

Eighteenth Annual Report
of
**The United States
Tariff Commission**



1934



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1935

UNITED STATES TARIFF COMMISSION

ROBERT L. O'BRIEN, Chairman
THOMAS WALKER PAGE, Vice Chairman
EDGAR B. BROSSARD
OSCAR B. RYDER
SIDNEY MORGAN, Secretary

Address All Communications
UNITED STATES TARIFF COMMISSION
WASHINGTON, D. C.

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, January 2, 1935.

SIR: I have the honor to transmit to you the Eighteenth Annual Report of the United States Tariff Commission, in compliance with the provisions of section 332 of the act of Congress approved June 17, 1930.

Respectfully,

ROBERT LINCOLN O'BRIEN, *Chairman.*

The PRESIDENT OF THE SENATE.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

CONTENTS

PART I. GENERAL ASPECTS

| | Page |
|--|------|
| A. Summary of Commission's activities..... | 1 |
| Economic background..... | 2 |
| Work under section 3 (e) of the National Industrial Recovery Act..... | 2 |
| Public hearings..... | 3 |
| Influence of the foreign exchange situation on complaints..... | 3 |
| Commission's procedure under section 3 (e): | |
| (a) Relation of imports to production..... | 4 |
| (b) Costs, prices, margins, and profits..... | 4 |
| (c) Form of relief..... | 4 |
| Trade agreements program: | |
| 1. Preparation by the Tariff Commission of general background material for tariff bargaining: | |
| (a) Senate Resolution 325—Economic analysis of the foreign trade of the United States in relation to the tariff (S. Doc. No. 180)..... | 5 |
| (b) Senate Resolution 334—General and detailed tariff information..... | 6 |
| (c) Assistance to congressional committees during consideration of the reciprocal tariff bill..... | 7 |
| 2. Difficulties encountered in carrying through the tariff bargaining program..... | 8 |
| 3. Decline of trade..... | 9 |
| 4. Procedure and work under the Trade Agreements Act: | |
| (a) Preparation of basic material..... | 10 |
| (b) Agencies for administering the trade agreements program..... | 11 |
| Rate-adjustment work under the provisions of section 336..... | 13 |
| Other work of the Commission..... | 15 |
| B. Membership of the Commission..... | 16 |
| C. Powers and duties of the Commission..... | 16 |
| D. Organization of the Commission: | |
| Work of the New York office..... | 17 |
| Work of the Brussels office..... | 17 |
| Chart showing organization..... | 18 |
| E. The staff..... | 18 |
| F. Finances and appropriations..... | 19 |
| G. Cooperation with other departments..... | 20 |
| H. Litigation: | |
| Under section 336, Tariff Act of 1930: | |
| Casein..... | 21 |
| Wool-felt hat bodies and hoods..... | 21 |
| Prism-binoculars..... | 22 |
| Peas, green or unripe..... | 22 |
| Other protests..... | 22 |
| Under section 337, Tariff Act of 1930: | |
| Slide fasteners..... | 22 |
| Oxides of iron..... | 23 |
| Phosphates and apatite..... | 23 |
| I. Recommendations to the Congress: | |
| Issuance of subpoenas..... | 23 |
| Temporary order of suspension from entry..... | 24 |

| PART II. INVESTIGATIONS, SURVEYS, AND REPORTS | | Page |
|---|--|------|
| A. Statistical record of rate-adjustment investigations under section 336. | | 25 |
| B. List of rate-adjustment investigations completed and in progress under section 336 | | 25 |
| C. Summaries of reports on completed rate-adjustment investigations under section 336: | | |
| Sugar | | 25 |
| Candied, crystallized, or glace fruits | | 27 |
| Laminated products | | 27 |
| Canned clams | | 28 |
| Cut flowers | | 29 |
| Cotton ties (of iron and steel) | | 30 |
| Meat and food choppers | | 30 |
| Cotton fishing nets and nettings | | 30 |
| Grass and straw rugs | | 31 |
| Tooth and other toilet brushes | | 32 |
| Pins | | 32 |
| Fish packed in oil | | 33 |
| D. Applications for investigations under section 336, pending, dismissed, or withdrawn: | | |
| Pending applications | | 34 |
| Applications dismissed or withdrawn | | 34 |
| E. Work under the general powers of the Commission (sec. 332) | | 34 |
| F. Summaries of published reports under section 332: | | |
| Long-staple cotton | | 35 |
| Laces and lace articles | | 37 |
| Dyes and other synthetic organic chemicals | | 37 |
| Graphic analysis of the international trade of the United States in 1932 | | 38 |
| Synthetic camphor | | 38 |
| G. Investigations under provisions relating to unfair practices in import trade (sec. 337): | | |
| Slide fasteners and parts of slide fasteners | | 39 |
| Oxides of iron suitable for pigment purposes | | 39 |
| Cigar lighters | | 39 |
| Drive springs | | 40 |
| Phosphates and apatite | | 41 |
| Coilable metal rules | | 41 |
| H. Summaries of investigations under section 3 (e) National Industrial Recovery Act: | | |
| 1. Investigations completed: | | |
| Wood-cased lead pencils | | 42 |
| Quicksilver | | 43 |
| Wool-felt hat bodies | | 43 |
| Red cedar shingles | | 43 |
| Cotton rugs | | 45 |
| Matches | | 46 |
| Braids and hat bodies in part of synthetic textile | | 47 |
| 2. Investigations pending: | | |
| Household table and kitchen articles of pottery | | 48 |
| PART III. APPENDIXES | | |
| I. Statistical summary of applications and investigations as of Dec. 1, 1934 | | 53 |
| II. Publications of the Tariff Commission since the passage of the Tariff Act of 1930 | | 57 |
| III. Amendment of the Tariff Act of 1930 for promotion of foreign trade (June 12, 1934) | | 60 |

EIGHTEENTH ANNUAL REPORT OF THE UNITED STATES TARIFF COMMISSION

WASHINGTON, D. C., December 1, 1934.

To the Congress:

The United States Tariff Commission submits herewith its eighteenth annual report.

Part I. GENERAL ASPECTS

A. SUMMARY OF COMMISSION'S ACTIVITIES

Two acts of Congress 1 year apart, marking roughly the beginning and the end of the past fiscal year, gave form to the internal and external policies of the administration as they directly affect foreign trade. The first of these, the National Industrial Recovery Act, passed on June 16, 1933, provided for action to prevent imports from rendering ineffective codes of fair competition in operation under that act in the production of competitive domestic products. The second, the Trade Agreements Act, passed on June 12, 1934, established the policy of expanding the foreign trade—import and export—of the United States by reciprocal agreements with foreign countries. The Congress provided new functions for the Tariff Commission under each of these laws, and those originating in the program for reciprocal trade agreements constitute the greater part of the Commission's work at the present time.

Along with its important new work, the Commission has continued to conduct the general and special tariff investigations required of it under earlier enacted laws. In doing so it has given direct assistance on a wide range of subjects to the Congress, to the President, and to the administrative departments and organizations, either at their request or on the Commission's own initiative.

Complaints of unfair practices in import trade (sec. 337 of the Tariff Act of 1930) continued to engage the attention of the Commission. Under the flexible tariff provision (sec. 336 of the Tariff Act of 1930) 12 investigations were completed. Of those, the one on sugar deserves special attention both because of the size of the investigation and because of the importance of sugar in the Cuban trade agreement. For a number of reasons, work under the rate adjustment provisions, however, took but a minor part of the Commission's time in the past year.

Obviously, when the United States is seeking the best conditions under which to bring about extensive international tariff revision through reciprocal trade agreements, confusion and misunderstanding are avoided if other earlier and more limited methods of adjusting rates are held in the background while the new policy is being developed. Moreover, the application of the cost-of-production

formula of the rate-adjustment provision has been made extremely difficult by disturbed and rapidly changing economic conditions throughout the world, particularly by changes in the relative values of the currencies of the different countries and in both domestic and foreign costs. Nevertheless, the flexible provision still remains a useful means of adjusting rates of duty in particular cases.

ECONOMIC BACKGROUND

Disturbed economic conditions throughout the world have added greatly to the burden of work carried by the Commission. Under the law creating the Commission it was charged with the duty of investigating the operation of customs laws and "their effect upon the industries and labor of the country." The effects of customs laws and regulations vary with fluctuations in the activity of industry and trade. Unemployment, agricultural depression, declines and rises in prices, changes in volume and value of imports and exports, and disturbances in foreign exchange have manifested themselves unequally and have had varying effects on different branches of economic life. It is difficult to report on the status of the industries of the country and their relationship to world economic conditions at a time when changes are rapid and even chaotic. Under such circumstances, the Tariff Commission can discharge its duty of furnishing information to Congress and executive departments only by making intensive studies of current conditions. More than under normal conditions such inquiries involve work in the field to establish direct contact with the problems faced by those engaged in commerce and industry.

The increase in the Commission's work has resulted not only from the difficulties of compiling accurate information under changing economic conditions, but also from the more numerous and urgent requests for assistance from other departments and from the public.

WORK UNDER SECTION 3 (E) OF THE NATIONAL INDUSTRIAL RECOVERY ACT

An important phase of the Commission's activity during the year has been under section 3 (e) of the National Industrial Recovery Act. This act, passed on June 16, 1933, recognizes the necessity of preventing foreign competition from rendering ineffective the codes of fair competition in actual operation in the production of competitive domestic products. It provides that action may be taken when imports are substantial or increasing in ratio to domestic production and are endangering code operation. The ordering of an investigation by the Tariff Commission under section 3 (e) is discretionary with the President, but if after such an investigation has been made by his order, he finds a code to be endangered, he must take appropriate action. He may: (1) prescribe the terms or conditions under which imports may enter; (2) impose fees in addition to present duties; or (3) limit the quantity of imports.

In the establishment of procedure under section 3 (e) many problems arose in determining whether an industry is entitled to relief and in deciding upon the extent and character of the relief necessary. Several months were required to establish the procedure

and to organize the agencies for carrying out this work. Executive Order No. 6353 of October 23, 1933, delegated to the National Recovery Administration authority to receive complaints and after a preliminary study to recommend to the President for or against an investigation by the Tariff Commission under section 3 (e). The Commission loaned Mr. Oscar B. Ryder to the National Recovery Administration to act as Chief of the Imports Division, established to handle for that organization complaints under section 3 (e). Mr. Harold D. Gresham and several assistants were also loaned from the Commission's staff. Upon the appointment of Mr. Ryder as a member of the Tariff Commission, Mr. Gresham became Chief of the Import Section, which was then made a part of the Division of Research and Planning.

On October 24, 1933, the National Recovery Administration promulgated office order no. 37, prescribing rules and regulations governing complaints under section 3 (e). These regulations require complainants to make a prima facie case and they are supplied with a schedule, indicating the supporting information desired. If such a case is made, the National Recovery Administration recommends that the President direct the Tariff Commission to make an investigation. In the event that an investigation is ordered and that the report of the Commission to the President thereon establishes to his satisfaction the validity of the claim for relief, he issues an order to the Secretary of the Treasury specifying the nature and extent of the relief which shall be granted under the authority of section 3 (e) or takes other action to limit imports.

Public Hearings

The Tariff Commission is the agency designated by the President to hold public hearings in section 3 (e) investigations. The Chief of the Import Section of the National Recovery Administration, or his alternate, sits with the Tariff Commission when these hearings are held. At some of the hearings the Consumers Advisory Board of the National Recovery Administration is also represented. Opportunity is given in each investigation for both domestic producers and importers to present their case.

In order to expedite field work and to accommodate the business interests in the areas particularly concerned, the Commission departed from its usual practice of holding hearings in Washington in the case of investigations of shingles and ice, holding the former in Seattle, Wash., and the latter in San Antonio, Tex.

Influence of the Foreign Exchange Situation on Complaints

The depreciation of foreign currencies, with the subsequent threatened increase of imports into the United States, caused considerable apprehension among domestic producers during the period immediately preceding the passage of the National Industrial Recovery Act. The decline in the exchange value of the dollar during 1933 and 1934 tending to offset increases in costs in the United States largely allayed these fears and slackened the interest of American producers in pressing their applications for relief.

Commission Procedure Under Section 3 (e)

In developing its procedure in investigations under section 3 (e) the Commission had for guidance the large body of precedent accumulated in the course of 12 years of administration of the flexible

tariff under section 315 of the Tariff Act of 1922 and under section 336 of the Tariff Act of 1930. Obviously the problems are different, yet they are sufficiently alike to facilitate work under section 3 (e). Emphasis is laid in the investigations under section 3 (e) on the changes in costs of production resulting from code operation rather than upon comparison of absolute domestic and foreign costs as in cases under section 336.

Investigations of the Tariff Commission under this section have been directed toward determining whether the substantial or increasing imports are on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code. Relief has been recommended only where, because of the operation of a code, there has been a net increase in the disadvantage of a domestic industry in competition with imports and where it appears that the maintenance of a code is seriously endangered thereby.

There have been three principal lines of investigation in cases under section 3 (e):

(a) *Relation of imports to production.*—Preliminary investigation of the relation of imports to production is made in each case by the Import Section of the National Recovery Administration. The Commission, however, assists the Import Section by making analyses of existing production and import statistics and sometimes by making special examination of consular invoices to determine more precisely the kinds and grades of commodities being imported. When complainants are unable to furnish all the necessary information called for on the National Recovery Administration schedule the Commission supplements and interprets the production and import data. Imports may be both substantial and increasing in proportion to domestic production and yet not necessarily interfere with the success of the code. The Commission considers the relation of imports to total domestic production, to domestic production of competitive types or grades, and to production in competitive areas.

(b) *Costs, prices, margins, and profits.*—A large part of the Commission's work in section 3 (e) investigations concerns questions of costs, prices, margins, etc., and the effect of import trade upon them. Cost data are necessary, first, to establish the changes in costs, and in margin or relation of cost and price, between the period before and the period after the adoption of the code, and second, to afford a basis for imposing fees on imports when necessary. Data are accumulated in regard to changes in the prices of materials, and in wages and overhead ratios. The operations of the industries are carefully studied in each case to determine to what extent such changes have altered unit costs. When economies in production have been brought about which offset, wholly or in part, increases in prices of materials or in wages, the effect on the workers in the industry is carefully studied. Moreover the Commission takes into consideration any offset to an increase in unit costs under the code which has occurred through such factors as appreciation of foreign exchange causing increased foreign prices in terms of United States dollars.

(c) *Form of relief.*—The law provides for three forms of relief: (1) Specification of the terms and conditions upon which imports may be made; (2) the imposition of fees on imports; (3) limitation upon the quantities which may be imported (the quota system). The relief to be granted in each case is a matter of policy

which is not within the final determination of the Commission, but the Commission is required, by the terms of Executive Order 6353, to make specific recommendations to the President. In making these recommendations, consideration has been given to the fact that the United States Government has protested against many of the quotas adopted by foreign countries. The Commission, in fact, has given considerable study to the whole quota question not only in section 3 (e) cases but in the reciprocal trade agreements program. The only quotas which have been employed under section 3 (e) have been those agreed to by the foreign interests involved and which have been enforced by those interests.

The Tariff Commission has completed investigations of the following products under section 3 (e): Lead pencils, cotton rugs, quicksilver, wool-felt hat bodies, matches, red-cedar shingles, and braids and hat bodies in part of synthetic textile. It has pending investigations of household, table, and kitchen articles of pottery; ice; and sun goggles. Summaries of the completed reports will be found in part II of this report.

TRADE AGREEMENTS PROGRAM

1. Preparation by the Tariff Commission of General Background Material for Tariff Bargaining

More than a year and a half before the Trade Agreements Act was passed, the Commission began studies having a bearing on tariff bargaining, in response to Senate Resolutions 325 and 334 of the Seventy-second Congress. The material prepared in response to Senate Resolution 325 consists primarily of an analysis of imports and exports of individual commodities and a discussion of tariff bargaining under most-favored-nation treatment. The material prepared under Senate Resolution 334 includes (1) an analysis of the trade of the United States with each important foreign country, and of the trade of those countries with the rest of the world; (2) an analysis of the principal trade restrictions imposed by foreign countries; and (3) an extensive revision of the summaries of tariff information previously made available to the Congress when tariff legislation was pending.

The information prepared under Senate Resolution 325, printed as Senate document No. 180 under the title "Economic Analysis of the Foreign Trade of the United States in Relation to the Tariff", was in wide use when the reciprocal tariff bill was under consideration. The demand for it has been such that a second printing has been necessary.

Because of the importance of this background material in the formulation and the actual conduct of the tariff bargaining program, the summary given last year of the work done in response to Senate Resolution 325 is here repeated, and following it is given an outline of the work done during the current year under Senate Resolution 334.

(a) *Senate Resolution 325—Economic Analysis of the Foreign Trade of the United States in Relation to the Tariff (S. Doc. No. 180).*—

Part I, dealing with imports, shows the trend of imports in relation to production and height of duties. Separate lists group im-

ports which have declined or increased since 1929, those representing a small proportion of domestic production, and those more or less noncompetitive and with respect to which foreign producers have an advantage. Another list arrays by tariff schedules the items on which the rates of duty exceed 50 percent ad valorem according to the height of duty in 1931. In this list special attention is given to agricultural products and agricultural raw materials by comparing the tariff rate with the ad valorem equivalent based on the average price for the 10-year period, 1920-29.

Part II, dealing with exports, gives statistics for (1) articles exported in decreasing quantity since 1929, and (2) articles produced in the United States with advantages which were factors in causing them to be exported in substantial quantities.

Part IV¹ of the report (tariff bargaining under most-favored-nation treaties) is in compliance with that section of the resolution which calls upon the Tariff Commission to report upon the extent to which existing conditional and unconditional most-favored-nation clauses in commercial treaties may affect tariff bargaining, and "generally to advise such ways and means for tariff bargaining as may appear relevant * * *." This part briefly summarizes the reciprocity experience of the United States and the arguments for and against unconditional most-favored-nation treatment. It shows the compatibility of unconditional most-favored-nation pledges with tariff bargaining, well established by European practice, and suggests the continuance of the American policy of equal treatment of all nations and of most-favored-nation treaties in the unconditional form.

(b) *Senate Resolution 334—General and detailed tariff information.*—

PART I.—During the year the Commission completed analyses of the import and export trade of the United States with each of the principal foreign countries as requested in part I of Senate Resolution 334, Seventy-second Congress. The analyses for 23 countries, including both United States statistics and statistics of the several foreign countries, have been issued for official use in mimeographed form and supplemental analyses based on United States statistics only have been similarly issued for 16 countries of lesser commercial importance. More than 92 percent of the total trade of the United States in 1928 and 1932 was with the 39 countries studied.

In addition lists of tariff and trade restrictions imposed since 1922 by 22 foreign countries on imports from the United States, and studies of the balance of payments of the United States with each of the principal foreign countries, were prepared in response to part I of the same resolution.

This material has been of value not only to the Commission but to other Government departments in providing a background for the negotiation of trade agreements under the act of June 12, 1934, and has been in demand by individuals and by scientific and research organizations interested in foreign trade.

PART II.—In part II of Senate Resolution 334 the Commission is directed to compile revised summaries of tariff information. The

¹ Part III deals with the range and variety of costs of production in 44 investigations made by the Tariff Commission.

last compilation of this sort was made in 1929 and 1930 and published in a series of pamphlets totaling some 2,700 pages. The resolution specifically asks for information such as the character (grade, type, etc.) of the imports and exports of the various commodities, the production in foreign countries of articles not entering into our import trade, the competition between foreign and domestic products in the markets of the United States and foreign countries, the concentration of control in industry, and other tariff problems.

First drafts of these summaries have been completed by the commodity divisions of the Commission for almost all important tariff paragraphs; some 350 summaries have been completed and mimeographed for the confidential use of the various interdepartmental committees engaged in the reciprocal trade-agreements program and of other executive branches of the Government. The completion of the summaries is proceeding in the order dictated by the needs of the trade-agreements program.

The task of assembling and digesting detailed information concerning all commodities entering into commerce is clearly an immense one. The Tariff Act of 1930 contains more than 800 paragraphs, some of them covering many articles. In addition, certain necessary studies will be made of intercommodity relationships and intercommodity competition.

Changing conditions in internal economy and in international trade since 1930 have made it particularly desirable to supplement the available published information concerning the several commodities. Extensive field work by a large number of the Commission's staff was necessary in order to obtain first-hand knowledge of the influence of factors such as depreciated exchange, exchange control measures, and quota systems of foreign countries, fluctuations in prices, the programs of the National Industrial Recovery Administration and of the Agricultural Adjustment Administration, and many others which affect the movements of commodities in international trade.

It should be emphasized that any program of tariff revision, whether by reciprocal trade negotiations or by legislation, must be based upon complete information as to competitive situations, trends, and other factors affecting international trade. In preparing the summaries of tariff information the Commission attempts to gather such basic data.

(c) *Assistance to congressional committees during consideration of the reciprocal tariff bill.*—In addition to preparing material in response to Senate Resolution 325 and 334, the Commission furnished information to the Committee on Ways and Means of the House and to the Finance Committee of the Senate during the hearings on the reciprocal tariff bill, and supplied many individual Members of Congress with data requested by them while the bill was being considered in the House and Senate. The information consisted principally of trade and production data, tariff rates of foreign countries, nature of the authority conferred upon the executive in foreign countries to make changes in tariff, legal matters relating to the bill, and other special memoranda as needed by members of the Senate and House committees.

2. Difficulties Encountered in Carrying Through the Tariff Bargaining Program

The technical and economic problems encountered in carrying through the reciprocal trade-agreements program will appear clearly from a summary outline of the nature of the increases in trade restrictions imposed since 1922, particularly since the beginning of the depression, by the major commercial countries of the world. Countries already maintaining professedly protective tariffs have very generally increased their rates and made them more complex. A number of countries which, before the depression, were on the so-called "free-trade basis" have recently resorted to various forms of trade restrictions. Imports conceded to be of a noncompetitive character have been more and more heavily taxed for revenue purposes, and this has tended to cut down trade. Certain countries, moreover, have devised new forms of restricting imports, in some cases chiefly for the purpose of balancing the international accounts, in some cases admittedly to protect domestic industries.

There follows a discussion of some of the different kinds of restrictions imposed in recent years.

(a) *Higher tariffs.*—Since 1929 most countries of the world have increased tariffs either through general tariff revision or through limited revision. This list includes among others such important countries as the United States, the United Kingdom, Canada, France, Italy, Spain, India, Argentina, Brazil, Japan, and China. In 1932 alone, increases in tariffs were made by the United Kingdom, Egypt, Norway, Japan, Portugal, Greece, Siam, South Africa, Australia, Belgium, Latvia, the Netherlands, the Netherland East Indies, Nicaragua, Persia, and Venezuela. Since the beginning of 1933 Sweden, Norway, Czechoslovakia, Poland, Switzerland, and Hungary, are among the nations which have raised their tariffs, and the United Kingdom has again increased rates. Additional increases have been made in 1934, but there have been some decreases.

(b) *Import quotas, license restrictions, and import monopolies.*—These devices have been widely used for restrictive purposes, as well as for retaliation. Import quota systems have varied considerably in form and degree from country to country, but wherever employed have been used to cut down import trade. Licensing regulations are usually a part of, or an adjunct to, quota systems or import monopolies. Quota regulations directly limit imports of particular commodities; they thus preclude maintaining or increasing trade by price adjustments, as may sometimes be done when rates of duty are raised. Trade comes to an abrupt end when the fixed quota is reached.

(c) *Exchange control.*—Several European countries and many Latin-American countries have used some form of exchange control. There are many different methods of control, their common element being the impounding of foreign exchange in some central authority which disposes of it and fixes rates. Compensation agreements have been made for the purpose of tempering the severity of complete exchange control and of other import restrictions. In some instances specified quantities of commodities have been bartered. Clearing agreements usually provide for a direct balancing of credits derived from all transactions between two countries. Compensation and barter agreements may increase trade in particular lines, or merely

shift it from one country to another; clearing agreements commonly establish bilateral balances which in most cases definitely tend to reduce trade.

(d) *Milling or mixing regulations.*—Milling or mixing regulations stipulate that certain proportions of domestic products must be combined with imported goods for domestic consumption. The proportions permitted entry vary from time to time. It is a plan of forced "domestic buying." This form of restriction has hit the importation of cereals particularly hard, to the injury of our own and other grain-surplus countries.

(e) *Additional charges, taxes, and fees on imports.*—In addition to import duties and surtaxes thereon, a great variety of other levies has been imposed upon imports, or their rates increased. These charges include license fees (as in quota systems) sales taxes, luxury taxes, primage duties, and consular fees as high as 10 percent of the value of the goods.

(f) *Marks of origin and customs classifications.*—Requirements concerning marks of origin have been made more detailed and much stricter, sometimes with the deliberate purpose of limiting imports.

(g) *Sanitary regulations and quarantine restrictions.*—Sanitary regulations and quarantine restrictions, as the terms connote, had as their original purpose the prevention of the introduction of plant or animal diseases or insect pests from foreign countries. They have, however, often been so administered as to restrict imports for the protection of competing domestic producers.

(h) *Prohibitions on importation.*—High tariffs are sometimes spoken of as prohibitive, but as here used the word prohibitive refers to more drastic measures than tariffs. It means the complete exclusion of imports of designated articles. Prohibitions may be used to restrict expenditure for imports or in putting into effect sanitary or quarantine regulations where imports are said not to have complied with customs requirements.

Most of the devices above described have come into general use only in recent years. They represent administrative controls which can be and have been easily and frequently changed in the direction of greater trade restriction. Their use has become more and more drastic and wide-spread, sharply reducing the volume of world trade and piling up surplus stocks despite extremely low prices.

3. Decline of Trade

The great increase in trade restrictions of all kinds, in conjunction with the conditions of world-wide depression and currency derangement to which the increase largely owes its origin, has resulted, since 1929, in a marked and unprecedented decline in world trade. In this decline the United States has participated to a greater degree than the remainder of the world. Of the foreign trade—import and export—of the 11 leading commercial countries of the world, the share of the United States in terms of value was about 14 percent in 1929 and about 11 percent in 1932, the year of lowest volume of world trade, as well as of the trade of the United States. Between 1929 and 1933, the value of world trade, exclusive of the United States declined by slightly more than 64 percent. That of the United States during the same period declined about 68 percent.

A general upturn in world trade, including that of the United States, began, however, in the latter half of 1933 and seems to have continued in 1934. Despite the increase, foreign trade remains at an abnormally low level. The increase in United States trade has been chiefly in exports, as a result of which the excess of merchandise exports over merchandise imports has been proportionately greater than usual. This has made it difficult for foreign interests to make payments for goods received from the United States and has been the primary cause of the large influx of gold in recent months.

Reliable estimates indicate that the value of our domestic production declined about 45 percent from 1929 to 1933, while our export trade declined in value by more than two-thirds for the same period. The drastic decline in exports has caused a hardship to certain of our industries which formerly exported relatively large proportions of their output. Examples are the industries engaged in producing cotton, tobacco, lard, wheat, typewriters, sewing machines, agricultural machinery, locomotives, automobiles, and trucks and tractors, which formerly exported from 12 to 55 percent of their production but which now export greatly reduced percentages.

4. Procedure and Work Under the Trade Agreements Act

Surpassing in volume all of its other work at the present time are the Tariff Commission's activities under the Trade Agreements Act of June 12, 1934. This act, conferring upon the President the power to negotiate foreign-trade agreements and within limitations to revise statutory duties, designated the Tariff Commission, together with certain other governmental agencies, as sources of information and advice to the President. The Tariff Commission in cooperation with other governmental agencies is assisting the Department of State in working out the trade-agreements program. The Commission participates in the preparation of all fundamental basic material necessary to negotiations with the representatives of foreign nations.

(a) *Preparation of basic material.*—Many interdepartmental committees are dealing with the reciprocal trade-negotiation program, special functions or fields being assigned to each committee. Some deal with the problems of the trade with a particular country, others study a particular commodity, commodity group, or industry, while still others are concerned with such special problems as import quotas, exchange control, and branch factories. Upon all of these committees, the Tariff Commission is represented. In addition, the expert technical staff of the Commission is engaged in preparing and furnishing specialized studies of all types for the direct assistance of the many interdepartmental committees. Up to December 1, 1934, between 1,000 and 2,000 reports on a great variety of subjects had been prepared.

The experts of the Commission, who in previous revisions assisted Congress, are now aiding in the trade-agreements program. Among the problems they must examine, and examine more carefully than heretofore, are the probable international effects of the tariff changes proposed; the value of proffered concessions; the country which because of its geographic or economic position is likely to reap most benefit from a change in duty; the American interest benefited or injured by a proposed change.

Almost every commodity entering into our trade with other nations, in either direction, is being examined. The number of items

which may finally appear in any trade agreement between the United States and a foreign country is no criterion of the preparatory work involved; hundreds of items must be examined in detail, even in the negotiations with the smallest country. This work requires not merely elaborate statistical analysis, but a high degree of judgment and expert knowledge. Experts must study the situation in foreign markets as well as in the American market. They must examine each commodity or group of commodities to discover what particular kinds, styles, or types of product lend themselves to special treatment and they must weigh carefully the probable economic effect of various degrees of concessions.

These activities involve a wide extension of the previous work of the Tariff Commission. The staff does not merely assemble and digest data already published. Its members, specialists in tariff matters and on specific commodities, make direct contacts with the American interests in each important industrial and agricultural group, through whom they keep informed on technical matters and on the recent economic history of each industry. In these reciprocal trade negotiations, therefore, the agriculturist's and business man's viewpoints are known and taken into account at the conference tables.

In these trade negotiations the commercial provisions of all treaties or agreements previously made by our own country, and by all other countries with one another, must be considered. The special treaty files of the Tariff Commission are now supplying to other governmental agencies valuable data as to the concessions other nations have already granted and the commitments they have made in regard to rates of duty or treatment of imports.

The demands of the trade-promotion program have been so great as to necessitate an expansion of the Commission's staff, especially of economists on the one hand and service employees on the other.

(b) *Agencies for administering the trade-agreements program.*—The administration has established three principal interdepartmental committees to supervise, coordinate, and review the work attendant on the reciprocal trade-agreements program. These are:

- The Executive Committee on Commercial Policy.
- The Committee on Trade Agreements.
- The Committee for Reciprocity Information.

The first of these was established by the President on November 11, 1933, to develop and apply an integrated procedure in handling matters that in any way involve our foreign commercial policy and to advise the President. The functions of the Committee were extended by Executive Order No. 6656, dated March 27, 1934. At present the Committee is composed of representatives of the Departments of State, Treasury, Agriculture, and Commerce, the Tariff Commission, the National Recovery Administration, the Agricultural Adjustment Administration, and the Office of the Special Adviser to the President on Foreign Trade. The chairman of the Committee is a representative of the Department of State. Three Tariff Commissioners are members of this Committee. The Committee holds regular weekly meetings. Practically all the important finished work of the Tariff Commission, and of other government departments, so far as it affects changes in our foreign commercial

relations, is referred, either directly or by the President, to this Committee for consideration and for advice to the President, regarding any matter of policy which may be involved.

The Committee on Trade Agreements was established at the instance, and under the supervision of, the Secretary of State to coordinate the activities of the several agencies of the Government in the trade-agreements program and to advise on matters of policy involved. The Committee is made up of representatives of the Departments of State, Treasury, Agriculture, and Commerce, the Tariff Commission, the Office of the Special Adviser to the President on Foreign Trade, the National Recovery Administration, and the Agricultural Adjustment Administration. At present 28 subcommittees dealing with countries, commodities, and special problems involved in the negotiation of trade agreements, serve the Committee on Trade Agreements, and to all their work the Tariff Commission makes large contributions of expert personnel and specially prepared information.

The Committee for Reciprocity Information was established by Executive Order No. 6750. A discussion of its work follows:

Work of Committee for Reciprocity Information.—One important respect in which the Tariff Commission has contributed to the reciprocal trade-agreements program has been through the cooperation and assistance given to the Committee for Reciprocity Information. That Committee was designated by the President to hear the views of interested persons with respect to reciprocal trade agreements and to present them to those conducting the negotiations.

The Committee for Reciprocity Information was created to put into effect the provisions of section 4 of the Trade Agreements Act which states that public notice of the intention to negotiate an agreement shall be given in order that any interested person may have an opportunity to present his views to the President or to such agency as the President may designate. The Committee, by Executive order, consists of representatives of the Departments of State, Agriculture, Commerce, the National Recovery Administration, the Tariff Commission, and the Office of the Special Adviser to the President on Foreign Trade. The Committee functions under the direction and supervision of the Executive Committee on Commercial Policy. Mr. Page, vice chairman of the Tariff Commission, who has represented the Tariff Commission on the Committee since its organization, was designated as temporary chairman and later as permanent chairman. To facilitate his work as chairman, the Tariff Commission made available to the Committee the necessary space for its offices and public hearings and the full-time services of a number of its employees, in addition to the intermittent aid of others. The staff of the Committee is thus made up of six Tariff Commission employees, whose salaries, while so assigned, are paid from the appropriation made by the last Congress for carrying out the provisions of the Trade Agreements Act. One of these is a senior technical expert of the Commission, who acts as executive secretary of the Committee.

The rules adopted by the Committee provide that the information submitted to it shall be in written form, to be supplemented, if necessary, by oral testimony at the hearing held in the course of the negotiation of each reciprocal trade agreement.

The written statements received by the Committee are studied and digested by the commodity divisions of the Tariff Commission concerned with the subject under consideration. This involves a large amount of work. Some idea of its volume may be had from the fact that the number of statements received by the Committee up to December 15 was about a thousand. Each draft of a digest, together with such comment by the commodity division as appears warranted under the particular circumstances, is reviewed by the staff of the Committee, and when approved is reproduced in finished form by the service agencies of the Tariff Commission.

The digests of all statements and briefs for each country, together with a record of all statements and correspondence received by the Committee during the particular period, are forwarded at least once a week from the Committee chairman's office to each member of the Committee for his information and for that of the representatives from his department on the respective country committees. Each of the representations made to the Committee is given serious consideration by the appropriate country committee, and the Committee on Trade Agreements.

The hearings held before the Committee for Reciprocity Information give all interested parties an opportunity to supplement by oral testimony the written statements which they have previously filed. The testimony taken at the hearing and a summarization thereof are included in the final report of the Committee, together with a complete set of the digests and of the original statements upon which they are based.

To date the Committee has reported on the written statements and oral testimony received relating to reciprocal trade negotiations with 12 countries. The countries are Cuba, Haiti, Colombia, Brazil, Guatemala, Nicaragua, El Salvador, Honduras, Costa Rica, Belgium, Sweden, and Spain. The trade agreement with Cuba became effective September 3, 1934. Negotiations with the other countries are pending.

The Committee also carries on a wide correspondence concerning commodities which may be affected by the trade-agreements program.

RATE-ADJUSTMENT WORK UNDER THE PROVISIONS OF SECTION 336

The work of the Commission under section 336 of the Tariff Act of 1930, the so-called "flexible tariff provision", during the past fiscal year has been much less extensive than in other recent years. Very few applications for investigations under section 336 have been received by the Commission and relatively little new work has been done on investigations previously pending. Attention was called in the last annual report to the fact that for reasons set forth the completion of several investigations already under way had been postponed.

There are several reasons why the Commission has received fewer applications and done less work than in previous years under section 336.

In the first place, the enactment June 16, 1933, of section 3 (e) of the National Industrial Recovery Act caused domestic producers in a number of industries to apply for investigations under that section,

whereas in its absence they would presumably have applied for investigations under section 336.

In the second place, for a considerable part of the fiscal year there was a continuance of the difficulties with respect to ascertainment and comparison of domestic and foreign costs referred to in the last annual report of the Commission. It was pointed out in that report that the rapid changes in the basic elements of costs, such as material, labor, and especially overhead expenses, which vary greatly with volume of production, made it almost impossible to determine significant and representative costs in either domestic or foreign industries. It was also pointed out that the instability of international exchanges made comparison between domestic and foreign costs peculiarly difficult. The depreciation of the American dollar, in terms of the currencies of other countries, in the latter part of the calendar year 1933 only added to the difficulties of international cost comparison. It is true that in the calendar year 1934 these technical difficulties of cost investigation have been considerably lessened. Prices of raw materials and wages in 1934 have been on a more even keel than in 1933, and the volume of plant operations has been somewhat more regular, thereby permitting more significant calculations of overhead expenses per unit of product. The effect of the various recovery measures on domestic cost of production could be more readily calculated in 1934 than in 1933. Moreover, the international currency exchanges have been more stable. From this point of view, therefore, investigations under section 336 could have been conducted more satisfactorily in the latter part of the fiscal year 1933-34 than in the fiscal year 1932-33.

A third reason for reduced activity under section 336 was that by the beginning of the calendar year 1934 a new situation had arisen with respect to tariff policy. The Administration had under consideration the plan of tariff bargaining, a plan under which rates of duty agreed upon take into consideration factors other than difference in costs of production. By the middle of June, Congress had amended the tariff act in such a way as to empower the President to enter into foreign trade agreements upon a reciprocal basis. Among other things, the amendment stipulated that "The provisions of section 336 * * * of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this Act, or to any provision of any such agreement."

Notwithstanding the three considerations above mentioned, the Committee, as indicated in more detail elsewhere, completed during the fiscal year its investigation of sugar under section 336, on the basis of which the President issued a proclamation reducing the rate of duty, as well as a number of other investigations of lesser importance under that section. It also continued work on a number of investigations previously ordered under the flexible tariff provision with a view to the utilization of the results by the Administration in trade negotiations. The data thus obtained on a number of commodities have proved useful in negotiations already initiated with several countries, and other such material is likely to be useful in future negotiations.

It may be pointed out, moreover, that in the future there will be scope for the operation of the flexible tariff with respect to all articles not included in the new agreements.

Twelve investigations under the rate-adjustment provision were concluded and reports sent to the President. The subjects covered are sugar, candied fruits, laminated products, canned clams, cotton ties (iron or steel), meat and food choppers, cotton fishing nets and netting, grass and straw rugs, tooth and other toilet brushes, pins, cut flowers, and fish packed in oil.

Reports on each are summarized in part II of this report.

OTHER WORK OF THE COMMISSION

The Commission undertook and concluded during the year a number of special investigations and reports not covered above. Most of them are summarized in part II of this report, hence only brief mention will be made of them here.

Unfair practices.—The Commission performed its usual work under the unfair practices section of the tariff act, investigating 2 new complaints, holding 2 hearings, and completing 5 investigations with reports to the President.

Synthetic camphor.—The second report on synthetic camphor as specially required by paragraph 51 of the Tariff Act of 1930 showed on completion this year that no change in the rate of duty is warranted.

Long-staple cotton.—The Department of State requested and received an extensive survey of the tariff situation with respect to long-staple cotton. The Commission later published its report for the information of the industry.

Laces.—A careful and comprehensive survey of laces and lace articles was completed and made public during the year, and the demand for it has necessitated a second edition.

Dyes.—The Commission has followed the development of the domestic dye industry with close attention since the war. A survey under the title "Production and Sales of Dyes and Other Synthetic Organic Chemicals, 1933" was published during the year.

Tariff bibliography.—The library staff completed and presented the results of some years of work in a publication entitled "The Tariff—A Bibliography", a 1,000-page reference volume consisting of several well-organized digest-indexes covering a wide range of economic and tariff literature. It is particularly valuable for its references to foreign material.

Regulation of tariffs.—Two years ago the Commission reported upon the methods by which the administrative authorities in various foreign countries are equipped to effect changes in their tariff. Because of its current usefulness the Commission brought the report up to date and issued a second edition under the caption "Regulation of Tariffs by Administrative Action in Foreign Countries."

Graphic analysis.—As part of its analysis of the trade of the United States required by Senate Resolution 334, the Commission prepared a series of colored charts showing graphically a comparison of exports and imports in our trade with each of the leading

commercial nations. This is now appearing under the title "Graphic Analysis of the International Trade of the United States in 1932."

Philippine-United States relations.—The Commission has continued to study conditions relating to our tariff and trade policy with respect to the Philippine Islands in view of their future independence. During the year the Commission's experts, with the cooperation of experts from other governmental departments, prepared confidential material for Members of Congress particularly interested in this subject. In addition, the Commission served in an advisory capacity to the Departments of War and State in considering certain proposed Philippine legislation providing for increases in the present tariff duties of the Islands.

Other projects.—The Commission carried on numerous confidential projects during the year, including its customary work on discriminations against the foreign commerce of the United States as required by section 338 of the Tariff Act of 1930.

B. MEMBERSHIP OF THE COMMISSION

Mr. Robert Lincoln O'Brien, of Massachusetts, continued by reappointment of the President on December 1, 1933, as chairman of the Commission and was again designated chairman effective December 1, 1934.

Mr. Thomas Walker Page, of Virginia, appointed vice chairman by the President on reorganization of the Commission in 1930, continued in that office by Presidential reappointment on September 17, 1934.

The other members of the Commission are: Edgar B. Brossard, of Utah, and Oscar B. Ryder, of Virginia.

Commissioner John Lee Coulter, of North Dakota, served until the expiration of his term June 16, 1934.

The President, on June 13, 1934, to fill an existing vacancy, appointed Mr. Oscar B. Ryder, of Virginia, to be a member of the Commission. Mr. Ryder, formerly an economist on the staff of the Commission, was at the time of his appointment Chief of the Imports Division of the National Recovery Administration. His term is for the period ending June 16, 1939.

C. POWERS AND DUTIES OF THE COMMISSION

Previous annual reports have dealt with the powers and duties of the Commission in some detail, tracing their legislative history and development. It will suffice at this time to say generally that the Commission is an arm of Congress and the President for obtaining special types of information and for performing certain special work. It has today seven legally defined functions.

These in briefest outline are:

1. To investigate and report upon tariff matters in general (sec. 332, Tariff Act of 1930).
2. To cooperate with other governmental establishments (sec. 334, Tariff Act of 1930).
3. To investigate and report to the President the differences in the cost of production of domestic commodities and like or similar foreign articles and any necessary tariff changes to equalize these differences (sec. 336, Tariff Act of 1930).

4. To investigate and report upon unfair practices in importation and sale of foreign merchandise (sec. 337, Tariff Act of 1930).
5. To keep informed of discriminations against the foreign trade of the United States (sec. 338, Tariff Act of 1930).
6. At the direction of the President, to investigate import conditions as they endanger or threaten the maintenance of codes of fair practice or other agreements by domestic industries under the National Industrial Recovery Act (sec. 3 (e) N. I. R. A.).
7. In conjunction with other Government departments, to inform and advise the President before the conclusion of Foreign Trade Agreements (sec. 4, Trade Agreements Act).

D. ORGANIZATION OF THE COMMISSION

The Commission, on October 24, 1934, instituted a material reorganization of its technical staff to meet the conditions imposed by its new functions. General direction of the work of investigation was placed in the hands of the director of research, A. Manuel Fox. Three assistant directorships were set up, one for the commodity and transportation group, one for the economics-statistical-accounting group, and one for the international relations group. The Commission appointed Messrs. George P. Comer, Mark A. Smith, and Benjamin B. Wallace, respectively, to these positions from responsible positions on the Commission's staff. Numerous minor reorganizations and reassignments followed. The reorganization provides unified control and a better coordination of all the work of the technical staff.

This reorganization was accompanied by a change in the name and membership of the general staff committee which aids the Commission in planning and reporting its investigations. It is now known as the "Planning and Reviewing Committee" and consists of the chief economist, the director and the three assistant directors of research, the technical advisor to the chairman, the secretary of the Commission, the chief of the division especially concerned, and the specially assigned economist.

Work of the New York Office

The demand upon the New York office of the Commission for information has continued to be most active during the current year owing to the work of the Commission under section 3 (e) of the National Industrial Recovery Act and under the reciprocal trade agreements program. To successfully meet the demand for information in carrying out these two activities the Commission is obliged to have information with respect to import and export trade not available in official statistics. This information is obtained through the Commission's New York office by an analysis of original papers filed in connection with imports and exports and is supplemented by information obtained directly from the books of those engaged in such trade. The service rendered by this office along these lines during the current year has been most valuable.

Work of the Brussels Office

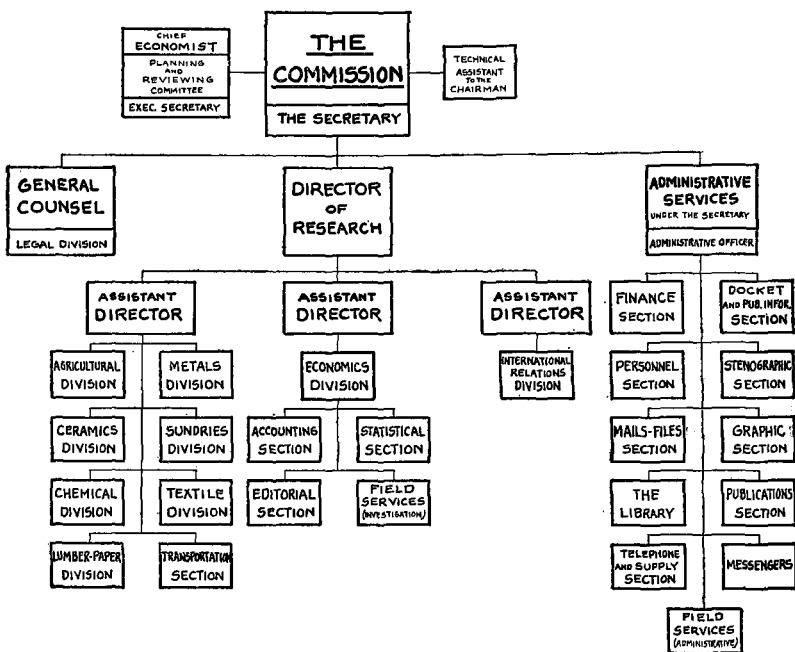
The Commission continued to maintain its European headquarters at Brussels, Belgium, and that office carried out special assignments during the year in relation to an extensive survey of subsidies in the fishing industries of certain European nations. Certain work was

also assigned the Brussels office in connection with the reciprocal trade-agreements program, and plans for extending the informational service of this office to meet the present needs of the Commission are now under way.

Chart Showing Organization

A chart of the present organization follows:

UNITED STATES TARIFF COMMISSION
ORGANIZATION CHART



E. THE STAFF

The Commission and its staff, as organized at the close of the fiscal year 1934, consisted of 277 persons, a net decrease of 24 from last year. This total comprised 4 commissioners and 273 employees, 174 of whom were men and 103 were women. Forty-five members of the staff rendered military or naval service. The total number within the civil-service retirement law was 172. The amount of money deducted from their salaries under the retirement law during the fiscal year 1934 was \$13,633.90.

The following changes in personnel occurred during the fiscal year ended June 30, 1934:

| | |
|---------------------------------------|----|
| Appointments: | |
| Permanent employees..... | 12 |
| Temporary employees..... | 8 |
| Total | 20 |
| Separations: | |
| Resignations..... | 13 |
| Deaths..... | 2 |
| Retirements..... | 6 |
| Temporary appointments completed..... | 3 |
| Total..... | 24 |

A brief comparative table of the staff follows:

Departmental and field services

| Title | June 30, 1933 | June 30, 1934 | November 30, 1934 |
|---|---------------|---------------|-------------------|
| Commissioners..... | 15 | 24 | 24 |
| Chief economist..... | 1 | 1 | 1 |
| Director of research..... | | | 1 |
| Assistant directors of research..... | | | 3 |
| General counsel..... | | | 1 |
| Secretary..... | 1 | 1 | 1 |
| Chief investigator..... | 1 | 1 | |
| Executive assistant to the chairman..... | 1 | 1 | |
| Executive secretary, Committee for Reciprocity Information..... | | | 1 |
| Administrative officer..... | 1 | 1 | 1 |
| Chiefs of divisions..... | 16 | 15 | 11 |
| Chiefs of sections..... | 6 | 6 | 13 |
| Acting chief of section..... | 1 | | 1 |
| Librarian..... | 1 | 1 | 1 |
| Special experts..... | 129 | 114 | 121 |
| Clerks, including stenographers..... | 105 | 102 | 109 |
| Secretaries and stenographers assigned to commissioners..... | 8 | 5 | 5 |
| Operators, office devices..... | 9 | 9 | 10 |
| Telephone operators and stock clerks..... | 2 | 2 | 2 |
| Messengers..... | 12 | 11 | 12 |
| Skilled laborer..... | 1 | 1 | 1 |
| European representative..... | 1 | 1 | 1 |
| Chief, New York office..... | 1 | 1 | 1 |
| Total..... | 301 | 277 | 301 |

¹ 1 vacancy.
² 2 vacancies.

Overtime.—Overtime has been the rule rather than the exception with most divisions of the Commission for a long time past and the Commission acknowledges with appreciation the contribution of thousands of hours by the staff. The work, particularly that on the voluminous reports prepared for the negotiating of trade agreements, has been of exceptionally high quality and has been produced with such promptness and completeness as to evoke special commendation from other agencies.

F. FINANCES AND APPROPRIATIONS

Salaries and expenses.—The appropriation for salaries and expenses for the fiscal year ended June 30, 1934, was \$785,000. Of this sum there was an unexpended balance of \$51,544 which amount was made available for the Commission during the fiscal year 1935.

Printing and binding.—The appropriation for all printing and binding during the fiscal year ended June 30, 1934, was \$15,000. By transfer from the appropriation for salaries and expenses the appropriation for printing and binding was increased to \$17,250. Of the latter amount there was an unexpended balance of \$2,332 which was made available for the Commission during the fiscal year 1935.

Expenditures and obligations.—Expenditures for the fiscal year ended June 30, 1934, and the outstanding obligations as of that date are as follows:

| | |
|--|-------------------|
| Salaries: Commissioners (2 vacancies)----- | \$36,760.58 |
| Employees: | |
| Departmental service----- | 610,199.65 |
| Field service----- | 31,178.51 |
| Travel expenses: | |
| In the United States----- | 27,957.59 |
| In foreign countries----- | 3,257.67 |
| Books of reference and publications----- | 3,433.80 |
| Printing and binding----- | 15,000.00 |
| Telephone and telegraph----- | 3,123.18 |
| Rent of office (foreign)----- | 720.54 |
| Repairs and alterations----- | 1,139.68 |
| Office equipment, supplies, miscellaneous expense----- | 22,599.93 |
| Total----- | 755,371.13 |

By Executive order, issued pursuant to law, the disbursing activities of the Tariff Commission were transferred to the Division of Disbursement in the Treasury Department effective December 22, 1933.

G. COOPERATION WITH OTHER DEPARTMENTS

As required by section 334 of the tariff act, there has been close contact and full cooperation during the year between the Tariff Commission and other departments of the Government. The Commission desires particularly to acknowledge with appreciation the valuable assistance given by—

The Department of State, through the regular service of consular and diplomatic reports and through special service in all investigations in foreign countries;

The Department of the Treasury, through the Bureau of Customs and the collectors of customs: The loan of original documents and active assistance on many special occasions;

The Department of Agriculture: Continuous information on cotton and other information on agricultural products under special investigation by the Tariff Commission;

The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, division of statistics in Washington, and the section of customs statistics at New York: Continuous furnishing of all types of information relating to imports, foreign tariffs, and special information on foreign commerce. Through the Bureau of Fisheries: Special information and assistance in the Commission's survey of fishery products.

On the other hand, the Commission has cooperated with the departments in many matters, particularly in extensive preparatory studies for use in negotiating tariff reciprocity agreements with other countries, and in studying the policy to be pursued in regard to Philippine tariffs.

Active relations are maintained with, and material is specially prepared for, the Department of State, the Department of Treasury, the Department of Agriculture, the Department of Commerce, and the Department of the Interior, the National Recovery Administration, the Office of the Foreign Trade Adviser, the Export-Import Banks, and the Central Statistical Board.

H. LITIGATION

UNDER SECTION 336, TARIFF ACT OF 1930

Casein

National Cooperative Milk Producers Federation, Inc., v. United States Tariff Commission.—The facts and prior history of this case are set forth on page 16 of the Sixteenth Annual Report and page 16 of the Seventeenth Annual Report. Briefly, the question involved was the right of parties interested in investigations under section 336 to have access to the records of the Commission and to examine the Commission's investigators as to facts ascertained in the investigations. On March 1, 1934, pursuant to stipulation, Justice O'Donoghue of the Supreme Court of the District of Columbia signed an order dismissing the bill of complaint, dissolving the restraining order of July 2, 1932, and setting aside and vacating the stipulation of counsel filed July 11, 1932.

Wool-Felt Hat Bodies and Hoods

Feltex Corporation (United States, Impleaded) and The United States (Feltex Corporation, Impleaded) v. Dutchess Hat Works (an American manufacturer), 71 Fed. (2d) 322; 21 C. C. P. A. 463; T. D. 46957.—After the decision of the Customs Court holding the President's proclamation under section 336, decreasing the rates of duty on wool-felt hat bodies and hats, to be invalid, both the United States and the importer appealed to the Court of Customs and Patent Appeals. In reversing the Customs Court, the Court of Customs and Patent Appeals held (*inter alia*):

(1) That the validity of a proclamation under section 336 may be contested by an American manufacturer under section 516 (b) of the Tariff Act of 1930.

(2) That whether or not the Tariff Commission accepted invoice prices in lieu of costs of production is immaterial in determining the validity of the President's proclamation, since the President is not bound by the results or findings reported by the Commission other than the rates specified by the Commission as necessary to equalize differences in costs. In determining whether to approve or disapprove such specified rates the President may consider all the facts secured by the Commission in its investigation, whether or not included in its report.

(3) That the record in the case did not show that the President did not have sufficient data before him to support his proclamation of rates as necessary to equalize differences in costs of production.

(4) That consideration of the year 1929 as a representative period for ascertaining differences in costs of production under section 336 is authorized by the statute.

On April 9, 1934, the Secretary of the Treasury directed the liquidation, at the rates proclaimed by the President, of entries of the merchandise in question which had been suspended pursuant to section 516 (b) for more than 2 years pending the outcome of the litigation (T. D. 46997).

Prism-Binoculars

Carl Zeiss, Inc., v. United States, Reap. Dec. 3337.—In a reappraisal proceeding, an importer contested the validity of the President's proclamation (T. D. 46050) under section 336 directing the assessment of duty on certain prism-binoculars on the basis of American selling price. The importer contended that in publishing notice of a hearing under section 336 respecting "optical instruments of a class or type used by the Army, Navy, or Air Force for fire control, and parts thereof", the Tariff Commission did not give reasonable notice that it intended to consider prism-binoculars. The Customs Court held the notice to have been reasonable and the President's proclamation valid. (Motion for rehearing denied, Reap. Dec. 3371.) An appeal from this decision is now pending in the Court of Customs and Patents Appeals.

Peas, Green or Unripe

Wilfred Schade & Co. v. United States, Ab. 27111.—The Customs Court held the proclamation of the President (T. D. 45314) increasing, under section 336, the rate of duty on peas, green or unripe, to be valid.

Other Protests

Many protests have been filed against changes in duties under section 336 of the Tariff Act of 1930 and under section 315 of the Tariff Act of 1922. Protests now pending before the Customs Court involve such products as woven wire fencing, Fourdrinier wires, bicycle bells, thumb tacks, hemp cordage, cocoa fiber mats, infants' wool knit wearing apparel, glue, dried egg products, upholstery nails, tuna fish packed in oil, sewed straw hats, print rollers, McKay-sewed leather shoes, wood folding rules, cotton velvets other than upholstery velvet, and window glass.

UNDER SECTION 337, TARIFF ACT OF 1930

Slide Fasteners

In re Orion Co., 71 Fed. (2d) 458; T. D. 47123.—The Court of Customs and Patent Appeals affirmed the findings of the Tariff Commission under section 337 of unfair methods of competition and unfair acts in the importation and sale of slide fasteners and articles containing such fasteners. The court declared that the record contained substantial evidence in support of the findings. Section 337 was held not to be unconstitutional for vagueness or indefiniteness or as a delegation of legislative power. The court declared that the importation and sale of articles in violation of the terms of United States patents constituted an unfair method of competition within the meaning of section 337, and that the Tariff Commission had authority to investigate such matters. This is so even though the validity of the patent has not been judicially determined. The Tariff Commission and the President may assume the validity of patents which have not been finally declared invalid by a court of competent jurisdiction.

The Commission is informed that there is pending in the Customs Court a protest concerning slide fasteners on leather bags.

Oxides of Iron

In re Northern Pigment Co. et al., 71 Fed. (2d) 447; T. D. 47124.—The Court of Customs and Patent Appeals affirmed the Commission's findings under section 337 of unfair methods of competition and unfair acts in the importation and sale of certain oxides of iron suitable for pigment purposes. The court declared that the findings will not be disturbed on appeal if supported by substantial evidence, and that the record in this case contained substantial evidence in support of the findings. The importation, without license from the patentee, of an article made abroad according to the terms of a United States process patent was declared to be an unfair method of competition within the meaning of section 337. The court further declared that the Tariff Commission has no power to pass on the validity of patents, nor has the Court of Customs and Patent Appeals such power on appeal from the Commission's findings.

Phosphates and Apatite

In re Amtorg Trading Corporation.—On January 15, 1934, the Commission promulgated its findings of unfair methods of competition and unfair acts in the importation of phosphates and apatite concentrated or floated abroad according to processes disclosed in United States patents. Importers filed an appeal in the Court of Customs and Patent Appeals to review such findings, contending chiefly that the issue of a process patent in the United States grants no rights respecting the use of that process abroad, nor does it grant any exclusive rights concerning the products derived from the process. Importers argued that no right of the patentees is violated in the importation of the merchandise in question and accordingly that there is no basis for a finding of unfair methods of competition. The case was argued on October 12, 1934, and additional briefs have been filed. The court has not yet decided the case.

I. RECOMMENDATIONS TO THE CONGRESS

The Commission repeats the following recommendations from its sixteenth and seventeenth annual reports:

ISSUANCE OF SUBPENAS

In investigations the requirement that Commissioners sign subpoenas for witnesses may cause embarrassment in that a person desired as a witness may disappear before a subpoena can be issued by a Commissioner. If agents of the Commission who are duly authorized by a Commissioner be permitted to sign subpoenas, difficulties possible under the present law would be obviated. The purpose herein suggested may be accomplished by amending the last sentence of section 333 (a) to read as follows:

* * * Any member of the Commission and any agent of the Commission duly authorized by a member of the Commission may sign subpoenas, and members and agents of the Commission, when authorized by the Commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

TEMPORARY ORDER OF SUSPENSION FROM ENTRY

Section 337 provides for action by the President upon a prima facie showing made by complainants of unfair methods of competition or unfair acts in the importation or sale of imported products in the United States. This provision is contained in subdivision (f), which reads:

Whenever the President has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section but has not information sufficient to satisfy him thereof, the Secretary of the Treasury shall, upon his request in writing, forbid entry thereof until such investigation as the President may deem necessary shall be completed: Except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury.

It will be seen that entries are required to be suspended in all cases where "the President has reason to believe" that the law is being violated but has not information sufficient to satisfy him thereof. The like provision in section 316 of the Tariff Act of 1922 was repeatedly called to the attention of the Congress in annual reports of the Tariff Commission. (See Tenth Annual Report, 1926, p. 22; Eleventh Annual Report, 1927, p. 16; Twelfth Annual Report, 1928, p. 21; Thirteenth Annual Report, 1929, p. 28.) The provision was, however, reenacted in section 337 of the Tariff Act of 1930 as set forth above without any change except in the proviso, which permits entry under bond as a right rather than as a privilege.

Under that law, importations are stopped, unless bond is given with a heavy penalty. No provision is made in the law for any form of indemnity for respondents who make entry under bond in accordance with subdivision (f) where violation of section 337 is not finally established. Requirement that complainants furnish bond for reimbursement of the premium on bonds filed by importers in such cases would appear to be just.

Part II. INVESTIGATIONS, SURVEYS, AND REPORTS

A. STATISTICAL RECORD OF RATE-ADJUSTMENT INVESTIGATIONS UNDER SECTION 336

The appendix contains a statistical record and detailed tables of the work of the Commission under the rate-adjustment, or so-called "flexible" provisions of the tariff act from December 1, 1933, to November 30, 1934.

B. LIST OF RATE-ADJUSTMENT INVESTIGATIONS COMPLETED AND IN PROGRESS UNDER SECTION 336

The commodities upon which investigations have been completed during this year are listed below.

| | |
|--|----------------------------------|
| Sugar | Meat and food choppers |
| Candied, crystallized, or glacé fruits | Cotton fishing nets and nettings |
| Laminated products | Grass and straw rugs |
| Canned clams | Tooth and other toilet brushes |
| Cut flowers | Pins |
| Cotton ties (iron or steel) | Fish packed in oil |

In section C there is given a summary of the report of each of the above commodities.

The investigations listed below were pending on December 1, 1934.

| | |
|--------------------------------------|---|
| Casein | Ale, porter, stout, and beer ¹ |
| Linseed oil | Mackerel |
| Chinaware and earthenware | Swordfish |
| Fluorspar ¹ | Rag rugs |
| Electric light bulbs | Wool-felt hat bodies and hats |
| Quarry tiles | Filaments and yarns of rayon |
| Plate glass ² | Leather gloves |
| Cast-iron pipes and fittings | Calf and kip leather |
| Cocoa and chocolate and cocoa butter | Goat, kid, and cabretta leather |
| Rye | Matches |
| Cherries, sulphured or in brine | Cork insulation |
| Tomatoes, prepared or preserved | Alfalfa seed |

Eight of the investigations listed above were in response to Senate resolutions. Of the remaining 16, 7 were made upon request by the President, and 9 upon application by interested parties, industries, or organizations. Of the 7 investigations ordered at the request of the President, the Commission also had applications for investigation of 1 of the items, and of the 8 ordered in response to Senate resolution, there were also 3 applications from interested parties on file with the Commission.

C. SUMMARIES OF REPORTS ON COMPLETED RATE-ADJUSTMENT INVESTIGATIONS UNDER SECTION 336

Sugar

In response to applications by organizations of growers of sugar beets, domestic refiners of cane sugar, and producers of beet sugar,

¹ Report ready for consideration by the President.

² Submitted to the President for consideration and returned by him for supplementary data.

the Commission on September 14, 1931, instituted an investigation relating to all products specified in paragraphs 501 and 502 of the Tariff Act of 1930, namely, sugars, molasses, and related products. On February 8, 1934, a report was sent to the President specifying a reduction in the rate on Cuban sugar testing not over 75° from 1.37 to 1.0275 cents per pound, and in the differential for each additional sugar degree from 0.03 to 0.0225 cent per pound. This represented a reduction in the rate of 96° raw sugar from Cuba from 2.0 to 1.5 cents per pound. Since the United States imports of Cuban sugar are entitled (under the Cuban Convention of 1902) to a reduction of 20 percent from the general rate on sugar, the general or world rates under this proclamation were 25 percent higher than the rates specified above for Cuban sugar.

No change in the differential on refined over raw sugar was specified, the report indicating that any reduction in the duty on raw sugar should be accompanied by the same percentage reduction in the rate on refined sugar.

A supplemental statement submitted by Commissioner Edgar B. Brossard approved a limitation of imports by quotas to bring about a reasonable price for sugar and showed by cost comparisons calculated by three different methods that the difference between United States and Cuban costs ranges from less than 1½ cents to more than 2 cents a pound for raw sugar, depending upon the method of cost comparison chosen.

With respect to molasses and sugar sirups, the Commission made no findings owing to lack of comparability of the imported and domestic types of molasses and sirups.

The President approved the findings of the Commission, and the new rates became effective on June 8, 1934. The President at the same time signed the Jones-Costigan sugar bill, making sugar a basic commodity under the control of the Agricultural Adjustment Administration and subject to a processing tax not greater than the reductions in the tariff rates. This act also became effective June 8, 1934. The duty on sugar imported from Cuba was subsequently reduced by trade agreement with that country, the reduction to continue in effect only so long as the Jones-Costigan Act, or one of similar purpose, remained in force.

The consumption of sugar in continental United States is supplied almost entirely from three major sources, (1) domestic production in continental United States, (2) shipments of free sugar from the insular areas of Hawaii, Puerto Rico, and the Philippine Islands, and (3) imports of dutiable sugar from Cuba. Of the continental production, the great bulk has for many years consisted of beet sugar, produced chiefly in the Western States with a limited output in certain North Central States. The remainder is cane sugar produced chiefly in Louisiana, which in no year since 1923 has produced as much as 4 percent of the total consumption. In the last few years Hawaii, Puerto Rico, and the Philippine Islands have been not far from equal to each other in importance as sources of supply of sugar to continental United States. The relative importance of these three major sources of supply remained roughly unchanged from about 1910 to 1925. Since that time there has been a sharp decline in the imports from Cuba and a marked increase

in the shipments from the insular areas. The proportion furnished by the production in continental United States averaged about 23.5 percent of the total for 1912 to 1921, but declined to about 18.5 percent for the period 1927 to 1930, and again increased to slightly above 23.5 percent for 1931 to 1932.

Of the total quantity of domestic sugar consumed in 1932, 1,232,000 tons were beet sugar and 150,000 tons chiefly Louisiana cane sugar. Of the total quantity supplied by the insular areas that year 957,000 tons came from Hawaii, 851,000 tons from Puerto Rico, and 974,000 tons from the Philippines. Imports from Cuba in that year amounted to 1,647,000 tons, over 30 percent less than was imported during the 3 years immediately preceding.

Candied, Crystallized, or Glace Fruits

An investigation of the cost of production of candied, crystallized, or glace fruits was instituted by the Commission June 5, 1931, on application of French producers for a reduction in duty. The Commission submitted its report to the President December 4, 1933, stating that no finding was made with respect to the rate of duty because of the impossibility of obtaining even approximately accurate domestic and foreign costs of production of this group of commodities.

The order of investigation covered all kinds of candied, crystallized, and glace fruits provided for under paragraphs 737, 747, and 752 of the Tariff Act of 1930, namely: Cherries, dutiable at 9½ cents per pound and 40 percent ad valorem; pineapples, at 35 percent ad valorem; and all other fruits, at 40 percent ad valorem, respectively.

Domestic production of candied cherries was approximately 3,195,000 pounds in 1929 and 2,907,000 pounds in 1930. Imports, mostly from France, amounted to 745,000 pounds in 1929, but fell to 168,000 pounds in 1931 and to 65,000 pounds in 1933.

Domestic production of candied pineapple in 1929 and 1930 was about 2,000,000 pounds annually. There were no imports in 1931 or in later years, and imports were insignificant for several years previous to that time. There appears to be little or no production in foreign countries.

Domestic production of other candied fruits was about 1,000,000 pounds in 1929 and 800,000 pounds in 1930. Imports, mostly from France, amounted to 138,000 pounds in 1931 and to 66,000 pounds in 1933; figures are unavailable for earlier years.

Laminated Products

In compliance with Senate Resolution No. 324, Seventy-first Congress, the Commission instituted, on July 22, 1930, an investigation of laminated sheets or plates having any synthetic resin or resin-like substance as chief binding agent.

Throughout the greater part of 1928 and up to September 1929, imports were excluded from entry by an order issued after an investigation by the Commission under section 316 of the Tariff Act of 1922.

Laminated sheets are made with either a paper or a fabric base. Cost comparisons in the Commission's investigation covered sheets having a paper base, imports from the competing country consisting wholly of such sheets.

The electric, automobile, and radio industries are the principal consumers of laminated sheets. Minor but increasing uses are for table tops, trays, and wall panelings.

The domestic production of laminated sheets with a paper base was 7,814,000 pounds in 1929 and 3,893,000 pounds in 1930. New York, Delaware, Pennsylvania, and Ohio were the producing States. Imports of like or similar sheets, all from Germany, amounted to 217,000 pounds, valued at about \$80,000, entered through the port of New York from September 2, 1929, to June 17, 1930.

Costs were obtained for three standard grades of domestic laminated sheets, namely; "X", "XX", and "XXX", and for three standard grades of foreign sheets, namely; "normal", "electrical", and "tropical." For the purpose of cost comparison the domestic "X" grade was found to be like or similar to the foreign "normal" grade, and the difference in the production costs thereof was used in determining the rate of duty to be applied to imports.

Finding that the present duty exceeded the difference in foreign and domestic costs of production by 12.2 cents per pound, the Commission specified a decrease in the rate of duty on laminated sheets and plates having synthetic resin or resin-like substance as the chief binding agent from 25 cents per pound and 30 percent ad valorem to 15 cents per pound and 25 percent ad valorem, the rate necessary to equalize the difference between foreign and domestic costs as ascertained in the investigation.

By proclamation of the President the decrease became effective May 23, 1934.

Canned Clams

In response to applications from Canadian and domestic producers for changes in duty on canned clams, the Commission on June 28, 1932, instituted an investigation with respect to clams packed in airtight containers.

From the standpoint of competition between imports and domestic production, the products considered in the investigation fall into three groups: (1) Canned razor clams, (2) other canned clams (put up without admixture with other substances), (3) clam juice, and clams or clam juice in combination with other substances.

Razor clams.—Razor clams are produced commercially only on the Pacific coast of the United States and British Columbia. They are a distinct species and command a higher price than other clams. The domestic pack from 1922 to 1928 ranged from about 100,000 to 140,000 standard cases (48 5-ounce tins per case), but declined to 64,000 cases in 1933. In 1931 imports amounted to 96,000 pounds, in 1932 to 151,000 pounds, and in 1933 to 41,000 pounds. Cost comparisons were made on the basis of 7-ounce and 10-ounce tins, the bulk of production and imports being of these sizes. Upon the basis of its finding that domestic costs of production exceeded the Canadian costs by 22 percent of the dutiable value on the 7-ounce tins and by 24 percent on the 10-ounce tins, the average being 23 percent, the Commission specified a decrease in the rate of duty on razor clams packed in airtight containers from 35 percent to 23 percent ad valorem. The President approved this change and on May 1, 1934, proclaimed the new rate, which became effective 30 days thereafter.

Other canned clams.—This group includes all canned clams except razor clams. It consists of hard clams produced on the Pacific and Atlantic coasts of the United States and of soft clams produced on the Atlantic coast. Imports, coming almost exclusively from Japan, consist of hard clams and compete with the Pacific coast production of hard clams. Cost comparisons covered this species put up in specified sizes, 10- and 15-ounce for the Japanese, and 10- and 16-ounce for the domestic. The total pack of hard clams on the Pacific coast in 1931 was 10,135 cases, but there has been a sharp decline in recent years. Imports up to 1928 are known to have been small compared with domestic production; in 1931 they amounted to 960,000 pounds, in 1932 to 1,333,000 pounds, in 1933 to 1,376,000 pounds. Upon the basis of the data obtained by the Commission, domestic costs were found to be so far in excess of foreign costs that changing the rate based on foreign value by the 50 percent permissible under section 336 would not equalize the difference. The Commission therefore specified that the basis of assessment be changed, as provided for in such circumstances by section 402 (g) of the act of 1930, and that 35 percent ad valorem upon the American selling price instead of upon the foreign value be fixed as the duty on the clams considered in this group. The Commission's findings also covered clam juice and clams in combination with other substances, except clam chowder. The President approved the findings of the Commission and proclaimed the new basis of assessment, effective May 31, 1934.

Cut Flowers

The Commission ordered this investigation on March 10, 1933, in response to Senate Resolution No. 369, adopted February 23, 1933, and sent its report thereon to the President under date of December 4, 1933. Owing to the abnormal situation in the industry at the time of the investigation no cost comparison was made and no change in the duty was specified.

Only a few varieties of fresh-cut flowers are imported. Bermuda the principal source of imports, supplies, at Eastertime, short-stemmed lily buds, which compete only indirectly with the domestic cut and potted lilies. Canada supplies principally orchids and certain bulbous flowers, mainly daffodils, irises, and tulips. In some years the Netherlands supplies important quantities of cut tulips.

In value imports are normally less than half of exports. In 1929, when the value of the total domestic production of fresh-cut flowers was reported as \$82,000,000, imports were valued at \$93,000, and exports at \$215,000. Imports declined to \$30,000 in 1932, and exports to \$66,000. Canada, normally the principal source of the imports, was in 1932 the least important source. Imports from the Netherlands, none in 1929, amounted to \$9,000 in 1932, but fell to \$100 in the 1933 season. Imports from Bermuda declined from \$27,000 in 1929 to \$10,000 in 1932. Data for 1933, which were not available at the time the report was prepared, on the whole, show a continuation of the trend in 1932. Imports declined still further, to \$16,000, and exports to \$38,000. Bermuda, though still the principal source, supplied only \$8,000 of the imports.

Cotton Ties (of Iron and Steel)

On October 3, 1932, the Commission instituted an investigation with respect to cotton ties. In reporting to the President, the Commission found no proper basis for a change in the existing rate of one-quarter cent per pound. Changes in operating costs occurring after the Commission obtained its cost data, as well as changes in the rate of exchange of the currency of the principal competing country, were the reasons for making no findings based on the difference between foreign and domestic costs of production.

Cotton ties are steel strips cut to lengths suitable for tying bales of cotton. Six ties are used on a standard bale, or about 4 long tons of ties to 1,000 bales.

Domestic production in recent years has ranged from 25,000 to 50,000 long tons, the annual output depending upon the anticipated size of the cotton crop, the carry-over of new and second-hand ties in inventories, and the volume of imports. Birmingham, Ala., and Atlanta, Ga., are centers of production.

Official statistics of imports of ties in recent years, it was learned by examining invoices, have included 2 or 3 thousand tons of baling hoop used for baling paper and other commodities. Deducting the figures for such baling hoop, imports of cotton ties in the 5 years 1928-32 are found to have ranged from 3,000 to 28,000 tons. Germany, Belgium, and the United Kingdom are the chief sources of imports.

Meat and Food Choppers

On June 15, 1932, pursuant to a resolution of the Senate, the Commission instituted an investigation with respect to meat and food choppers. The Commission's report to the President, dated October 30, 1933, made no finding with respect to the rate of duty.

The investigation was confined to the hand-operated type of choppers used chiefly in the household. Czechoslovakia is the principal competing country. Sweden is also an important source, especially of the larger sizes. Imports had increased in 1932 from a previous level equal to about 1 percent of the domestic production up to about 12 percent, but dropped very sharply immediately thereafter.

Domestic costs and invoice prices as evidence of foreign costs were determined for representative types and sizes of choppers. It was found that the rates necessary to equalize the differences varied widely with the type and size. Moreover domestic costs could not be determined with accuracy, as in most plants meat and food choppers are a rather small item in a large and diversified output, and factories were operating at a fraction of their capacity. The Commission concluded that these reasons, with uncertainty as to the effects of future changes in foreign exchange, rendered it inadvisable to make a finding with respect to a rate of duty necessary to equalize the differences in costs of production of foreign and domestic choppers.

Cotton Fishing Nets and Nettings

In compliance with a resolution by the United States Senate and in response to applications filed by domestic manufacturers, the Commission on March 10, 1933, instituted an investigation with respect to cotton fishing nets and nettings. In the report submitted to the

President on December 4, 1933, the Commission made no findings of differences in costs of production, because, after careful consideration, it was convinced that under the existing circumstances such costs for a representative period could not be ascertained.

Cotton fishing nets and nettings are made from cabled cotton twin of various sizes and used as barrier nets, filter nets, gill nets, or similar nets. Domestic production, as obtained by means of questionnaires sent to seven companies, including the leaders, amounted to 1,990,182 pounds, valued at \$1,678,681, in 1931, and to 1,144,451 pounds, valued at \$848,673, in the first 9 months of 1932. The value of output as reported by the seven companies in 1931 was about five-eighths of the total value shown by the Bureau of the Census for "fish nets and nettings, seines, and laundry nets" of all textile materials.

Cotton fishing nets and nettings are dutiable as "manufactures of cotton, n. s. p. f.," at 40 percent ad valorem. Imports, principally from Japan and Holland, showed an increase from 19,288 pounds in 1931 to 87,665 pounds in the first 9 months of 1932 for Japanese nettings, and from no recorded imports in 1931 to 37,444 pounds in the first 9 months of 1932 for those from Holland.

Because of the wide variety in the types of nets imported and made by the domestic industry and in the prices thereof, as well as the necessity of matching article with article before cost comparisons could be attempted, the Commission did not feel justified in reaching a conclusion.

Grass and Straw Rugs

On December 12, 1932, in response to a request from the President, the Commission ordered an investigation with respect to grass rugs and straw rugs. The report was transmitted to the President on December 4, 1933.

The Commission made no findings of difference in costs of production of grass rugs and straw rugs for the reason that, after careful consideration, it was convinced that under the exceptionally disturbed and changing situation with respect to the exchange rate between the currency of the principal competing country (Japan) and the currency of the United States, and with respect to other factors affecting both domestic and foreign costs of production, costs ascertained at the time would not be satisfactory evidence of differences in costs then or in the near future.

The domestic rugs falling within this classification are all made of wire grass; the imported, coming from Japan, are made in substantially the same manner as wire-grass rugs but have rice straw as their base material. The imported rice-straw rugs are inferior in quality and durability to the domestic wire-grass rugs, but are so much cheaper that in times of reduced buying power consumers take them in preference to the domestic rugs.

There are no recent statistics of domestic production, but it is known that the output at present is only a small fraction of the volume produced a decade ago. Imports are not shown separately in official statistics, but the bulk of the imports from Japan classified as "floor coverings, n. s. p. f.," consists of rice-straw rugs; such imports in 1931 amounted to 2,413,514 square yards, valued at \$454,904, and in 1932 to 3,280,791 square yards, valued at \$334,289.

Tooth and Other Toilet Brushes

In response to a request from the President and applications from several domestic producers, the Commission instituted, on December 12, 1932, an investigation with respect to tooth and other toilet brushes, including brush handles and backs made of cellulose. A report on the investigation was sent to the President on December 4, 1933.

Because of disturbed conditions of production both in the United States and in Japan, the chief competing country, the rapid changes taking place in the rates of exchange and other factors affecting costs, the Commission did not make the usual cost-of-production investigation provided for in section 336 of the Tariff Act of 1930 and therefore made no findings as to difference between foreign and domestic costs. It did, however, obtain information as to production, imports, exports, prices, and conditions of competition between the foreign and domestic products.

Official statistics do not give the number of tooth and other toilet brushes produced by the domestic industry but estimates made on the basis of information obtained from the trade and other data at hand indicate that the ratio of imports of toothbrushes to the domestic production, in terms of number, was in 1931 about three times greater than in 1929. The value of the output of toilet brushes of all kinds was in 1929, \$10,844,000, and in 1931, \$10,043,000. Of the value in 1929, 52.7 percent represented toothbrushes and 47.3 percent other toilet brushes; of the value in 1931, the proportion was greater for toothbrushes and considerably less for other toilet brushes. Brush handles and backs of cellulose are not separately reported in official statistics of production, but production is roughly equal to the number of brushes made less imports. On the average the domestic brushes are of better quality and sell for higher prices than the brushes made in Japan.

Domestic exports of tooth and other toilet brushes in 1929 were valued at \$833,546 and in 1931 at \$476,336, with an average value of \$2.36 and \$2.44 per dozen, respectively.

Imports of tooth and other toilet brushes in 1929 had a total value of \$1,903,722, of which 87 percent represented toothbrushes; by 1931 total imports had dropped to \$472,707, of which \$414,170 represented toothbrushes. Imported toothbrushes of all kinds had an average foreign value of \$0.457 per dozen in 1929, and \$0.225 per dozen in 1932. Those from Japan were practically all of a lower grade than the bulk of domestic production.

Pins

On June 21, 1932, in compliance with a resolution of the United States Senate, the Commission ordered an investigation with respect to pins of the kinds provided for in paragraph 350 of the act of 1930.

On December 4, 1933, the Commission submitted to the President a report stating that it made no findings with respect to the rate of duty necessary to equalize the differences between domestic and foreign costs of production because, after careful consideration, it was convinced that under the disturbed conditions of production in the United States and foreign countries costs for a representative period could not be ascertained.

The pins provided for in paragraph 350 are largely of three kinds, namely, common pins, hairpins, and safety pins. From 1919 to 1931 the total domestic production of these pins ranged in value from \$3,701,000 in the latter year to \$7,248,000 in the former year, with common pins and safety pins roughly equal in value at about \$1,000,000 each. On the basis of value, imports maintained a ratio to production of 6.3 percent in 1925 to 8.2 percent in 1929; on the basis of quantity the ratio was probably higher. The United Kingdom was the chief source of hairpins and Germany of safety pins.

Fish Packed in Oil

In response to applications from domestic producers of sardines and tuna, the Commission on June 28, 1932, instituted an investigation with respect to fish, prepared or preserved in any manner, when packed in oil or in oil and other substances. In reporting to the President, the Commission (one Commissioner dissenting) made the following findings:

That the duty on tuna be increased from 30 to 45 percent; on other fish, packed in oil, when of a value not exceeding 9 cents per pound, including the weight of the immediate container, an increase from 30 to 44 percent; on other fish packed in oil, when valued at more than 9 cents per pound, no change in duty. The President on December 14, 1933, issued a proclamation changing the rates as specified by the Commission the new rates to be effective January 13, 1934. The change in rate on "other" fish valued not over 9 cents per pound is of importance chiefly with respect to sardines.

Production in the United States of fish packed in oil consists of tuna, bonito, yellowtail, sardines, smoked salmon, and antipasto. Imports are confined to tuna, sardines, anchovies, antipasto, smoked salmon, and sundry specialties.

California is the center of the tuna packing industry, furnishing about 95 percent of the total domestic output. Production there reached its peak in 1930, when 45,000,000 pounds were packed. In 1931 and 1932 the pack was about 28,000,000 pounds. Imports, principally from Japan, amounted in 1931 to 935,000 pounds and in 1932 to 5,945,000 pounds.

Imports prior to 1931 are not available, but are known to have been insignificant.

Maine produces 96 percent of the total pack of sardines in oil, and California the remainder. The record pack for Maine was in 1904, when 69,278,000 pounds were produced. The pack of 11,259,000 pounds in 1932 was the smallest since 1898. Between 1904 and 1932 production ranged from 19,075,000 to 66,511,000 pounds. The California pack averaged 872,000 pounds for the period 1923 to 1931, ranging from 634,000 pounds in 1923 to 1,685,000 pounds in 1924. Imports of sardines in 1932 amounted to 42,000,000 pounds, about 70 percent of which came from Norway and 25 percent from Portugal.

The report of fish packed in oil was approved by the President, and a proclamation issued December 14, 1933.

**D. APPLICATIONS FOR INVESTIGATIONS UNDER SECTION 336,
PENDING, DISMISSED, OR WITHDRAWN**

Pending Applications

There remain on the calendar the following applications for investigation under the provisions of section 336 of the Tariff Act of 1930:

| Commodity | Applica- tion no. | Commodity | Applica- tion no. |
|--|----------------------------|--|----------------------|
| Lemons..... | 80 | Pulpboard in rolls..... | 213 |
| Alsike clover seed..... | 128 | Yacht ducks and sails..... | 217 |
| Cattle weighing less than 700 pounds each and 700 pounds or more each..... | 139, 140, 141, 143, 155 | Ethyl chloride U. S. P..... | 218 |
| Tinsel wires and lame or labn..... | 143, 155 | Tennis and other rackets..... | 219 |
| Casks and barrels..... | 180 | Cotton imitation oriental rugs..... | 220 |
| Iron and steel products: | | A abrasive papers and cloths..... | 221, 222 |
| Structural shapes..... | 185 | Sesame oil..... | 225 |
| Steel bars, except concrete rein- forcement bars..... | 186 | Jute webbing..... | 227 |
| Plates, sheets, and skelp..... | 187 | Military boots and shoes..... | 228, 229 |
| Wire rods..... | 188 | Cotton velveteens..... | 231 |
| Hoops, bands, scrolls, and strips, n. s. p. f..... | 189 | Mesh bags..... | 232 |
| Bronze and aluminum powders..... | 194 | Cricket bats and balls..... | 238 |
| Manufactured onyx and marble..... | 197 | Tungsten and ferrotungsten..... | 240 |
| Barytes, crude and manufactured..... | 198 | Menthol..... | 243 |
| Tooth and toilet brushes, ornamented; brushes n. s. p. f. and hair pencils..... | 201 | Rubber-soled and rubber footwear..... | 244 |
| Canary seed..... | 204 | Paper tubes for holding yarn or thread..... | 246 |
| Rubber erasers..... | 205 | Beans, green or unripe..... | 247 |
| Dolls and toys of pyroxylin plastics..... | 207 | Salt herring..... | 248 |
| Combs, except metal..... | 207 | Shelled pecans..... | 249 |
| Sewing machines..... | 208 | Pedaline braid and hat bodies made of straw and synthetic material..... | 250 |
| Moldings and carvings..... | 209 | Strawboard..... | 251 |
| Mixed feed..... | 210 | Meat, fresh, chilled, frozen, prepared or preserved, n. s. p. f..... | 253 |
| Quicksilver..... | 211 | Canned beef..... | 254 |
| Cold-storage pheasants..... | 212 | Electric-arc carbon..... | 257 |
| | | Cut diamonds..... | 258 |
| | | Woven wire fencing..... | 260 |
| | | Wadding, glazed and unglazed..... | 261 |

Applications Dismissed or Withdrawn

The Commission does not, when dismissing an application, state the reason for such action. In all cases, however, action in regard to an application is taken only after the Commission has considered not only the facts presented by the applicants but also information compiled by the staff of the Commission. The denial or dismissal of an application after consideration of this information shows that the Commission does not believe an investigation to be warranted on the facts before it at the time the decision is rendered. The denial of an application is not prejudicial to the refile of an application on the same subject if the applicant believes such course desirable, particularly when there has been a change in economic conditions.

**E. WORK UNDER THE GENERAL POWERS OF THE COMMISSION
(SEC. 332)**

The Commission has this year given considerable time to general studies under the provisions of section 332 of the Tariff Act of 1930. The reports and summaries in response to Senate Resolution 334 accounted for the major part of this work. A list of the subjects upon which work has been completed follows:

- Analysis of foreign trade of the United States.
- Long-staple cotton and the tariff.
- Laces and lace articles.
- Production and sales of dyes and other synthetic organic chemicals, 1933.
- Imports and duties, 1933.
- The Tariff—A Bibliography.
- Regulation of tariffs in foreign countries (revised edition).
- Graphic analysis of international trade of the United States in 1932.
- Synthetic camphor (second year).

Senate Resolution 334, the work on which is not yet complete, called for (1) an analysis of the trade of the United States with the principal foreign countries and a list of the trade restrictions imposed by those countries since January 1, 1922, and (2) a revision of the summaries of tariff information, with particular emphasis on the character of the trade, the advantages and disadvantages affecting the sale of products in foreign countries, concentration of control in foreign and domestic industries, and other tariff problems.

The study made in compliance with the first part of this resolution was completed and sent to the Senate beginning March 8, 1933. It included (a) a statistical analysis of the trade of each foreign country with the United States in the setting of its total trade, and (b) a short description of its policy in relation to tariffs and trade barriers, with a table of tariff rates as of 1922 and 1934, and usually as of some intermediate date. The material gathered for this work has been made available to numerous other Government agencies now cooperating in the trade-agreements program.

The work on the second part of the resolution, namely, the summaries of tariff information, has reached an advanced stage, summaries having been prepared for most of the commodities mentioned in the tariff act. Holding that the principal value of this material is in its being up to date at the time of its use, the Commission decided not to print it until such time as it might be needed by the Congress. The revision of such a volume of data would be much easier and less costly in the manuscript form. In its present form constant use is made of it in the trade negotiations now under way.

Investigations pending under the Commission's general powers include the following subjects:

- Asbestos.
- Cutlery.
- Flaxseed.
- Synthetic camphor (third year).
- Rayon.
- Phosphates and superphosphates.
- Summaries of tariff information.
- Competitive conditions in the wood-pulp industry of the United States.
- Fish and fishing gear.
- Canned beef.
- Cattle and beef.

F. SUMMARIES OF PUBLISHED REPORTS UNDER SECTION 332

Long-Staple Cotton

At the request of the Department of State, the Commission made a study of the effect of the duty imposed by the Tariff Act of 1930 on long-staple cotton.

For purposes of convenience, the Commission, in its report, distinguishes between cotton $1\frac{1}{8}$ up to but less than $1\frac{3}{8}$ inches in staple length and cotton of $1\frac{3}{8}$ inches or more, by calling them ordinary long staple and extra long staple, respectively.

The ordinary long-staple cotton produced in the United States is long-staple Upland, grown mainly in the so-called "Mississippi Delta" and in lesser quantities in the southeastern and southwestern parts of the Cotton Belt. Total production of ordinary long-staple cotton in the United States averages about 700,000 bales annually.

Available statistics indicate that exports, which now average 200,000 bales annually, have decreased since 1931. Imports, principally Egyptian Uppers, were about 140,000 bales annually before the imposition of a duty in 1930, but were 44,400 bales in the crop year 1932-33.

Production of Sea Island cotton in the continental United States has practically ceased. Before 1930, production of Pima, the present domestic extra long-staple cotton, was roughly stable at between 20,000 and 30,000 bales annually. In 1933 it was 9,683 bales. This decline was due in part to the difficulty of financing the crop. Imports of extra long-staple cotton, almost exclusively from Egypt and chiefly the Sakellaridis variety, fell from an average of over 100,000 bales prior to the Tariff Act of 1930 to 30,500 bales in 1932-33.

For many years the Egyptian Government restricted cotton acreage, but according to a new policy adopted in 1930 and put into effect in subsequent years is emphasizing lower production costs and attempting to stimulate interest in Uppers rather than in the less prolific longer varieties. It has also been active in expanding foreign markets for Egyptian cotton.

The principal consumers of long-staple cotton are the fine-woven goods industry, the sewing-thread industry, the tire-fabric industry, and miscellaneous industries, chiefly knit goods. The fine-goods industry is the largest consumer of long-staple Upland and of Pima. Consumption of Uppers in the United States has decreased since the imposition of the duty, partly because of the lessened production of tire fabric (the main use), but largely because of the substitution of long-staple Upland, both in tire fabric and in thread. The tire-fabric industry, because of improved technique in manufacture, uses a smaller proportion and actually a smaller quantity of long staples than formerly. The ratio of long-staple to total cotton consumption for tire fabric dropped from 90 percent in 1921 to about 20 percent in 1932; yet the life of the average tire has increased.

Notwithstanding reduced production, the consumption of Pima has been somewhat greater since the duty was imposed than in the 2 years preceding. The consumption of Sakellaridis in the United States has averaged, roughly, one-third of what it was before the duty, but in 1932-33 was estimated to have been $2\frac{2}{3}$ times as great as that of Pima cotton. The primary reason for its decline was the reduced output of sewing thread (which now uses about two-thirds of the American consumption); another reason was the substitution of Pima for Sakellaridis in some fine goods and in tire fabric. Even though the decrease in consumption of Sakellaridis was not mainly due to the substitution of Pima, this shift was sufficient to affect the price of Pima, because of the small supply. Although it does not appear that the 7-cent duty has been fully effective as regards the price of Pima, the price has been materially higher in the last 4 years than it would have been in the absence of a duty.

The 7-cent duty has not had the same effect on ordinary long-staple cotton as on extra long staple, for the reason that the United States is on an export basis with the former but produces much less than its requirements of the latter.

Since the duty was enacted there has apparently been a shift in markets for ordinary long-staple cotton, the American Upland cot-

ton gaining in the American and losing in foreign markets, and the Egyptian Uppers showing the reverse movement.

Laces and Lace Articles

This report gives the history, technique, and economic situation concerning the products of six types of lace-making machines, together with details of the hand-made lace industry, and in addition a history of the evolution of lace-making machines. The descriptions of the preparatory artistic work and of the technical operation of the machines used in the domestic industry are said to appear for the first time in English in this publication.

While the making of lace commenced with the production of the exquisite hand-made laces of Europe, the great bulk of the world's supply today comes from machines. In a short introduction, the report calls attention to the basic differences between the domestic and foreign lace industries and the difficulties to be surmounted when an industry indigenous to the Old World is transplanted to the New. The several chapters deal with (1) the products of the Nottingham lace-curtain machine, (2) fancy lace made on the Levers lace machine, (3) bobbinet, (4) Barmen lace, (5) Lyons Alençon lace, (6) hand-made lace, and (7) sundries. Roughly analogous in content, they cover the development of the industry, materials used, domestic production, imports, sources of imports, the foreign industries, and an economic study of comparative wages, costs, prices, and competitive conditions.

The use of lace is restricted today in comparison with former years. The superb pieces of hand-made lace, formerly from Europe, have been replaced by lower-priced laces from China. The outstanding country in the production of machine-made lace is France, the United Kingdom ranking second. Our own domestic industry fills the bulk of the requirements in machine-made lace for the American garment-manufacturing trade. The demand for elaborate dress laces is mainly filled by imports of the large department stores, but this trade is at present curtailed by the relative values of the dollar and the French franc, France still being on the gold standard.

Dyes and Other Synthetic Organic Chemicals

Data on the domestic production and sales of dyes and of other synthetic organic chemicals were collected and compiled by the Commission for the year 1933. The more comprehensive reports of the Commission in earlier years entitled "Census of Dyes and of Other Synthetic Organic Chemicals" were discontinued with the edition for the year 1930.

The domestic production of coal-tar products, including dyes, color lakes, medicinals, perfume materials, flavors, photographic chemicals, synthetic resins, and miscellaneous products, together with the intermediates necessary to their production, increased about 48 percent in quantity and 41 percent in value in 1933 over 1932. The production of dyes, totaling 100,953,000 pounds in 1933, an increase of nearly 42 percent over 1932, was the highest output on record, except in 1929, when 111,422,000 pounds were produced. The weighted average price of all dyes in 1933 was 43.9 cents per pound, as compared with 44.8 cents in 1932 and 45.2 cents in 1931. The output of coal-tar medicinals likewise showed a substantial increase over

the previous year and was nearly double the average for the period 1925-30. Production of coal-tar flavors and perfume materials exceeded that of the previous year by about 40 percent and approached the average for 1925-30. Production of synthetic resins, which has increased nearly every year, registered an all-time high in 1933.

Production of synthetic organic chemicals not of coal-tar origin reached an all-time peak in 1933, with an output of more than 771,000,000 pounds and sales totaling 542,679,000 pounds, valued at \$55,604,000.

Graphic Analysis of the International Trade of the United States in 1932

"A Graphic Analysis of the International Trade of the United States in 1932" was published by the Commission late in 1934. It illustrates by a series of colored charts our exports to and our imports from each important commercial country in 1932. Accompanying each chart are supporting statistics and interpretive text.

The first group of charts showing our trade with 23 countries is introduced by a chart showing our trade with the world. These charts illustrate in terms of value our exports to and our imports from each of the 23 countries and the resultant excess of the one over the other. Exports and imports are broken down into 11 great commodity groups, each of which is further analyzed by subgroups.

The second group of charts, presenting an analysis of imports by commodities, is introduced by a chart showing all our imports in 1932 broken down into 11 commodity groups. This is followed by 11 other bar charts, each of which presents imports further subdivided into the principal commodity subgroups, with the principal countries from which imported.

The analysis relates only to merchandise trade; it does not take into account the so-called "invisible items" which enter into the balance of payments of the United States with other countries.

Synthetic Camphor

Paragraph 51 of the Tariff Act of 1930 provides that if at the end of 3 years the President finds that during the preceding 6 months domestic production of synthetic camphor did not exceed 25 percent of domestic consumption, or if at the end of 4 years that during the preceding 6 months domestic production did not exceed 30 percent of consumption, or if at the end of 5 years that during the preceding 6 months domestic production did not exceed 50 percent of consumption, he shall, by proclamation, declare 6 months thereafter the rate of duty to be 1 cent per pound.

As the result of an investigation covering the first two of these 6-month periods (Dec. 18, 1932, to June 17, 1933, and Dec. 18, 1933, to June 17, 1934), the Commission ascertained that the domestic production of synthetic camphor substantially exceeded the 25 percent and 30 percent of the domestic consumption specified in the law for the respective periods and in its report specified that no change was warranted in the present rate of duty. The President approved the Commission's report.

The actual production and consumption of synthetic camphor during the second period cannot be published without revealing the operations of individual concerns, but domestic production during this period greatly exceeded the 30 percent specified in the law. Dur-

ing the first 6 months of 1934 imports for consumption in the United States amounted to 262,221 pounds of synthetic and to 1,405,028 pounds of natural B B (crude) camphor, with which the synthetic product competes.

G. INVESTIGATIONS UNDER PROVISIONS RELATING TO UNFAIR PRACTICES IN IMPORT TRADE (SEC. 337)

Slide Fasteners and Parts of Slide Fasteners

For prior history of these investigations see the sixteenth annual report of the Commission, pages 69 to 71, and the seventeenth annual report, pages 36 to 38.

While the Commission's inquiries into alleged unfair methods of competition in the importation of slide fasteners and of parts of slide fasteners are technically separate investigations, they are here treated together because the latter investigation is ancillary or supplementary to the former.

On May 23, 1934, the Court of Customs and Patent Appeals affirmed the Commission's findings of unfair methods of competition and unfair acts in the importation or sale of slide fasteners and articles containing such fasteners. (See *Litigation*, p. 22, *supra*.)

On February 5, 1934, the Commission promulgated its findings of unfair methods of competition and unfair acts in the importation or sale of parts of slide fasteners, and sent copies of such findings to importers. The Commission found that certain imported parts of slide fasteners infringed various claims of patents owned by complainant and that certain other imported parts did not infringe such patents. No questions of palming off were involved. The time prescribed by law for appeal from such findings expired without an appeal having been filed.

On June 18, 1934, the Commission reported to the President in both these investigations and recommended that specified slide fasteners and parts of slide fasteners be excluded from entry. On June 23, 1934, the President approved the Commission's report and directed the Secretary of the Treasury to exclude the merchandise as recommended by the Commission. This order of exclusion was published as T. D. 47179.

Oxides of Iron Suitable for Pigment Purposes

For prior history of this investigation see the seventeenth annual report of the Commission, pages 38 and 39.

On May 23, 1934, the Court of Customs and Patent Appeals affirmed the findings of the Tariff Commission (see *Litigation*, p. 23, *supra*). Upon receipt of the court's mandate of affirmance, the Commission, on June 30, 1934, reported to the President and recommended the exclusion from entry of certain oxides of iron suitable for pigment purposes. On August 4, 1934, the President approved the Commission's report and directed the Secretary of the Treasury to exclude the merchandise from entry as recommended by the Commission. The order of exclusion was published as T. D. 47225.

Cigar Lighters

For prior history of this investigation see the seventeenth annual report of the Commission, pages 39 and 40.

On January 4, 1934, the Commission promulgated its findings on rehearing. The Commission adhered to its views on the question of patent infringement as expressed in its findings of October 27, 1933. On the question of simulation, the Commission found that complainant had established a goodwill in the design of its lighters, and the Commission accordingly recommended that lighters having a certain appearance and operation be excluded from entry in addition to those infringing complainant's patent.

The time prescribed by law for appeal from the Commission's findings expired without an appeal having been filed, and the Commission, on March 6, 1934, reported to the President with the recommendations as above mentioned. On March 17, 1934, the President approved the Commission's report and directed the Secretary of the Treasury to exclude the merchandise from entry as recommended by the Commission. The order of exclusion was published as T. D. 47001.

Drive Springs

On July 27, 1933, the Bendix Aviation Corporation, having its principal office in Chicago, Ill., and the Eclipse Machine Co., having its principal office in Elmira Heights, N. Y., filed with the Commission complaints asking relief under section 337 from alleged unfair methods of competition and unfair acts in the importation or sale of drive springs for engine-starting apparatus. After preliminary investigation, the Commission, on October 23, 1933, instituted an investigation under section 337 with respect to drive springs for engine-starting apparatus and recommended to the President exclusion from entry, except under bond, of certain drive springs pending completion of the investigation. On January 8, 1934, the President requested the Secretary of the Treasury to forbid entry, except under bond, of such drive springs in accordance with the provisions of subdivision (f) of section 337.

On January 11, 1934, the Commission published notice of its investigation and sent copies of such notice and copies of the complaint to several importers and foreign exporters who were named as respondents. The Commission fixed February 14, 1934, as the date for answers and February 28, 1934, as the date for hearing. Pursuant to application of counsel for complainants, the Commission permitted the taking of depositions on the Pacific coast. These depositions were considered as evidence in the investigation. No formal answers were received and complainants were the only parties represented at the hearing on February 28, 1934.

On April 5, 1934, the Commission promulgated its findings in this investigation and sent copies thereof to importers. The Commission found that the imported drive springs in evidence infringed complainants' patent. The Commission did not find the existence of infringement of complainants' trade marks nor that the imported springs unlawfully simulated complainants' products. Certain other unfair acts in the distribution of imported springs were found to exist.

The period specified in the statute for appeal from the Commission's findings expired without an appeal having been filed, and, on June 6, 1934, the Commission reported to the President, recommend-

ing the exclusion from entry of certain drive springs. On June 15, 1934, the President directed the Secretary of the Treasury to exclude from entry the merchandise as recommended by the Commission. The order of exclusion was published as T. D. 47168.

Phosphates and Apatite

For prior history of this investigation see the seventeenth annual report of the Commission, pages 41 and 42.

The Commission promulgated its findings of unfair methods of competition in this investigation on January 15, 1934, and sent copies of such findings to importers. The Commission found that in the concentration of apatite in the Union of Soviet Socialist Republics the processes of two United States patents of which complainants are licensees were used. The Commission made no findings respecting the other patent which was the subject of complaint.

Within the time prescribed by law, importers filed an appeal from the Commission's findings in the Court of Customs and Patent Appeals, and the Commission transmitted the record in the investigation to that court, pursuant to its mandate. The case was argued on October 12, 1934, but the court has not yet decided it (Nov. 30, 1934). (See Litigation, p. 23, *supra*.)

Coilable Metal Rules

On November 20, 1933, the Stanley Works, of New Britain, Conn., the Lufkin Rule Co., of Saginaw, Mich., and Hiram A. Farrand, Inc., of Berlin, N. H., filed with the Commission a complaint asking relief under section 337 from alleged unfair methods of competition and unfair acts in the importation and sale of coilable metal rules.

After preliminary investigation, the Commission, on February 8, 1934, instituted an investigation under section 337 and recommended to the President exclusion from entry, except under bond, of certain coilable metal rules and holders or controlling means therefor, pending completion of the investigation. On February 24, 1934, the President requested the Secretary of the Treasury to forbid entry of such merchandise, except under bond, in accordance with the provisions of subdivision (f) of section 337. On March 5, 1934, the Commission published notice of its investigation and sent copies of such notice and copies of the complaint to several importers named as respondents. The Commission fixed March 26, 1934, as the date for answers, and April 10, 1934, as the date for hearing. One importer filed an answer but subsequently informed the Commission that further participation in the investigation seemed unnecessary. A foreign manufacturer of rules transmitted to the Commission certain data which were considered, in the absence of objection, as an answer. The hearing was postponed until May 10, 1934.

At the hearing on May 10, 1934, counsel for complainants requested that the hearing be continued pending the outcome of a patent application in the Patent Office. The Commission granted a continuance and on June 9, 1934, published notice that the hearing would be resumed on July 10, 1934. At these hearings complainants offered testimony that various imported rules infringed their patent rights and that other unfair methods of competition had been engaged in by importers or distributors. The Commission has not yet promulgated its findings in this investigation.

H. SUMMARIES OF INVESTIGATIONS UNDER SECTION 3 (e), NATIONAL INDUSTRIAL RECOVERY ACT

The Commission completed and submitted to the President reports, under section 3 (e) of the National Industrial Recovery Act, on the following subjects: Lead pencils, quicksilver, wool-felt hats, red cedar shingles, cotton rugs, matches, and braids and hat bodies of synthetic textile.

The Commission has ready for the President's consideration its reports on ice and sun goggles.

The investigation of earthenware, chinaware, crockery, etc., is still in progress but a summary of the work done to date is included herewith because of the general interest in the investigation.

1. INVESTIGATIONS COMPLETED

Wood-Cased Lead Pencils

The investigation of wood-cased lead pencils, the first investigation under section 3 (e) of the National Industrial Recovery Act, was ordered by the Commission on December 11, 1933, and a report was submitted to the President on January 17, 1934.

Wood-cased lead pencils are of three types, (a) those with an inserted eraser, which are generally sold at retail for 1 cent each; (b) metal-tipped pencils, which are sold either for 5 cents each or two for 5 cents; and (c) untipped pencils such as drawing pencils, colored crayon pencils, etc., which are sold at various prices.

Lead pencils of the types covered by the investigation are dutiable at 50 cents per gross plus 30 percent ad valorem, and if stamped with names other than the manufacturer's or the manufacturer's trade name or trade mark, they are dutiable at 50 cents per gross and 25 percent ad valorem.

The demand for wood-cased lead pencils has declined in recent years in part because of the depression and in part because of the increased use of mechanical pencils, fountain pens, and recording machines. Production by the members of the Lead Pencil Institute, which account for about 90 percent of the total output of the industry, decreased from about 6,100,000 gross in 1927, the year of largest output, to less than 4,000,000 gross in 1933, a decrease of, roughly, one-third. During the same period unit values declined by approximately 25 percent.

Imports of lead pencils prior to 1933 came almost entirely from Europe, principally from Germany and Czechoslovakia. In 1933 Japan became the chief source of imports, supplying in that year about 70 percent of the total. The pencils imported from Japan were very low priced, having an average unit value of only 23 cents per gross, as compared with an average value of \$4 per gross for pencils from Germany and \$3 per gross for pencils from Czechoslovakia.

After the Commission submitted its report, but before the President issued an Executive order putting into effect the Commission's recommendations, the exporters of wood-cased lead pencils from Japan agreed to limit on and after May 1, 1934, exports to the United States to not more than 125,000 gross in any one year, or to not more than 45,000 gross in any one quarter, or to not more than 25,000 gross in any one month. In view of this agreement, it was decided that

no action would be taken on the Commission's recommendations so long as imports of pencils from Japan did not exceed the amounts indicated.

Quicksilver

The Commission ordered an investigation on January 2, 1934, with respect to quicksilver and held a public hearing thereon January 15, 1934. In this investigation the Commission found that the condition giving rise to the complaint occurred prior to the President's reemployment agreement and that the situation, instead of becoming more serious as a result of increasing costs under that agreement, had become less so because of the advance in the price of quicksilver. The advance in price exceeded the amount by which the domestic producers claimed their costs were increased as a result of the National Industrial Recovery Act. In view of the facts brought out in the investigation, the Commission in its report to the President on March 26, 1934, did not recommend any restrictive action with respect to imports. In this report Commissioner Brossard suggested to the President that a fee on imports would relieve unemployment in the quicksilver industry.

Wool-Felt Hat Bodies

By direction of the President, the Commission instituted on January 4, 1934, an investigation of wool-felt hat bodies. The public hearing was held on January 29, 1934. In reporting to the President, the majority of the Commission recommended that no action be taken at that time with respect to a fee upon imports of wool-felt hat bodies or with respect to limitation of the quantity of such imports. Commissioner Brossard dissented, suggesting a quota for imports. The majority report of the Commission was approved by the President April 23, 1934.

Wool-felt hat bodies are the semifinished base for wool-felt hats, used largely for women's wear and to some extent for men's wear. The domestic production of wool-felt hat bodies for women, including those for sale as such and those finished by the producer, increased from 802,000 dozen in 1929 to 857,000 dozen in 1931 and decreased to 785,000 dozen in 1932 and to 667,000 dozen in 1933. The imports of wool-felt hat bodies, coming principally from Italy and consisting almost wholly of bodies for women's hats, have decreased each year since 1929; they amounted to 2,279,000 dozen in 1928; 3,383,000 dozen in 1929; 2,333,000 dozen in 1930; 1,404,000 dozen in 1931; 1,054,000 dozen in 1932; and 960,000 dozen in 1933. Of the apparent total consumption of wool-felt bodies for women's hats, the domestic industry supplied 19 percent in 1929; 38 percent in 1931; 43 percent in 1932; and 41 percent in 1933.

The domestic wool-felt hat mills are confined to Massachusetts, Pennsylvania, New York, and Connecticut.

Red Cedar Shingles

On March 28, 1934, by the direction of the President, dated March 27, 1934, the Commission instituted an investigation with respect to red cedar shingles. A complaint was filed March 3, 1934, with the National Recovery Administration by the Lumber Code Authority on behalf of the Washington and Oregon Shingle Association, the agency of the Lumber Code Authority in the Red Cedar Shingle

Division. Field work was started April 4 in Seattle, Wash., and continued in the United States and Canada throughout the following 3 weeks. A public hearing was held in Seattle April 17. On May 22, 1934, a report was sent to the President recommending that red cedar shingles be permitted entry for consumption into the United States in quantities not to exceed 25 percent of the domestic consumption, the amount by which imports in any specified period exceeded or fell below this percentage to be adjusted in determining the quota for the following period; that each shipment of red cedar shingles of no. 1 grade imported into the United States must be certified as being of that grade and conforming to the standards promulgated by the United States Department of Commerce, in bulletin, Commercial Standard, CS-31, and that all other red cedar shingles must be properly marked to indicate their grade; and that so long as the system of cost-protection prices is maintained by the domestic industry, each import invoice must show the price and terms of sale and be accompanied by a certificate that price and terms of sale are not more advantageous than the price and terms fixed in the domestic industry at the given time.

On July 22, 1934, the National Recovery Administration announced that Canadian manufacturers and exporters of red cedar shingles had indicated they would voluntarily undertake certain action with respect to the quantity, marking, and terms of sale of red cedar shingles exported to the United States. This voluntary action carried out the recommendations of the Commission.

Shingles of wood are provided for on the free list of the Tariff Act of 1930 and likewise had been free of duty under the two preceding acts. Production of red cedar shingles in the United States is almost entirely within the States of Washington, Oregon, and a small portion of Idaho, which areas at the present time account for between 90 and 95 percent of the total domestic output of wood shingles of all species. Before the war, production in Washington and Oregon averaged between 10 and 11 million squares annually. In the 10 years following the war, production ranged between 7 and 9 million squares annually. There was a marked decrease in output in the years following 1929. In 1932 it was slightly over 2 million squares and in 1933 production was a little more than 3 million squares.

Imports of red cedar shingles come entirely from the Province of British Columbia in Canada, this being practically the only section of the world, outside of the United States, where this species of timber grows in commercial volume. Furthermore, the United States is the most important market in the Canadian export trade in shingles, having taken in recent years 75 percent or more of the total production of shingles in British Columbia.

Total imports of wood shingles into the United States (including a small percentage of shingles of white cedar and of other woods) showed a rather steady increase in the period between 1908 and 1924, reaching 3,200,000 squares in the latter year. Thereafter imports decreased rather steadily, reaching about 1,200,000 squares in 1931, which was the low point in recent years. In 1932 and 1933 imports increased slightly to 1,549,000 squares and 1,570,000 squares, respectively. Imports of red cedar shingles (excluding other species) constituted the following proportions of the total domestic consump-

tion of such shingles: For the 6-year period, 1920-25, 25.6 percent; for the 6-year period, 1926-31, 25 percent; for 1932, 35.9 percent; and for 1933, 30.6 percent.

In August 1933 the domestic red-cedar shingle industry began operations under a code of fair competition established for the lumber and timber products industry. Under the code wages were increased and hours of work reduced and labor costs increased materially; cost production prices were established; and production allocations were given to each mill. The Canadian shingle industry attempted to cooperate with the domestic industry in carrying out the program under the code; that is, it, too, increased wages, agreed to recognize minimum cost-protection prices, and, in a measure, controlled production for export to this market.

Cotton Rugs

On March 26, 1934, the Commission submitted to President Roosevelt a report on its investigation with respect to cotton rugs, instituted December 18, 1933, in compliance with a request from the President.

As a result of the investigation the President, in his proclamation of May 30, 1934, imposed (a) a fee of 15 cents per square yard on cotton chenille rugs, (b) a fee of 23 cents per square yard on cotton imitation oriental rugs, and (c) a fee of 20 percent ad valorem, but not less than 5 cents per square yard on rugs, wholly or in chief value of cotton (except grass or straw) other than chenille, imitation oriental, and hit-and-miss rag rugs. In addition, the exporters of cotton rugs from Japan to the United States agreed to (a) a limitation of 650,000 square yards per annum on cotton chenille rugs, (b) a limitation of 3,250,000 square yards per annum on cotton hit-and-miss rugs, and (c) a limitation of 4,070,000 square yards per annum on other rugs wholly or in chief value of cotton.

The final report is in four parts: (1) Cotton chenille rugs; (2) cotton hit-and-miss rag rugs; (3) cotton imitation oriental rugs; and (4) other cotton rugs.

Cotton chenille rugs.—From the beginning of 1931 to the adoption of the code (July 17, 1933) domestic production of cotton chenille rugs was fairly stable, averaging slightly less than 200,000 square yards per month; under the code, production decreased sharply from a peak of 232,000 square yards in July to 36,000 square yards in December. Imports from Japan, amounting to 12 percent of domestic consumption in 1931, increased in 1932, and more than doubled in 1933, amounting to 80 percent of domestic consumption in the month of December 1933.

Cotton chenille rugs imported from Japan are sold on the American market at prices so low that even before the code they were absorbing the gradual increase in domestic demand and were tending to restrict domestic production. The difference between domestic and foreign prices was accentuated from July to December 1933 by an increase under the code of 48 percent in material and 41 percent in labor.

Cotton hit-and-miss rag rugs.—Domestic production, both in mills and by home weavers, which has been decreasing for over a decade, amounted to 340,000 square yards in 1931, and to 116,000 square yards in 1933, reaching a low of slightly over 1,000 square yards in

the month of December 1933. The peak of imports was in 1932, when they amounted to 4,426,000 square yards, or 96 percent of domestic consumption.

Domestic production costs increased substantially shortly after the adoption of the code, material advancing 57 percent and labor 16 percent. The competing Japanese rug is of low quality and sells at retail in the 5-and-10 cent stores for about 25 cents per square yard.

Limitation of imports of cotton hit-and-miss rag rugs is of importance to domestic producers of chenille rugs, as unchecked importation of cheap hit-and-miss rag rugs had a serious effect in displacing domestic cotton chenille rugs in the retail market.

Cotton imitation oriental rugs.—Commercial production of cotton imitation oriental rugs was started in February 1933. One firm was in actual production while other domestic upholstery firms were experimenting to produce rugs similar to those made in France, Belgium, and Italy. Domestic production gradually increased until it reached a peak of 45,000 square yards in July 1933, or 16 percent of domestic consumption. The increase of 51 percent in cost of material and 46 percent in labor shortly after the adoption of the code found the domestic manufacturer unable to meet foreign competition.

Imports amounted to 1,256,000 square yards in 1931 and to 2,221,000 square yards in 1933, but sharply declined in 1934.

Other cotton rugs.—Domestic mill production of "other" cotton rugs, as reported by manufacturers, amounted to 635,000 square yards in 1931, but decreased to 353,000 square yards in 1933. These data do not include the unreported production of cotton hooked rugs, cotton tufted rugs, and the cotton rugs made in homes.

Imports of "other" cotton rugs amounted to 2,090,000 square yards, or 77 percent of domestic production, in 1931 and to 4,076,000 square yards, or 92 percent of domestic production, in 1933.

The principal types of rugs under this classification are plain and plaid rag rugs, cotton hooked rugs, cotton tufted rugs, oval braided rugs, and sanshu rugs. Tufted rugs are not produced in Japan and sanshu rugs are not produced in the United States.

Matches

The Commission's investigation with respect to matches (except wax and wind matches, and matches in books or folders) was instituted on January 4, 1934, and the report to the President was submitted on April 5, 1934.

Under the act of 1930 matches with plain uncolored wooden stems, if packed in boxes containing not more than 100 matches each, are dutiable at 20 cents per gross boxes; if otherwise packed, they are dutiable at $2\frac{3}{4}$ cents per thousand matches. Colored-stem matches are dutiable at 40 percent ad valorem irrespective of the number per box. The investigation disclosed that practically all matches imported under the 1930 act have been packed in boxes each containing about 40 matches. Nearly all the imports under the act of 1922 were plain-stem matches, as at that time the amount of duty payable on the average was about the same per gross boxes, whether the stems were plain and entered at the then-existing specific rate or were colored and entered at the ad valorem rate, so that no substantial advantage was to be gained by coloring the stems.

Under the act of 1930 the rate of duty on matches having plain stems was increased from 8 cents per gross boxes to 20 cents, but the rate of 40 percent on colored matches remained unchanged, with the result that the specific duty per gross boxes on colored matches was, on the average less, and on the imports from certain countries much less, than the duty at the rate of 20 cents on plain-stem matches. For example, on the basis of the imports in 1922 the specific equivalent of the duty on colored matches at the 40-percent rate averaged only about 6 cents per gross boxes for imports from Japan, the principal source, and about 8 cents for imports from the Soviet Union. The difference between these amounts of duty and 20 cents, or, respectively, 14 cents and 12 cents per gross boxes, represents an advantage gained by foreign producers from coloring the stems by an additional operation which increases only slightly the cost.

The Commission found, in its investigation, that imports of colored-stem matches were being made under conditions which seriously endangered the operation of the domestic industry under a code of fair competition. In view of the facts disclosed, the Commission recommended that there be imposed on the importation of wooden matches with colored stems a fee equal to the difference between the duty at 40 percent and the duty of 20 cents per gross boxes or of $2\frac{3}{4}$ cents per 1,000 matches. Commissioner Brossard in a separate report stated that the recommendation of the Commission did not go far enough to cover the total cost disadvantage of domestic producers in the competition with Japan, and that a higher fee would be required to offset that total disadvantage.

Shortly after the Commission's report was submitted to the President, however, an amendment to the revenue act was enacted into law by the Congress which imposed an increase in the excise or sales tax on colored-stem matches which in effect was equivalent to an increase in the duty on such matches to somewhat more than 20 cents per gross boxes and therefore the President took no action under section 3 (e).

Braids and Hat Bodies in Part of Synthetic Textile

On September 5, 1934, the Commission instituted an investigation with respect to pedaline and neora hat braids and hat bodies made in part of synthetic textile, and the report to the President was submitted on November 2, 1934.

Pedaline and neora braids and hat bodies are made by covering a basic textile fiber with cellophane. Hat braids and hat bodies are used in the millinery industry in the production of women's summer hats. The present rate of duty on hat braids of the types referred to here is 45 percent ad valorem; the rate on hat bodies, not blocked or trimmed and not bleached, dyed, or colored is 25 percent ad valorem; and if the hat bodies are bleached, dyed, or colored, they are dutiable at 25 percent ad valorem plus 25 cents per dozen.

In its investigation the Commission found that there is at the present time no domestic production of pedaline or neora braids of the types being imported and at no time in the past has the production of these braids been of any considerable volume. There has never been commercial production in the United States of hat bodies containing synthetic textile of the type to which the domestic producers particularly referred in their complaint.

Imports of pedaline and neora braids are at present chiefly from Japan. Prior to 1933 they were principally from Switzerland. Hat bodies of the type covered by the investigation are imported mainly from Italy, some also coming from Japan.

Total imports of pedaline and neora braids amounted to about 99 million yards in 1931, to 366 million yards in 1933, and to 297 million yards in the first 9 months of 1934. Imports of hat bodies from Italy, consisting principally of Ramaille bodies, amounted to 443,000 in 1929 and to 5,600,000 in 1931. Since 1931, imports have been at a rate of approximately 1,000,000 bodies annually.

In view of the fact that the difficulties of the domestic braid industry were not due to the conditions of code compliance and that any action under section 3 (e) which could aid the domestic industry materially would have to be so drastic as to result in a sharp increase in the prices of millinery to consumers, the Commission concluded that there was no reasonable basis for action under the provisions of the National Industrial Recovery Act and so reported to the President, who approved its conclusions.

2. INVESTIGATIONS PENDING

Household Table and Kitchen Articles of Pottery

By direction of the President, the Commission on May 16, 1934, instituted and gave notice of an investigation under section 3 (e) of title I of the National Industrial Recovery Act and Executive Order No. 6353 of October 23, 1933, with respect to—

Household (not including hotel)—

- (a) Table and kitchen earthenware and crockery ware composed of a nonvitrified absorbent body.
- (b) China, porcelain, and other vitrified table and kitchen wares, and
- (c) Manufactures in chief value of such wares.

This investigation has been not only the most extensive and difficult one undertaken by the Commission under the provisions of section 3 (e) of the National Industrial Recovery Act but is one of the most important investigations undertaken by the Commission in recent years under any of the rate-adjusting provisions of the law.

A complaint was filed January 12, 1934, with the National Recovery Administration by the United States Potters' Association on behalf of producers operating under the chinaware and porcelain manufacturing code. The complaint stated that the maintenance of the code was endangered because of the increasing imports of competitive pottery, particularly from Japan, and requested restriction of such imports in some manner.

A public hearing, notice of which was also given on May 16, at which all parties interested were given opportunity to be present, to produce evidence and to be heard, was held in the office of the Commission in Washington on June 26 and 27, 1934.

The complaint and the investigation were specifically restricted to household table and kitchen articles, and accordingly corresponding articles for hotel, restaurant, and similar use were not included within the scope of the investigation. The imports specified in the complaint are household table and kitchen articles of earthenware of the kinds provided for in paragraph 211 of the Tariff Act of 1930, and articles

for similar use of china and porcelain of the kinds provided for in paragraph 212 of that act.

Field work in the investigation was begun the last of May, and in the early part of June several crews from the Commission's staff were obtaining data from a number of domestic plants. Preliminary to actual work at the plants, a conference was held on June 5 at East Liverpool, Ohio, with representatives of the domestic industry. At this conference the character and scope of the investigations were discussed and tentative plans were made for conducting it; and a committee of representatives of producers and of the Commission was appointed to select companies representative of the industry as a whole from whose records data were to be obtained. This committee selected 12 out of 27 or more companies producing in 1934 earthen household tableware of the type sometimes designated semiporcelain, one company producing mainly china specialties and kitchen articles, and the two companies producing so-called "vitreous china dinnerware." In selecting the earthenware companies the committee first divided all producers in that branch of the industry into three general groups, (1) the larger companies using tunnel kilns for firing the ware, (2) smaller companies mainly using tunnel kilns, and (3) companies using only the older type (intermittent) kilns. It was agreed that the transactions of the companies selected from each of these three groups were in the aggregate representative of those of the industry. It was also understood that other companies might be selected if during the course of investigation the Commission should find it desirable and necessary; subsequently data were obtained from records at the plants of two additional companies producing earthen tableware.

The earthen and china tableware industries produce many articles differing greatly in type, size, and shape; and there are substantial differences in the costs of producing the articles themselves, and in the types of decorations applied to them. Analyses were made of the sales of selected companies in 1929, 1932, 1933, and the first 6 months of 1934, to determine the different articles or groups of articles representing in quantity and in value the bulk of sales, and the approximate ratio of the sales of each of these articles or groups to total sales. From these analyses it was possible to determine distribution through the different channels of trade, and the relative importance of the different types of decorations sold. Data were obtained from records of the several companies concerning their costs of production of specific items for periods immediately preceding and subsequent to the adoption of the code, and a study was made of pay rolls, financial and operating statements, price trends, equipment, and other matters affecting production and sales.

The "white ware" branch of the earthen tableware industry is by far the largest in the domestic pottery tableware industry in point of quantity and value of production. This branch, which includes all companies whose sole or major product is the so-called "semiporcelain" type of earthen tableware and kitchen articles, is largely centered in the East Liverpool, Ohio, district, which includes potteries nearby in West Virginia. For many years production in Ohio exceeded that in any other State. In comparatively recent years, however, a number of large plants have been constructed on the West

Virginia side of the Ohio River, near East Liverpool, mainly by companies formerly operating in that city. In 1932 the value of production of this class of pottery in West Virginia for the first time exceeded that for Ohio.

Vitreous china dinnerware is produced by one company in New York and one company in West Virginia, each engaged primarily in the production of vitreous china hotel and restaurant articles. In addition a much more expensive type of china tableware generally known as "American Belleek" is produced mainly in New Jersey.

Annual imports from Japan of household table and kitchen articles of pottery in recent years greatly exceeded those from any other one country, Japan having displaced Germany with respect to quantity and value of china and porcelain articles, and England with respect to quantity of earthenware articles, as the principal source of supply of United States imports of such pottery as a whole.

Records of importers were analyzed to determine the relative importance in quantity and in value of the various articles or groups of articles imported during the period covered by the analyses of sales of domestic products. Studies were also made of trends of prices and costs to importers of the foreign articles and of other competitive factors. Data were obtained from practically all concerns in New York City and from several at other points importing a relatively large amount of pottery tableware produced in Japan. Analyses were also made of imports by a few New York concerns of pottery tableware obtained from England, Germany, France, and Czechoslovakia. Data with respect to Japanese articles included imports by several of the larger retail chain-store organizations, and by a number of wholesale importers, including some of the largest in the country. The imports by these companies in the aggregate are considered representative of all imports of earthen and china household table and kitchen articles from Japan during the period covered by the investigation.

Because of the great diversification of articles produced and imported, and the many difficult problems arising with respect to competitive conditions affecting them, it was necessary to obtain a very large amount of data from various sources. Work on the tabulation, analysis, and summarization of these data has required considerable time and has not as yet been completed.

APPENDIXES

Part III

APPENDIX I

STATISTICAL SUMMARY OF APPLICATIONS AND INVESTIGATIONS AS OF DECEMBER 1, 1934

UNDER SECTION 332 OF TARIFF ACT OF 1930 (GENERAL POWERS)

| | | |
|---|---|----|
| Number of investigations or surveys undertaken..... | 1 | 35 |
| Number dismissed..... | | 1 |
| Number completed..... | | 25 |

UNDER SECTION 336 OF TARIFF ACT OF 1930 (ADJUSTMENT OF RATES OF DUTY)

| | | |
|---|---|-----|
| Applications: | | |
| Total number received (as of Dec. 1, 1934)..... | | 247 |
| Number pending before the Commission..... | | 54 |
| Number withdrawn..... | | 12 |
| Number denied and dismissed without prejudice..... | | 68 |
| Investigations: | | |
| Total number ordered (as of Dec. 1, 1934)..... | | 106 |
| Ordered at request of Senate..... | | 61 |
| Ordered by the President..... | | 10 |
| Ordered by application from parties interested..... | | 35 |
| Discontinued..... | 1 | 13 |
| Completed..... | | 69 |

UNDER SECTION 337 OF TARIFF ACT OF 1930 (UNFAIR PRACTICES IN IMPORTATION OR SALE)

| | | |
|---|--|----|
| Complaints: | | |
| Total number received (as of Dec. 1, 1934)..... | | 18 |
| Denied and dismissed without prejudice..... | | 6 |
| Investigations ordered..... | | 8 |

UNDER SECTION 3 (B) N. I. R. A. (CONTROL OF IMPORTS)

| | | |
|---------------------------|--|----|
| Investigations: | | |
| Total number ordered..... | | 10 |
| Completed..... | | 7 |
| Pending..... | | 3 |

¹ Includes investigation concerning synthetic camphor provided for in par. 51 of Tariff Act of 1930.

² Part of one investigation was discontinued.

TABLE 1.—Applications for investigation received since Dec. 1, 1933

UNDER SECTION 336

[For a list of others received since the passage of the Tariff Act of 1930, see the sixteenth and seventeenth annual reports]

| Para-graph no. | Commodity | Date applica-tion received | Nature of request | Applicant | Status |
|----------------|---|----------------------------|-------------------|---|------------|
| 216 | SCHEDULE 2.— <i>Earths, earthenware, and glassware</i> | May 29, 1934 | Decrease. | Carbon Products, Inc. | Pending. |
| | Electric-arc carbons..... | | | | |
| 397 | SCHEDULE 3.— <i>Metals and manufactures.</i> | Aug. 6, 1934 | Investi-gation. | The Cox Steel & Wire Co. | Do. |
| | Woven wire fencing com-posed of wires smaller than 3/100 of an inch, ex-cept poultry netting. | | | | |
| 706 | SCHEDULE 7.— <i>Agricultural products and provisions</i> | Jan. 2, 1934 | Increase.. | American National Live-stock Association. | Do. |
| | Meats, fresh, chilled, fro-zen, prepared, or pre-served, n. s. p. f. | | | | |
| 706 | Canned beef..... | Feb. 2, 1934 | do..... | American Farm Bureau Federation. | Do. |
| 923 | SCHEDULE 9.— <i>Cotton manufactures</i> | Aug. 7, 1934 | Decrease. | Abbot Associates..... | Do. |
| | Glazed wadding, unglazed wadding, and Christmas wadding. | | | | |
| 1528 1545 | SCHEDULE 15.— <i>Sundries</i> | June 9, 1934 | Increase.. | Schenk & Van Haelen..... | Do. |
| | Cut diamonds..... | July 11, 1934 | Decrease. | World Sponge Market..... | Withdrawn. |

UNDER SECTION 337

[The commodities listed below are those on which action was taken since Dec. 1, 1933. The fact that commodities are covered by complaints is not disclosed until Commission action; there are three complaints now pending]

| Para-graph no. | Commodity | Date complaint received | Nature of request | Applicant | Status |
|----------------|--|-------------------------|------------------------|--|--------------------------|
| 369 | Drive springs for engine starting apparatus. | July 27, 1933 | Relief under sec. 337. | Bendix Aviation Corpora-tion; Eclipse Machine Co. | Investigation completed. |
| 396 | Collable metal rules. | Nov. 20, 1933 | do..... | The Stanley Works; the Lufkin Rule Co.; Hiram A. Farrand, Inc. | In progress. |

TABLE II.—Commodities upon which applications are pending

UNDER SECTION 336

[List includes all pending applications as of Dec. 1, 1934]

| Schedule | Paragraph no. | Commodity | Nature of request | |
|--|---|---|---|-----------|
| Schedule 1: Chemicals, oils, and paints. | 23, 218 | Ethylechloride U. S. P. in glass tubes. | Increase. | |
| | 51 | Menthol..... | Do. | |
| | 54 | Sesame oil..... | Decrease. | |
| Schedule 2: Earths, earthenware, and glassware. | 67 | Barytes ore, crude and ground..... | Increase. | |
| | 216 | Electric-arc carbons..... | Decrease. | |
| | 232 (d) | Onyx and marble, manufactured..... | Increase. | |
| Schedule 3: Metals and manufactures of. | 302 (c), (g), (h) | Tungsten and ferrotungsten..... | Decrease. | |
| | 304 | Iron and steel products: Steel bars, except concrete reinforcement. | Increase. | |
| | 307, 308 | Plates, sheets, and skelp..... | Do. | |
| | 312 | Structural shapes..... | Do. | |
| | 313 | Hoops, bands, scrolls, and strips..... | Do. | |
| | 315 | Wire rods..... | Do. | |
| | 372 | Sewing machines and parts thereof..... | Do. | |
| | 382 | Bronze and aluminum powders..... | Decrease. | |
| | 385 | Tinsel wire and lame or lahn..... | Do. | |
| | 386 | Quicksilver..... | Increase. | |
| | 397 | Woven wire fencing composed of wires smaller than $\frac{1}{100}$ of an inch, except poultry wire. | Investigation. | |
| | Schedule 4: Wood and manufactures of. | 407 | Casks and barrels..... | Increase. |
| | | 412 | Moldings and carvings..... | Do. |
| | Schedule 7: Agricultural products and provisions. | 701 | Cattle weighing less than 700 pounds each, and cattle weighing 700 pounds or more each. | Decrease. |
| | | 706 | Meats, fresh, chilled, frozen, prepared, or preserved, n. s. p. f. | Increase. |
| | | 706 | Canned beef..... | Do. |
| | | 712 | Cold-storage pheasants for food..... | Do. |
| 719 (4) | | Salt herring..... | Do. | |
| 730 | | Mixed feed..... | Do. | |
| 743 | | Lemons..... | Decrease. | |
| 760 | | Shelled pecans..... | Increase. | |
| 763 | | Alsike clover seed..... | Decrease. | |
| Schedule 9: Cotton manufactures. | 764 | Canary seed..... | Increase. | |
| | 765 | Beans, green or unripe..... | Decrease. | |
| | 904 | Yacht duck made of American and Egyptian cotton. | Increase. | |
| | 909 | Cotton velveteens..... | Do. | |
| | 921 | Cotton imitation oriental rugs..... | Do. | |
| | 923 | Yacht sails made of duck of both American and Egyptian cotton. | Do. | |
| | 923 | Wadding, glazed and unglazed, and Christmas wadding. | Decrease. | |
| | 1015 | Jute webbing, not exceeding 12 inches in width. | Do. | |
| Schedule 10: Flax, hemp, jute, and manufactures. | 1402, 1413 | Pulpboard in rolls for use in the manufacture of wallboard. | Do. | |
| | 1402 | Strawboard..... | Increase. | |
| Schedule 14: Papers and books. | 1413 | Tubes of paper commonly used for holding yarn or thread. | Do. | |
| | 1502 | Cricket bats and balls..... | Decrease. | |
| Schedule 15: Sundries..... | 1502 | Tennis, squash, badminton, and other rackets. | Increase. | |
| | 1504 (a) (b) | Pedaline braids and hat bodies made of straw and synthetic material. | Do. | |
| | 1506 | Ornamented toilet brushes..... | Do. | |
| | 1506 | Hair pencils..... | Do. | |
| | 1513 | Dolls and toys and parts thereof composed of any product provided for in par. 31 of the Tariff Act of 1930. | Do. | |
| | 1514 | Abasive papers and cloths..... | Do. | |
| | 1527 | Mesh bags..... | Do. | |
| | 1528 | Cut diamonds..... | Do. | |
| | 1530 | Military-type boots, and shoes of leather. | Do. | |
| | 1537 (c) | Combs, except metal..... | Do. | |
| | 1530 (e), 1537 (b) | Rubber-soled and rubber footwear..... | Decrease. | |
| | 1537 (b) | Rubber erasers..... | Increase. | |

NOTE.—There are 3 complaints under sec. 337 also pending. The subjects of such complaints are held in confidence until acted upon by the Commission.

TABLE III.—Investigations instituted and surveys ordered to be made since Dec. 1, 1933

[List of other investigations and surveys instituted since passage of the Tariff Act of 1930 will be found in the sixteenth and seventeenth annual reports]

UNDER SECTION 332 OF TARIFF ACT OF 1930

| Subject | Source of request | Status |
|----------------------------|------------------------------------|--------------|
| Fish and fishing gear..... | S. Res. 159 and 165, 73d Cong..... | In progress. |
| Canned beef..... | Commission's own initiative..... | Do. |

UNDER SECTION 336 OF TARIFF ACT OF 1930

[There were no investigations ordered under this section during the period covered by this report]

UNDER SECTION 337 OF TARIFF ACT OF 1930

| Paragraph no. | Date ordered | Source of application | Subject of investigation | Status |
|---------------|---------------|---|--|--------------|
| 369 | Oct. 23, 1933 | Eclipse Machine Co.; Bendix Aviation Corporation. | Drive springs for engine-starting apparatus. | Completed. |
| 396 | Feb. 8, 1934 | The Stanley Works; The Lufkin Rule Co.; Hiram A. Farrand. | Collable metal rules..... | In progress. |

SECTION 3 (e) OF NATIONAL INDUSTRIAL RECOVERY ACT

| | | | | |
|------------------|---------------|--|--|------------------------|
| 212 | May 16, 1934 | U. S. Potters Association..... | Table and kitchen earthenware, porcelain, and chinaware. | Pending. |
| 225 | June 29, 1934 | Bachmann Bros., Inc.; Columbia Protekto-site Co.; Roslinoid Manufacturing Co., Inc.; Spill Manufacturing Co.; Athol Comb Co. | Sun goggles or sun glasses and frames suitable therefor. | Do. |
| 386 | Jan. 2, 1934 | National Quicksilver Producers Association. | Quicksilver..... | Completed (see p. 43). |
| 921 | Dec. 18, 1934 | Cotton Rug Manufacturers Association. | Cotton rugs..... | Completed (see p. 45). |
| 1115 (b) | Jan. 4, 1934 | Hat Institute; Association of Wool Felt Hat Body Manufacturers. | Wool-felt hat bodies..... | Completed (see p. 43). |
| 1504 (a) and (b) | Sept. 5, 1934 | Barthels Mfg. Co.; Joseph Brandt & Bro.; Hensel Colladay Co., Inc.; Herman Kahn & Co.; Lipper Mfg. Co.; Neidich Cel-Lus-Tra Corporation; Oppenheim & Hugo. | (1) Pedaline and neora braids. (2) Hats, bonnets, and hoods not blocked or trimmed, wholly or in part of synthetic textile. | Completed (see p. 47). |
| 1516 | Jan. 4, 1934 | The Match Institute..... | Matches, except wax and wind matches, and except matches in books or folders. | Completed (see p. 46). |
| 1549 | Dec. 11, 1933 | Lead Pencil Institute, Inc..... | Wood-cased lead pencils..... | Completed (see p. 42). |
| 1696 | Feb. 3, 1934 | Code Authority Ice Industry | Ice..... | Pending. |
| 1760 | Mar. 28, 1934 | Washington-Oregon Shingle Association. | Red cedar shingles..... | Completed (see p. 43). |

APPENDIX II

PUBLICATIONS BY THE TARIFF COMMISSION SINCE THE PASSAGE OF THE TARIFF ACT OF 1930

Since July 1, 1933, the following printed publications have been issued by the Commission:

Alcoholic Beverages.
Candied, Crystallized, or Glace Fruits.
Canned Clams.
Cigar Lighters.
Comparison of Tariff Acts of 1922 and 1930 (By Paragraphs).
*Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States, 1929 and 1931.
Cotton Fishing Nets and Nettings.
Cotton Ties of Iron or Steel.
Cut Flowers.
Drive Springs.
Eighteenth Annual Report.
Fish Packed in Oil.
Fishery Products.
Graphic Analysis of the International Trade of the United States in 1932.
Grass and Straw Rugs.
Imports and Duties, 1933.
Laces and Lace Articles.
Laminated Products.
Meat and Food Choppers.
Methods of Valuation.
Oxides of Iron Suitable for Pigment Purposes.
Pins.
Production and Sale of Dyes and Other Synthetic Organic Chemicals, 1933.
Regulation of Tariffs in Foreign Countries by Administrative Action (Revised July 1934).
Slide Fasteners and Parts.
Subject Index of Tariff Commission Publications (Revised to August 1934).
Sugar.
The Tariff—A Bibliography.
Tooth and Other Toilet Brushes.

Earlier publications issued under the act of 1930 are listed below:

Annual Reports:
 Fourteenth.
 Fifteenth.
 Sixteenth.
 Seventeenth.
Agricultural Hand Tools.
*Anthracite Coal Industry of Soviet Russia.
Barley Malt.
Bases of Value for Assessment of Ad Valorem Duties in Foreign Countries.
Bells, Chimes, and Carillons.
Bent-Wood Furniture.
Blown-Glass Tableware.
Boots and Shoes.
Certain Vegetable Oils, Whale Oil, and Copra.
*Cement.
*Census of Dyes and Other Synthetic Organic Chemicals, 1930.¹

* Out of print.

¹ The Commission has discontinued the publication of the Annual Census of Dyes.

Cheese.
 Cigar-Wrapper Tobacco.
 Cocoa-Fiber Mats.
 Comparison of Tariff Acts of 1922 and 1930 (by items).
 Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States, 1929.
 Copper.
 Crab Meat.
 Cotton Velveteens and Velvets.
 Crin Vegetal, Flax Upholstery Tow, and Spanish Moss.
 *Crude Petroleum and Its Liquid Refined Products.
 *Crude Petroleum, Cost of.
 Cylinder, Crown, and Sheet Glass.
 Dead or Creosote Oil.
 Depreciated Exchange.
 *Differential Between Raw and Refined Sugar.
 Domestic Value—Conversion of Rates.
 Dried Beans and Black-Eye Cowpeas.
 Dried Egg Products.
 Economic Analysis of Foreign Trade of the United States in Relation to the Tariff:
 Part I. Imports.
 Part II. Exports.
 Part III. Range and Variety of Costs.
 Edible Gelatin.
 Feldspar.
 Fish and Other Marine Products.
 Folding Rules, Aluminum and Wooden.
 Fourdrinier Wires, Woven Wire Cloth, and Cylinder Wires.
 Fresh Vegetables:
 Beans, Snap or String, Green or Unripe.
 Cucumbers in Their Natural State.
 Eggplant in Its Natural State.
 Lima Beans, Green or Unripe.
 Okra.
 Peas, Green or Unripe.
 Peppers in Their Natural State.
 Tomatoes in Their Natural State.
 *Furniture of Wood.
 Gauge Glass Tubes.
 Hats, Bonnets, and Hoods of Straw.
 Hemp Cordage.
 Hides and Skins of Cattle of Bovine Species.
 Inedible Gelatin, Glue, Glue Size, and Fish Glue.
 Infants' Wool Knit Outerwear.
 Iron in Pigs and Iron Kentledge.
 Lumber and Timber.
 Maple Sugar and Maple Sirup.
 Olive Oil.
 Optical Fire-Control Instruments.
 Pens.
 Pigskins Leather.
 Pineapples.
 Pipe Organs.
 Precision Drawing Instruments.
 Regulation of Tariffs in Foreign Countries by Administrative Action.
 Relation of Duties to Value of Imports.
 Rubber-Soled Footwear.
 Rules of Practice and Procedure (revised).
 Russian Asbestos.
 Silicon Aluminum, Aluminum Silicon, Alsimin, Ferro-Silicon Aluminum, and Ferro-Aluminum Silicon.
 Smokers' Articles.
 Sperm Oil and Spermaceti Wax.
 Sponges.

* Out of print.

- Subject Index of Tariff Commission Publications (September 1932).
 Synthetic Phenolic Resin.
 Tariff Bargaining Under Most-Favored-Nation Treaties.
 The Cigar Industry.
 *Ultramarine Blue.
 Umbrellas and Umbrella Frames and Skeletons.
 United States-Philippine Tariff and Trade Relations.
 Upholsterers' Nails, Chair Glides, Thumb Tacks.
 *Wood Flour.
 Wood Pulp and Pulpwoods. Effect of Depreciated Currency on Imports of.
 Wool-felt Hat Bodies and Hats.
 *Wool Floor Coverings.
 Work of the Tariff Commission Since its Reorganization in 1930.
 *Woven-wire Fencing and Netting.

The Commission has distributed during the current year approximately 18,500 copies of its publications. The Superintendent of Documents reports that during the fiscal year 1933, which is the latest year for which information is available, over 3,000 copies of reports of the Tariff Commission were sold. The receipts from this sale were about \$450.

* Out of print.

APPENDIX III

[Public, No. 318, 73d Cong., H. R. 8687]

AN ACT To amend the Tariff Act of 1930

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Tariff Act of 1930 is amended by adding at the end of title III the following:

"PART III—PROMOTION OF FOREIGN TRADE

"SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

"(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly; *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

"(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba: *Provided*, That the duties payable on such an article shall in no case be increased or decreased by more than 50 per centum of the duties now payable thereon.

"(c) As used in this section, the term 'duties and other import restrictions' includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports."

SEC. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of sections 336 and 516 (b) of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign-trade agreement has been concluded pursuant to this act, or to any provision of any such agreement. The third paragraph of section 311 of the Tariff Act of 1930 shall apply to any agreement concluded pursuant to this Act to the extent only that such agreement assures to the United States a rate of duty on wheat flour produced in the United States which is preferential in respect to the lowest rate of duty imposed by the country with which such agreement has been concluded on like flour produced in any other country; and upon the withdrawal of wheat flour from bonded manufacturing warehouses for exportation to the country with which such agreement has been concluded, there shall be levied, collected, and paid on the imported wheat used, a duty equal to the amount of such assured preference.

(b) Every foreign trade agreement concluded pursuant to this act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than six months' notice.

(c) The authority of the President to enter into foreign trade agreements under section 1 of this Act shall terminate on the expiration of three years from the date of the enactment of this Act.

SEC. 3. Nothing in this Act shall be construed to give any authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States.

SEC. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate.

Approved, June 12, 1934, 9:15 p. m.

