibition?

Mr. COOKE. It is greatly reduced.

Senator WATSON. Can you give the percentage of the proportion?

Mr. COOKE. I can not. Hops are used in the production of cereal beverages and the demand is not so great as it was before prohibition.

Senator WATSON. They do not use as many hops in making cereal beverages as in making beer?

Mr. COOKE. More.

Senator WATSON. Then they really did not put any hops in beer?

Mr. COOKE. Oh, yes, sir; but, as I stated when we discussed the revenue bill, it takes more materials of all kinds to make a cereal beverage than to make beer. You have got to make beer with all the materials, and in Anheuser-Busch's process they break that down and restock the dealcoholized material with more raw material.

Senator WATSON. I understand that. I was trying to get at the relative quantity of hops in beer and cereal beverages.

Mr. COOKE. Fifteen per cent more hops are used in Anheuser-Busch's plant to make cereal beverages than was used in making beer, but the total production is so greatly less than the total production of alcoholic beer that the total amount of hops used in the country is greatly reduced. But if Anheuser-Busch can not get the imported hops they can not maintain the standard of Budweiser as to flavor and character and they would stop using their production, and every time they reduce their production they reduce the consumption of domestic hops.

Senator WATSON. You say 15 per cent was the revenue-producing tariff?

Mr. COOKE. Sixteen cents a pound. I understood that was a revenue-producing tariff rather than a protective tariff, because the price of domestic hops has always been from a half to a third of the imported hops. No man would buy imported hops unless he had to in order to maintain the standard of his product.

Senator SMOOT. We have always exported half or more than half of the American product.

Mr. COOKE. Yes; our hops industry has always been an exporting industry, and the rest of the world is dependent upon America for hops, but we import Saazar hops because we have got to have them; and the institution I speak of has lost a great deal of money in maintaining its industry during the past three years.

Senator SMOOT. What you want is the 16-cent rate?

Mr. COOKE. We think that ought to be preserved, and we feel, as Mr. Busch said, that if it is necessary to protect the American industry by a rate of 24 cents he would be for it; but it would be ruinous to Anheuser-Busch to add another $50,000 or $60,000 a year to their losses.

We are struggling to pay that 2 cents per gallon and continue to make cereal beverages in order to pay it.

Senator WATSON. What do you think about the hops extract?

Mr. COOKE. I understand that duty is unimportant. I asked them if there was any criticism, and they said no, and I am not prepared to discuss that.

STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR FROM WASHINGTON.

Senator JONES of Washington. The tariff on hops is placed at 24 cents a pound in paragraph 779 in the House bill. I do not know whether that matter has been presented to the committee or not.

Senator SMOOT. Yes; it has.

Senator CURTIS. We had a hearing on it.

Senator JONES of Washington. The people out in my section urge 32 cents a pound; and I have here a very strong letter with reference to it. I think it has been covered in the record; but probably I had better file the letter with the stenographer to be embodied in the record.

Senator MCCUMBER. We have testimony also urging that all tariff be removed from it.

Senator JONES of Washington. I suppose so.

Senator MCCUMBER. I think that testimony was from the Anheuser-Busch Co.

Senator JONES of Washington. Yes; I suppose so.

Senator MCCUMBER. If I remember rightly, they claim that they can not use more than a certain portion of the American hops.

(The letter referred to is as follows:)

YAKIMA, WASH., *April 16, 1921.*

Hon. WESLEY L. JONES,
United States Senator for Washington.

DEAR SIR: In reply to your favor of the 4th instant, the matter has been presented to Mr. Hawley and we also have had our Mr. J. W. McNeff talk to him but Mr. Hawley apparently does not wish to present matters according to the actual conditions, but on the other hand wants to go into matters entirely outside the points to be considered.

The hop situation is a condition—due to only one thing—excessive dumpings of imported hops into this country, the amount being three times that of before prohibition laws were enacted (when American brewers consumed 230,000 bales) whereas the consumption now has declined 65 per cent.

Mr. Hawley says it is necessary to know the costs of producing foreign hops to get at the matter and ignores the points we make. We do not understand what the costs of foreign goods has to do in the matter, and for the reason, to go into the cost of foreign hops would only be a guess at best, because of the fact that continental hops are not handled as ours. Their hop farms are generally an acre or so, handled by one family. The hops are bought at the farm and taken to a dealer's warehouse to be dried and baled. In our case the farms run up to 400 or 500 acres, employ hundreds of people, and the goods are dried, baled, and put up for market by the farmer, and the farmers bear the entire cost up to then. The foreign grower stops on his cost at harvest time, so you will see there is a wide difference in the handling and no way of making a comparison. The American farmer's investment, his outlay and his hired help is much greater than the foreign farmer. As you know there also is no comparison between wages paid farm laborers in Europe and here.

The main point outside of the excessive dumpings to be brought out and which really is the key to the entire situation is this: All continental traders sell, and American brewers buy, on the theory that one pound continental hops equals two or three pounds of American hops in brewing value. This is the sole reason why brewers pay more for foreign hops, and it has been the case for 50 years and more, acknowledged and accepted by everyone as a trade fact. The foreign trader claims this on the ground that their hops are all from female vines (which contain practically no seeds), sun cured, and that their hops are repicked (taking out all stems and leaves), whereas the American hop does contain seeds (as all yards contain some male vines), also leaves and stems and are kiln cured. When you stop to consider that 90 per cent of the American brewers are from Continental Europe, where imported hops come from, you will readily understand how useless it would be to try to overcome the feelings of such people as to the merits of American hops and their home grown goods, the matter is not argued but accepted and let go at that.

Basing the matter on the plan that 1 pound of foreign hops equals 3 pounds of domestic, as bought and used, you will see that the dumpings into this country has taken the place of 93,000 bales of Americans, for it would be figured 3 times the amount imported (31,000 bales); also on this ratio of 1 to 3, imported hops are in reality not paying a 16-cent duty, but one-third of 16 cents (5⅓ cents). This is actually the way it would figure out to the continental importer as seller and the American brewer as buyer.

When we ask that the duty be increased to 32 cents, we are simply cutting the ratio of continentals down to a ratio of 1 pound of same to equal 2 pounds of domestic, when as a matter of fact there are more brewers using foreign hops on the ratio of 1 pound to 3½ pounds domestic than 1 to 2 pounds, so it is a very reasonable advance to ask for.

If the continental traders and importers were accorded the same consideration as they showed for the American farmer an embargo on their hops would not be out of line, for they dumped the equivalent to what they formerly shipped into this country—over a three-year period—in normal times at that.

Mr. Hawley says the question has been raised that if a 32-cent duty is put on that same would mean a guarantee of this price to the American grower for his hops. This is not so and has been proven to not be the case, for when the war was on and no imported hops were available, while the duty at that time was 16 cents, yet hops at times were as low as 4 and 5 cents. The question of what hops will sell for with a 32-cent duty will entirely depend on what this country produces, the amount exported to England, and what the American market will absorb. If we do not have a high enough duty to prevent excessive importations then we are bound to have a surplus, as the case this year, leaving farmers with upward of 30,000 to 40,000 bales on hand and their next crop coming on them.

Importers and users have no reason to complain, for they have put over something this year they could not do in a free-trade port—England. The Government in England stepped into the breach on the ending of the war and went so far as to put a complete embargo on all foreign hops. This embargo is still on and will remain until the entire English crop is bought and paid for by English brewers. When that is done, then the controller is open to consider granting permits to import American and other foreign hops. That proceeding, in our opinion, is real protection, and it was accomplished promptly and with no hearings, agreements, or anything. They simply figured for their country's interests first, and this should be the case with the American plan.

We would like to have you take this matter up personally and handle with the committee in charge, bringing out the points we have made.

If there is anything you wish to know further, wire or write us.

Yours, faithfully,

McNeff Brothers.

MUSTARD AND MUSTARD SEED.

[Paragraph 780.]

STATEMENT OF FRANCIS J. FRENCH, REPRESENTING THE AMERICAN SPICE TRADE ASSOCIATION.

The Chairman. Your name is George F. French?

Mr. French. My name is Francis J. French, substituted for George F. French by appointment of the American Spice Trade Association. I was appointed by the association to speak on mustard, paragraph 780, and Mr. J. S. Murphy, of Boston, was appointed to speak on the other items of this paragraph.

Senator McCUMBER. His name does not appear on the list of witnesses.

Mr. FRENCH. It was put on there yesterday, Mr. Chairman.

Senator McCUMBER. You want to divide the time with him?

Mr. FRENCH. Yes, Mr. Chairman. I will make a short statement, and yield my time to Mr. Murphy if that is satisfactory to the committee.

Senator McCUMBER. That will be satisfactory.

Mr. FRENCH. The American Spice Trade Association requests that the tariff be 10 cents per pound upon ground mustard or mustard flour and prepared mustard, and that mustard seed be free, or if it be deemed necessary to place a duty upon mustard seed, that the duty upon ground mustard or mustard flour and prepared mustard be 10 cents per pound, plus twice the duty which is placed upon mustard seed.

Under the Payne-Aldrich Act, prior to October 4, 1913, the tariff upon so-called ground mustard was 10 cents per pound, and mustard seed was free. From October 4, 1913, until the present, under the Underwood tariff the duty on so-called ground mustard has been 6 cents per pound, and mustard seed has been free.

Unfortunately prepared mustard and so-called ground mustard in both these tariffs were listed together under the name "mustard, ground or prepared, in bottles or otherwise," and therefore the exact figures of each can not be given. The imports have been as per schedule attached, which shows the imports for each year since 1908, but it is common knowledge in the trade that the imports of prepared mustard have declined, and that the import of mustard flour has increased. The small imports during the year 1918 were due to the fact that Great Britain had placed an embargo on the exportation of mustard flour.

Even under the protection of 6 cents per pound, to the American manufacturer, the import of mustard flour has steadily increased, and we believe that they are greater so far in 1921 than they have ever been.

We can not believe that it was the intention of the House of Representatives to cut our protection in half, but that is just what the proposed bill will do. Our present protection is 6 cents per pound, because mustard séed is free. The proposed bill by placing a tariff of 1 cent per pound upon whole seeds, will actually make the mustard made from those seeds cost 2 cents per pound more, and as the proposed duty upon ground mustard is 5 cents, it leaves us a protection of 3 cents instead of 6 cents as at present.

We believe those in charge of this product in the Ways and Means Committee thought that the mustard seeds were ground entire like pepper and other spice, and therefore proposed the duty of 5 cents per pound as in the case of other spices. But this is not so, and the so-called ground mustard costs approximately over 2 cents per pound for each increase of 1 cent in the cost of the seed.

The reason for this extra cost is that mustard seed consists of about 30 per cent bran, which is worthless, and practically all of which is removed in the process of manufacture. Also, by one process, approximately 20 per cent of bland oil is removed. In removing the hull of the mustard, unavoidably some flour is also removed, and the average yield of flour is not much over 50 per cent, which with the labor involved, makes the extra cost something over double the price of the seed.

The proposed duties would be a very serious matter for the American manufacturers, and it will surely encourage the importation of foreign-made mustard flour.

We wish that prepared mustard and mustard flour could be listed separately in this tariff, and that the schedule for the dry mustard should read "ground mustard or mustard flour," for the reason that the Bureau of Chemistry has issued, in Circular No. 136, a list of definitions by which they seek to make a difference between ground mustard and mustard flour, which have always up to the present been used as synonyms. It is, we believe, a useless distinction and will cause confusion. The product which is manufactured in England and which is imported is not ground mustard within the meaning of the definitions of the Bureau of Chemistry, but is mustard flour, and there has not, as far as we know, ever been any such substance as ground mustard imported or even made and sold as a condiment, and if it were made it would be a decidedly inferior article. Attached are the definitions as published in Circular No. 136 of the Department of Agriculture.

Practically all of the dry mustard imported into the United States is the product of one English manufacturer. Formerly there were several manufacturers, but this one house has gradually acquired and absorbed the others. They have a considerable advantage over the small American manufacturers, because of their age, wealth, size, and the fact that they have access to the best mustard seeds grown right near at hand, and also because they have cheaper labor in manufacturing an article in which labor is an important element of cost.

American manufacturers can and do make equally good mustards, but even under the 10-cent protection our growth was slow, and under the proposed protection of only 3 cents we fear it will cease.

We can not make mustard to compete in quality with the English flour without English mustard seeds. No other quality will do.

The amount raised on the average in the United States is very small. Stimulated by the exceedingly high prices of 1917 and 1918, California raised an unusually large crop in 1920, but its average production does not probably exceed 1,000,000 pounds per year, and that is all raised in one small valley, but California grown seed will not produce a quality to compete with English grown seed.

I have here a list of the imports of mustard seed from 1908 with the average value per pound, also the imports of mustard ground or prepared for the same period with the average value per pound and the ad valorem rate for each year, equivalent to the duty of 6 cents per pound since 1914 and 10 cents per pound for the five years prior to 1914. This shows that for the five years prior to 1914 the ad valorem equivalent was 38 per cent; for the next five years, 1914, 1915, 1916, 1917, and 1918, the average ad valorem was 19.4 per cent; and for the last two years it is only 11.7 per cent.

A tariff of 1 cent per pound on mustard seed, based upon the import of 1920, would yield $90,633, but inasmuch as a tariff of 1 cent per pound upon whole seed would cost the manufacturer an equivalent of 2 cents per pound, when the product eventually reached the consumer it would cost 4 cents per pound extra for each 1 cent per pound of revenue raised, owing to the necessary profits and distribution costs, and the injury would be serious to the American manufacturer, and would gradually, we fear, turn over our entire market on the high quality mustards to the English manufacturer, and we respectfully ask your consideration of our request, that the tariff upon ground mustard or mustard flour and prepared mustard be 10 cents per pound and that mustard seeds be free. Or, if it seems wise to place a tariff upon mustard seed, that the tariff upon mustard flour be 10 cents per pound, plus twice the amount of the tariff placed upon mustard seed.

I submit this list of the imports of mustard seed and mustard, ground, as a part of my testimony, and also submit the definitions of Circular No. 136.

Senator McCumber. They may be printed as a part of your testimony.

(The documents referred to are as follows:)

	Mustard seed imports.	Average value per pound.	Imports of mustard, ground or prepared.	Average value per pound.	Computed equivalent ad valorem rate.
Tariff, 10 cents per pound, fiscal year—	*Pounds.*		*Pounds.*		*Per cent.*
1909	8,872,575	$0.038	1,743,218	$0.256	39.14
1910	9,124,306	.041	1,185,628¼	.254	39.31
1911	8,512,475	.035	1,260,080	.26	38.25
1912	12,196,171	.034	1,400,049½	.266	37.60
1913	12,719,682	.033	1,433,118¾	.268	37.35
Tariff, 6 cents per pound, calendar year—					
1914	11,026,833	.0396	1,562,696	.2717	22.09
1915	10,087,255	.0529	1,369,079	.2863	20.96
1916	15,166,537	.053	1,635,909	.32	18.75
1917	14,387,262	.0728	1,813,653	.2914	20.59
1918	9,708,061	.0617	860,527	.4117	14.57
1919	14,226,212	.0886	1,500,356	.5312	11.29
1920	9,068,335	.1051	1,566,258	.4960	12.10

DEFINITIONS OF CIRCULAR 136.

33. Mustard seed is the seed of Sinapis alba L. (white mustard), Brassica nigra (L.) Koch (black mustard), Brassica juncea Hook f. et Th., or varieties or closely related species of the types of Brassica nigra and Brassica juncea.

Sinapis alba (white mustard) contains no appreciable amount of volatile oil. It contains not more than 5 per cent of total ash nor more than 1.5 per cent of ash insoluble in hydrochloric acid.

Brassica nigra (black mustard) and Brassica juncea yield 0.6 per cent of volatile mustard oil (calculated as allylisothiocyanate and determined by the method given in Service and Regulatory Announcements, Chemistry 20). The varieties and species closely related to the types of Brassica nigra and Brassica juncea yield not less than 0.6 per cent of volatile mustard oil similar in character and composition to the volatile oils yielded by Brassica nigra and Brassica juncea. These mustard seeds contain not more than 5 per cent of total ash nor more than 1.5 per cent of ash insoluble in hydrochloric acid.

34. Ground mustard is the powder made from mustard seed and conforms to the standards for mustard seed.

35. Mustard flour is the powder made from mustard seed with the hulls largely removed and with or without the removal of a portion of the fixed oil. It contains not more than 1.5 per cent of starch, nor more than 6 per cent of total ash.

36. Prepared mustard, German mustard, French mustard, mustard paste, is a paste composed of a mixture of ground mustard or mustard flour, with salt, a vinegar, and with or without spices or other condiments which do not simulate the color of yellow ground mustard. Calculated free from water, fat, and salt, it contains not more than 24 per cent of carbohydrates (calculated as starch), not more than 12 per cent of crude fiber, nor less than 5.6 per cent of nitrogen derived solely from the materials herein named.

SPICES, SEEDS, AND HERBS.

[Paragraph 780.]

STATEMENT OF JAMES S. MURPHY, BOSTON, MASS., REPRESENTING THE AMERICAN SPICE TRADE ASSOCIATION.

Senator McCUMBER. You may state your name.

Mr. MURPHY. My name is James S. Murphy. I am president of Stickney & Poor Spice Co., of Boston.

Senator SMOOT. You are going to speak to paragraph 780?

Mr. MURPHY. Yes, sir. A few weeks ago I wrote a letter concerning this tariff. At that time I did so independently. Some weeks ago I was selected by the American Spice Trade Association to represent them on spices, seeds, and herbs generally, outside of what Mr. George F. French would say. Mr. French is the largest manufacturer of mustard in this country. I regret that he is not well to-day.

My subject will not take much time. I think it will save some expense to the Government—it certainly will save some expense to us and to our customers—to call your attention to a few items in the tariff as it now stands. Take fenugreek seed, rape seed, hemp seed; they are not mentioned. Where they are not on the free list they should pay 20 per cent, like other seeds. Particularly is that true of fenugreek seed, which three weeks ago sold at 1 cent a pound, a week later at 2 cents, and is now selling at 3. It is largely used in the western country in the making of sausages. If these goods are not to be on the free list, as they are low-priced goods, we would rather pay a higher duty than to have a per cent duty, because of the trouble and anxiety that has always been. They have always been grouped with other seeds paying in the neighborhood of half a cent to a cent a pound. That would be a good deal more than 20 per cent on the low-priced goods.

Marjoram, savory, and thyme are not mentioned. These are herbs. They ought to be classed as such, or we are going to have trouble. There is not a man in the United States that the Government can employ that can differentiate in the quality of any of those goods. Take laurel leaves. To-day they are selling for 2 cents a pound, and 2½ up to 4½. It all depends on the type of the laurel leaf and the size of the bale and the color of the leaf. If the bale is small, 50 to 100 pounds, they are worth more than a large bale of 300 pounds. If the leaf is bright, they are worth more than the darker and poorer colored. If they are small and regular in size, they are worth a good deal more. There is not a man in the United States competent to appraise such goods.

Under the circumstances, the same is true to a lesser degree of thyme and savory. Some are worth 6 cents, some are worth 12. They are not mentioned. Therefore, they come under paragraph 32, or else they would be on the free list. Under paragraph 32 there would be a duty of 10 per cent.

We don't want a percentage duty on those materials, because there is no need of it, and because there is no proper appraiser to appraise the real value of the goods.

There are some very strange things in this tariff law, and it has excited more comment in our line of trade than anything else, because we are interested. Turmeric is taxed 10 cents a pound. The value of those goods the morning before this tariff was issued was 4 cents a pound. Therefore, the duty imposed is 250 per cent. At that time you could buy the goods landed in New York or Boston at 3 cents. Immediately the price went up. What was 4 cents in two days was 6 cents, then 6½, and then 7½. But there was a day of reckoning. The English sold them the goods, and the goods cost them 3¾ and 4¼, and those goods in America have gradually slid down to 5½. Now, these goods are taxed 250 per cent, or 300 per cent, if you take the first price on landing from London. Turmeric has always been on the free list, never was any place else. It is strange, to say the least, and it certainly enabled men in New York and men in London to later take advantage and send their goods over and take profits they never deserved.

That article is sold just at this time of the year. We do not get an order now from any wholesale grocer at this time of the year, when preserving and pickling, and the like are being done, that we do not get an order for 10 to 15 boxes. Turmeric is put up in a 2-ounce can. Every housewife uses it in piccalilli and chowchow, and for other purposes. It is used as they use Spanish paprika, principally for the looks of it.

Again, turmeric is the basis of curry powder. Prior to the war curry powder was made in India, under British supervision. During the war our people went into it and several are making it. So many are making curry powder that last year all that was imported into this country was 41,000 pounds. If you put a 2-cent duty on curry powder all you can collect is $800 on the whole imports, if they do not increase over last year. It is not worth the clerk hire.

Some people use 30 per cent of turmeric in curry powder, and some as high as 40 and 45. It is visible to you that curry powder taxed 2 cents a pound in this tariff is taxed a good deal less than 10 per cent, when the raw material that makes the goods is taxed 250 per cent. Such things do not appeal to our association. We do not want to be crushed out, even in the small business of curry powder. There is no income for you, unless there is a good deal more imported than was imported last year, at 2 cents a pound. There will only be $800 total collections.

Now, on the question of mustard, my friend Mr. French is not well, and could not be here. He is represented by Mr. Francis French. Mr. French is a large operator. I thought he would talk to the point. He would if he could.

The situation in mustard is simply this. I don't want to take your time. I know you are busy men. Mustard has always had some protection. The best mustard in the world grows in England. It is grown in those low counties, like Essex and Cambridge, all through the eastern counties, and it is the best mustard in the world. To compete with those men we have been obliged to buy English mustard, and we buy it at a disadvantage. The man on the spot always has a great advantage.

Then again, they have had the mustard business of the world for practically a thousand years, and they sell a large quantity of mustard in other countries and always have. Every year with a tax of 10 cents a pound their sales to this country have been large, until the second year of the war, when they reduced a little because of the situation at that time. Ten cents a pound never deterred them from sending their goods into this country. Their sales increased all the time. Their profits are tremendous. They get 78 cents a pound for the best grade of mustard, and they get 58 cents a pound for the second grade, in 6-pound cans. There is not a good-sized mustard manufacturer in this country that would not be delighted to sell the same mustard for 27 cents—less than half. It is simply because we are fighting against prestige, we are fighting against a good reputation built up during these many years, fighting against the fashionable groceryman who sells nothing but imported goods and gets whatever price he sees fit to ask. They have always got twice what we have got and their mustard is no better.

During the Civil War the mustard of our American manufacturers became better, and naturally the sales of our mustard were much larger because the people recognized the quality of it as being equal to the foreign mustard, and they could get it for less than half the price. Under such circumstances, if you cut off a duty on mustard, you are simply adding to the excess profit that is already reaped by these foreigners, whether they are Frenchmen or Englishmen. You are simply giving them a present of so much money. They will sell goods in this country always, because certain people will always prefer to pay the extra price.

Senator SMOOT. Do you suggest an increase in the rates provided by the House?

Mr. MURPHY. We would like it left as it was. We did not want any change. If we had the old 10 cents a pound in the Payne-Aldrich bill we would be content, but if you are going to put a duty on mustard seed of 1 cent a pound, that means 2 cents on our mustard flour, because we can only get 50 per cent or a little less of flour out of the seed.

Senator SMOOT. This bill gives you mustard, ground, prepared in bottles or otherwise, 5 cents a pound.

Mr. MURPHY. Mustard ground is a good deal better mustard.

Senator SMOOT. You think that ought to be 10 cents a pound?

Mr. MURPHY. I think that ought to be 10 cents a pound. If you are going to put a duty on mustard seed, you ought to give us also double what the duty on the mustard seed is, because we can only get 50 per cent of flour out of it.

These are anæmic times in business. We can not any of us in this country afford to carry a handicap. We need crutches for a few years longer. Please give us as good a chance for salvation as we had in past tariffs.