Thirty-First

Annual Report

of the

United States Tariff Commission

1947

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LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, January 2, 1948.

SIR: I have the honor to transmit to you the Thirty-First Annual Report of the United States Tariff Commission in compliance with the provisions of section 332 of the Tariff Act of 1930.

Respectfully,

OSCAR B. RYDER,
Chairman.

The PRESIDENT OF THE SENATE,
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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INTRODUCTION AND SUMMARY

During the past year the work of the United States Tariff Commission has been marked by the almost complete cessation of special activities related to World War II and the return on a full-time basis to normal peacetime activities related to the tariff and foreign trade. Many international-trade problems which confronted the Nation during the past year had existed, at least in some degree, before the war. As a result of the war, however, most of these problems were aggravated; in addition, others were newly created.

Disorganization resulting from the war still dominated international trade throughout 1947. In many countries bad weather and other adverse conditions slowed down the progress toward recovery which had been manifested during 1946; in some respects, conditions were even worse than they had been the year before. Crop failures throughout Europe, following an exceptionally severe winter and widespread drought during the summer, greatly increased the need for imports of foodstuffs. The already highly distorted balances of international payments of certain countries became even more distorted after relief shipments ceased to come from the United States and dependence on imported foodstuffs increased. Industrial production in most war-torn countries remained below prewar levels, and these countries could not expand their exports sufficiently to pay for the abnormally high volume of essential imports. In certain countries the monetary situation took a turn for the worse and inflation became more marked. The Governments of many of these countries continued to exercise a rigid control over their foreign trade. Quotas, exchange controls, state trading, bilateral trade agreements, and other restrictive and discriminatory measures were retained and often intensified. In some of the industrially less developed countries whose industries had received great impetus during the war, plans for further industrial expansion and diversification continued to have much influence on their international trade and commercial policies. There were also, of course, many other factors in the international-trade situation.

Thus, in international trade and commercial policy, as elsewhere, the complex and difficult problems which the war left in its wake increased rather than diminished in 1947. Continued existence of these problems and efforts to deal with them will largely shape the Commission's work for some years to come, regardless of the particular commercial policies which the United States pursues.

During 1947 the work of the United States Tariff Commission has been much affected by these important changes in the world economic scene, and by the efforts of the Administration to bring about such adjustments in the international-trade policy of this country and other countries as would help to meet the difficult postwar conditions.

Much of that work has been concerned with requests for information by the Congress, its committees, and members on various aspects of the current international-trade situation and with the duties assigned to the Commission by the Trade Agreements Act and Executive orders thereunder. During the early months of 1947 the Commission continued the work, begun in 1946, of preparing materials for the multilateral trade-agreement negotiations (see appendix. III) held at Geneva, Switzerland, beginning in the spring of 1947; it also assisted the Committee for Reciprocity Information by digesting the briefs submitted to it and the oral testimony presented at the public hearings held in Washington before the Geneva negotiations began.

In March 1947, at the request of the House Committee on Ways and Means, the Commission analyzed all the articles in the London draft of the proposed International Trade Organization charter. At the request of the House Committee on Agriculture the Commission also made an over-all analysis of the effects which adoption of the proposed ITO charter would have on the agricultural program of the United States. In February and March 1947, the Commission made summaries of the public hearings on the proposed ITO charter held by the Executive Committee on Economic Foreign Policy; these summaries were distributed to the appropriate committees of Congress and to other interested persons.

In March and April 1947, the Commission assisted the Senate Committee on Finance during its hearings on the trade agreements program and the proposed ITO charter. The Chairman of the Commission testified before the committee; the Commission also assigned personnel to assist individual members of the committee, and prepared various memorandums and information for incorporation in its record. In May 1947, when the House Ways and Means Committee held hearings on the administration of the trade agreements program and the formation of the ITO, the Tariff Commission assisted the committee by supplying it with numerous Commission reports and memorandums previously prepared, by furnishing special memorandums requested by members of the committee, and by assigning members of its staff to aid both the majority and the minority members of the committee.

Twenty-seven members of the Commission's personnel, including five members of the Commission, served in various capacities in the work of the United States Delegation to the Second Meeting of the Preparatory Committee of the United Nations Conference on Trade and Employment, which was held at Geneva from April through October 1947, and which dealt both with the ITO charter and with the multilateral trade agreement. While the Conference was in session, members of the Commission's staff in Washington provided much technical and statistical information for the United States delegation in Geneva.

The Commission has spent considerable time in 1947 doing the necessary preparatory work for revising and bringing up to date the Summaries of Tariff Information, as requested in a resolution of the Committee on Ways and Means adopted in July 1947. These summaries will be its principal work for the next few months. It has also laid plans for carrying out the other requests contained in that resolution, namely, to rewrite and otherwise bring up to date the Tariff Dictionary; to keep currently informed and to report immediately to the Committee on Ways and Means regarding rates of duty which appear to be so low as to give imports a substantial advantage over domestically produced commodities or so high as to exclude from the domestic market reasonable competition from imports; and to establish and report to the committee the substantive and procedural criteria by which, in the administration of the "escape clause" in trade agreements, it will determine whether imports of a particular commodity are entering in such quantities as to injure or threaten injury to any domestic unit of agriculture, labor, or industry.

In response to the request of the House Select Committee on Foreign Aid, the Commission, together with other agencies of the United States Government, has recently been engaged in a study of probable requirements of the countries under the Marshall Plan for specific products, and the potential sources of supply for any deficits of these countries as a group.

During 1947, the duties of the Tariff Commission in the operation of the trade agreements program were expanded. This expansion is likely to have much more effect on the actual work of the Commission in future years than it did in 1947. Under Executive Order 9832, certain existing trade-agreement procedures were formalized and made mandatory; in addition two important functions in the administration of the Trade Agreements Act were formally delegated to the Tariff Commission. The Executive order required that each future trade agreement contain a clause safeguarding United States producers against serious injury resulting from trade-agreement concessions and made the Tariff Commission responsible for investigating complaints as to any injury or threat of injury and for reporting to the President with recommendations in appropriate cases. The Executive order, in addition to specifically setting forth the Commission's already recognized function of supplying the interdepartmental trade agreements organization with information on imports into the United States, required that the Commission make an annual report to the President and the Congress on the operation of the trade agreements program.

Other work of the Commission during 1947 has included the answering of requests for information on the tariff and international trade from individual members of Congress, other agencies of the Government, industrial and commercial organizations, and private individuals; investigations under section 22 of the Agricultural Adjustment Act, as amended; consideration of applications for investigation under section 336 of the Tariff Act of 1930; publication of additional reports in the Commission's series on War Changes in Industry and its series on Trade Problems of the American Republics; and issuance of the Commission's annual report on United States production and sales of synthetic organic chemicals. Work on certain important projects of the Commission, such as the review of Customs administrative laws and the report on the effect of the war on the general foreign-trade position of the United States, had to be deferred during 1947 because of the limitations on the size of the Commission's staff. For the same reason, completion of the Commission's series of reports on War Changes in Industry and on Trade Problems of the Latin American Republics was retarded.

This brief summary of the more important activities of the Tariff Commission during 1947 will give some idea of the wide range of the Commission's work in the field of the tariff and international trade. A detailed account of these and other of the Commission's activities during the year is given in the body of this report.

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As international situations and problems shift from year to year, the work of the Commission varies. The fundamental purpose of the Commission's activity is to furnish information regarding tariff and trade matters to the President, the Congress, and other Government officials responsible for the determination of United States commercial policy, and to the public. The ability of the Commission to accomplish its tasks effectively and at the same time expeditiously depends on the size of its staff. Reduction in this staff, from 325 in the prewar period to 230 at present, in the face of increasingly difficult and complex trade situations, has been a serious blow to the Commission's work. A larger staff is essential if the Commission is to continue to fulfill adequately and promptly the duties already laid upon it by existing law.

CURRENT ACTIVITIES

SERVICES TO THE CONGRESS

House Select Committee on Foreign Aid: Work on the Marshall Plan

After the Marshall Plan for aid to Europe was proposed, Members of Congress became interested in obtaining information to indicate the approximate extent of contributions which would be requested from the United States, in terms of both the commodities required and the financial obligations involved. Apart from work being done by other organizations and special committees, the Tariff Commission was asked, first by the Foreign Affairs Committee of the House and subsequently by the House Select Committee on Foreign Aid, made up of representatives from several of the standing House committees, to review the position of the European countries participating in the plan as to each of the important products (other than agricultural products assigned to the Department of Agriculture and certain products assigned to the Department of Commerce) involved in their international trade. The purpose was to determine quantitatively the amounts which the several participating countries would need; what part of any deficit could be supplied by other participating countries; and the sources from which the remainder could be obtained. The Tariff Commission's phase of the study involved approximately 40 products. For each of these products the Commission examined the data for each individual participant country and compiled available statistics to show that country's prewar and postwar production, consumption, and trade. On the basis of these data and other information from Government or trade sources, the Tariff Commission prepared estimates to indicate the probable net import requirements of the participating countries as a group in 1948 and the surpluses that could be made available to them from the United States and other principal exporting countries.

Ways and Means Committee

Resolution of the committee of July 1947

The House Ways and Means Committee in July 1947 adopted a resolution requesting certain data from the Tariff Commission as follows:

(1) To keep currently informed and to report immediately to the Committee on Ways and Means any rate or rates of duty or prospective rates of duty which appear to be so low as to give imports a substantial competitive advantage over domestically produced items, or so high as to exclude from the domestic market reasonable competition from imports.

(2) To establish as soon as practicable the substantive and procedural criteria, measurements, or other standards by which it will determine whether imports of any particular commodity are entering in such quantities as to "injure" or threaten "injury" to any domestic unit of agriculture, labor, industry or segment thereof, and to inform the Committee on Ways and Means as to how that [the Tariff] Commission intends to comply with the provisions of Executive order 9832 [i. e., with respect to the administration of the so-called escape clause in trade agreements].

(3) To rewrite or otherwise bring up to date the Dictionary of Tariff Information and the commodity Summaries of Tariff Information by February 1, 1948.

Concerning these several requests, the following comments may be made:

(1) The Commission is constantly reviewing what effects the tariff treatment accorded to particular commodities has on production of these commodities and trade in them. Such review arises not only in connection with carrying out the Commission's special duties under various sections of law, including the cost-of-production provision of the tariff act, section 22 of the Agricultural Adjustment Act, and the escape clause of trade agreements, but also in connection with its broader functions under the general powers of the Commission provided in section 332 of the tariff act. The exact form of the reports to be made to the Ways and Means Committee under its first resolution is now under consideration by the Commission.

(2) The Commission is now engaged, in accordance with the request of the Ways and Means Committee, in an examination of the circumstances and facts which would indicate injury or threat of injury for purposes of the escape clause.

(3) The Tariff Commission is bringing up to date its Summaries of Tariff Information, incorporating all important new information, with a view to submitting these to the Ways and Means Committee and the Congress. Each summary will show for the particular commodity the rate or rates of duty in the Tariff Acts of 1922 and 1930, as modified by the trade agreements or by subsequent legislation or Executive order, together with the ad valorem equivalent of the duty where it is specific or compound. This information will be followed by statistics on production and trade for a representative prewar period (the years covered depending on the importance of the commodity and the circumstances surrounding the trade in it) and for postwar years; if still significant, data for war years also will be given. In addition, each summary will contain a brief description of the product and its uses, a discussion of problems in connection with production of and trade in the product both in the United States and abroad, and an analysis of the competitive position of the domestic industry. It is estimated that the work when completed will comprise at least 2,500 summaries. It will constitute the most important single source of information for the Congress and the Administration in determining future tariff policy.

The Tariff Dictionary prepared by the Commission in 1924 included sections on individual commodities as well as on more general subjects related to the tariff and international trade. Inasmuch as the Commission is now engaged in revision of the Summaries of Tariff Information on commodities, any future issue of the Tariff Dictionary will be limited to economic subjects and related matters concerned with the tariff and with trade. Because the field is broad and the staff available for work on it very small, the Dictionary will cover only topics which seem to the Commission to be of most importance to those who will have occasion to use it.

Assistance at hearings on trade agreements

The Ways and Means Committee opened hearings on May 26, 1947, on the administration of the reciprocal trade agreements program.

These hearings, at which appeared representatives of the various Government agencies connected with the program, as well as representatives of American industry and agriculture, continued until May 9. The committee sought especially to obtain from these witnesses information and views concerning the Administration's proposals to negotiate a multilateral trade agreement with a large number of countries, and for the formation of an international trade organization.

The Tariff Commission assisted the committee during these hearings by supplying it with numerous reports and memorandums which the Commission had previously prepared. In addition the Commission prepared several special memorandums requested by individual members of the committee. It also assigned members of its staff to assist both the majority and the minority members of this committee during the hearings. Members of the committee referred frequently to the Commission's report entitled "Post-War Imports and Domestic Production of Major Commodities," prepared in response to Senate Resolution 341 (79th Cong.); to its War Changes in Industry reports (see below); and, particularly, to the commodity digests which had just been prepared for use in the trade-agreement negotiations at Geneva.

Finance Committee and Ways and Means Committee

The Finance Committee of the Senate and the Ways and Means Committee of the House of Representatives in 1944 addressed to the Commission a series of similar requests for information regarding the effects of the war on our international trade. Work in response to these requests has been delayed during the current year by other urgent demands of the Congress and the Administration on the Commission's limited personnel. Information relative to the status of the work under the several requests of the two committees is given in the following paragraphs.

War Changes in Industry Series

This series consists of reports on United States industries whose future position will be especially affected by the war. The reports review domestic production and competition of imports before the war and changes brought about by the war. To date 27 reports have been issued; those completed during 1947 and summarized in appendix I are as follows:

Mica	Softwood Lumber
Newsprint	Burlap
China Clay or Kaolin	Cotton Cloth (in press)
Grapes and Grape Products	

Effect of the war on the general foreign-trade position of the United States

The Commission's expert assigned to the study of the effect which the war has had on the foreign-trade position of the United States was later, because of his special experience, detailed to other necessary work and could not finish the report in 1947.

Changes since 1929 in international-trade policies of foreign countries

Reports that have been issued in response to the request on the changes since 1929 in the international-trade policies of foreign countries, particularly as affecting the trade of the United States, include a series on the individual Latin American countries. These cover, for each country separately, economic controls and commercial policies; mining and manufacturing industries; agricultural, pastoral, and forest industries; and recent developments in foreign trade. About 45 reports in this series have already been issued, and 5 additional reports are in process and will be completed shortly. Summaries of the 7 reports completed during 1947 appear in appendix I. Before receiving these requests from the two committees, the Commission had published extensive reports on the trade policies of Italy and Germany. Since that time it has prepared reports on certain other less important countries of Europe. Work was begun on the trade policies of the principal British countries, but lack of personnel has made it necessary to suspend work on this project.

Miscellaneous Services to the Congress

Finance Committee ITO charter hearings

The Commission assisted the Senate Committee on Finance during its hearings in March and April 1947 on the trade agreements program and the proposed charter for the International Trade Organization.

The Commission's Chairman testified before the committee, giving a brief résumé of the tariff history of the United States up to and including the trade agreements program, outlining the development of its tariff policy. The Chairman also presented information on the shift of the United States from a net importing to a net exporting country, and the shift in the composition of its foreign trade. In the early days imports were mainly manufactured goods and exports mainly agricultural products and raw materials. As industrialization progressed, however, imports became mainly raw materials and foods of kinds not produced, or not produced in sufficient quantities, in the United States, and exports became mainly manufactured goods.

The Commission also assigned personnel to assist the individual members of the Senate Finance Committee during the hearings and prepared various memorandums explaining particular provisions of the proposed ITO charter. In addition, the committee made use of the Commission's report previously made on the ITO charter at the request of the Ways and Means Committee (see next paragraph).

Analysis of proposed ITO charter for Ways and Means Committee

At the request of the Chairman of the Committee on Ways and Means, the Commission made an analysis of all the proposed articles of the International Trade Organization charter contained in the draft prepared at London during October and November 1946 by the Preparatory Committee of the International Conference on Trade and Employment. This analysis, necessarily quite long, is summarized in appendix I. (An analysis of the Geneva draft is being made.)

Analysis for the House Agriculture Committee of the proposed ITO charter as it affects the agricultural program

The House Agriculture Committee requested the Commission to make an analysis of the effects which the adoption of the proposed ITO charter would have on the agricultural program of the United

States. A summary of this analysis is included with the analysis of all the articles of the draft charter appearing in appendix I.

Participation in and analysis of the interdepartmental hearings on proposed ITO charter

In February and March 1947, under the auspices of the Executive Committee on Economic Foreign Policy, a number of public hearings were held on the proposed ITO charter. Three members of the Commission participated in the panels for these hearings. The purpose of the hearings, which were held in Washington, New York, Boston, Chicago, New Orleans, and Denver, was to give opportunity to interested persons to present their views on the ITO. About 225 persons testified. They included publicists, college professors, individual business men, and representatives of business, professional, agricultural, civic, and social organizations. These witnesses contributed much valuable information and suggestive viewpoints on the proposed charter. Summaries of the testimony were made by the Tariff Commission and distributed to the appropriate committees of Congress and to others concerned with this subject.

Special Senate Committee to Investigate the Production, Transportation, and Marketing of Wool

In 1947 the Special Senate Committee to Investigate the Production, Transportation, and Marketing of Wool called upon the Commission for information on conditions and costs of production of wool and of sheep and lambs in this country. The committee reproduced in its hearings the three cost studies made previously by the Commission in cooperation with the Farm Credit Administration, and certain other studies of the Commission dealing with the wartime wool situation. Information was also presented showing the relative importance of certain individual factors in costs. In addition, the trend in imports of raw wool and of wool textiles was reviewed for the committee. Subsequently the committee requested the Commission to make a further estimate of costs of producing wool and sheep and lambs in the United States. This study, covering the year 1946, was made (see summary in appendix I).

House subcommittee studying the postwar agricultural and economic problems of the Cotton Belt

At the request of the House subcommittee studying the postwar agricultural and economic problems of the Cotton Belt, the Tariff Commission in 1947 assigned several of its textile specialists to assist in a fact-finding program on postwar agricultural and economic problems of the Cotton Belt. Their work covered techniques of cotton goods production and distribution; the competitive position of cotton on the domestic market; foreign outlets for cotton; and competition which cotton encounters from rayon, other synthetic fibers, and paper. One of the Commission's specialists prepared a study of nylon and other noncellulosic fibers which was incorporated in the final over-all report submitted to the committee and published as part of the committee hearings held on July 8, 1947.

The report points out that the chief noncellulosic fibers which are actual or potential competitors of cotton are those made from polyamides (nylon); copolymers of vinyl resins (Vinylite, Saran, and

Geon); acrylonitrile; polyethylene; polyvinyl alcohol; polystyrene; polyesters; milk casein; soybean, peanut, and corn protein; alginic acid from seaweed gums; and fibrous glass. Since the 1930's leading companies in the chemical, electrical, rubber, plastics, glass, automotive, dairy, and agricultural products industries have been engaged in research on noncellulosic fibers. During the war, industrial expansion in these fibers was limited largely to nylon, Saran, and Fiberglas, which the Government requisitioned for essential military uses. Since the war ended, the manufacture of these fibers, as well as the protein-base fibers and vinyl resin fibers, has been given new impetus. Compared with rayon, the new noncellulosic fibers are in their infancy; at present, the total output is only slightly over 50 million pounds. Expansion of producing facilities and the introduction of still other fibers now in the experimental stage will probably quadruple the output in the next 5 years.

National Resources Economic Subcommittee of the Senate

The Senate Committee on Public Lands has a National Resources Economic Subcommittee studying the national resources of this country. The Vice Chairman of the Tariff Commission appeared before this subcommittee twice to explain the authority under which the Tariff Commission makes investigations and reports, and to discuss the procedures followed in these investigations, particularly those involving cost-of-production studies. At the time of these hearings the subcommittee was concerned principally with strategic and critical materials, and much of the Tariff Commission's testimony was consequently largely confined to problems relating to these materials. Special reports, 99 in all, on maximum foreign supplies of such commodities—reports originally made for confidential use during the war—were furnished to the subcommittee.

Suspension of excise taxes on copper

On April 29, 1947, Congress passed an act, Public Law 42 (80th Cong.), suspending certain excise taxes on copper, becoming effective on April 30, 1947, and to end March 31, 1949. Senior members of the staff appeared before the House Committee on Ways and Means and the Senate Committee on Finance to supply technical information on certain paragraphs of the Tariff Act of 1930 pertaining to copper. In addition, data were supplied on the prewar and postwar situation regarding production and requirements of copper in this country and abroad. Oral testimony was presented which aided the committees in the action taken.

Memorandums on pending legislation

During the year some 20 bills and resolutions relating directly or indirectly to the tariff were referred to the Commission by Congressional committees. Most of these came from the Finance and Ways and Means Committees. The type of subjects covered by memorandums supplied by the Commission in response to these requests is illustrated by the following titles: A proposal for temporary suspension of the duties on selected building materials; a bill to permit free entry under bond of certain apparel wools for use in the manufacture of floor coverings; a bill to change the name of the Tariff Commission to United States Foreign Trade Board and to vest additional authority in the Board; and a bill to protect the public with respect to practitioners before administrative agencies.

Requests from individual members of Congress

In addition to the requests for comments on pending legislation, the Commission also receives from individual members of the Senate and of the House of Representatives numerous requests for information on varied subjects. In 1947 approximately 200 such requests, not counting those that could be answered over the telephone, were received. Many of these requests are for information on trade statistics and tariff rates. One request of this type was for information on United States duties on the 100 principal imports from the United Kingdom and the United Kingdom duties on its 100 principal imports from the United States.

TRADE-AGREEMENT ACTIVITIES

New Functions Under Executive Order 9832

On February 25, 1947, the President issued Executive Order 9832,[1] which formalized and made mandatory certain trade-agreement procedures—for the most part already in practice—and delegated to the Tariff Commission two important new functions in the administration of the Trade Agreements Act of 1934 as amended, namely:

(1) Each future trade agreement must contain a clause for safeguarding American producers against serious injury resulting from trade-agreement concessions, and the Tariff Commission is responsible for investigating alleged injuries or threats of injury and reporting to the President with recommendations in appropriate cases.

(2) The Tariff Commission must make an annual report to the President and the Congress on the operation of the trade agreements program.

Apart from these new functions, the Executive order expressly sets forth the Tariff Commission's function, already an established practice, of supplying to the interdepartmental trade agreements organization information respecting articles imported into the United States that are under consideration for a given trade agreement.[2]

Another provision of Executive Order 9832, though not conferring any new function on the Tariff Commission as such or confirming its previous role in connection with trade agreements, has a bearing on the duties of members of the Commission who participate in the Interdepartmental Committee on Trade Agreements. The order prescribes that, if any member of that Committee disagrees with a recommendation made by the Committee to the President regarding any concession by the United States in a trade agreement, he shall submit his dissent to the President with the reasons therefor.

[1] See text of Executive order in appendix II.
[2] See later section on functions in the interdepartmental trade agreements organization.

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Safeguarding clause of trade agreements

Executive Order 9832 requires that each subsequent trade agreement under the act of 1934 must contain a clause providing that, if, as a result of unforeseen developments and of the concession granted by the United States on any article, the article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles, the United States may withdraw the concession or modify it by increasing the duty or imposing a quota. The Tariff Commission is directed to make investigations for the purpose of advising the President whether the circumstances warrant the invocation of the escape clause. The Commission is directed to hold public hearings and afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard. Should the Commission find that the facts warrant action by the President, it reports directly to him with appropriate recommendation.

The Executive order directed the Commission to prescribe rules of procedure for these investigations. The Commission's Rules of Practice and Procedure under this order were published in the *Federal Register* on June 7, 1947. The procedure adopted resembles that for investigations under the flexible-tariff provision (section 336 of the Tariff Act of 1930).

Application for investigation may be filed by any interested party. No particular form is specified, but the Commission suggests that the application should contain detailed information concerning the domestic industry and imports, in order to furnish a basis for sound determination as to whether a formal investigation is warranted. The Rules specify the types of information which are pertinent to this question but do not preclude the submission of additional information which an applicant considers pertinent. In the event a formal investigation is ordered, the customary 30 days' advance notice of hearings will be given through the press and by posting the formal notice at the Commission's offices in Washington, D. C., and New York, N. Y.; at the same time the notice will be published in the *Federal Register* and announced in *Treasury Decisions.*

The Commission specifically points out in its Rules that it encourages informal conferences either with members of the Commission or with its staff in regard to filing applications under the Executive order as well as any other matter. Confidential information will be respected, as is the long-time practice of the Commission.

Although numerous inquiries have been received concerning the escape clause, the Commission's Rules thereunder, and the possibilities of investigations on particular products, no formal application has been filed up to the time this report has gone to press. This lack of applications may be due to the fact that there are in effect only two trade agreements containing a provision substantially as prescribed by Executive Order 9832—the agreement with Mexico, concluded in 1943, and the one with Paraguay, concluded in 1947. The new multilateral agreement made at Geneva of course contains the escape clause, but that agreement is not yet in effect.

Annual report on the operation of trade agreements

Executive Order 9832 requires the Tariff Commission to make an annual report on the operation of the Trade Agreements Act of 1934, as amended. The first report of the Commission under this order is in course of preparation, and will be issued shortly after the end of the calendar year. This report will cover the operation of the trade agreements program from its initiation to the signing of the multilateral trade agreement recently made at Geneva.

The first report, work on which is now nearing completion, consists of three main parts:

The first part will contain a history of the Trade Agreements Act and the various extensions and modifications of the act; the evolution of the machinery employed in administering the act, including the functions of the Tariff Commission regarding it; and all the agreements made thereunder (including the Geneva agreement).

The second part will be a statistical summary of the concessions made by the United States under these agreements. This summary will show the proportion of the import trade covered by the concessions and their effect on the average rate of United States duties on all commodities free and dutiable, on dutiable commodities alone, and on the dutiable commodities actually included in the trade-agreement concessions. It will also include an analysis of the changes in the import trade of the United States following the several trade agreements, taking account of various other factors (notably the depression, the recovery therefrom, and the war) that have greatly affected the import trade.

In the third part, there will be an analysis of the concessions obtained from foreign countries in these trade agreements, which concessions include not merely reductions in rates of duty and bindings of existing free entry or existing tariff rates, but also provisions liberalizing quotas on imports from the United States, provisions reducing discriminations against the United States, and various other provisions regarding trade controls. There will also be broad statements (statistical as far as possible) as to the effects of these concessions on the export trade of the United States, again taking account of the many other factors which have affected that trade.

Functions in Interdepartmental Trade Agreements Organization

Government activities under the Trade Agreements Act are carried on principally by interdepartmental committees whose membership is drawn from the various departments and agencies of the Government concerned with foreign trade and foreign policy. These committees are the Interdepartmental Committee on Trade Agreements; the Committee for Reciprocity Information; and the country, commodity, and special subcommittees designated by the Interdepartmental Committee on Trade Agreements to facilitate its work in the negotiations with foreign countries.[3]

The Interdepartmental Committee on Trade Agreements is the agency through which the President, in accordance with the Trade Agreements Act of 1934, as amended, and Executive Order 9832, of February 25, 1947, seeks information and advice from Government agencies and interested persons before concluding a trade agreement. The Committee consists of a member of the Tariff Commission and representatives of the Departments of State, Treasury, War, Navy,

[3] See also reference to Executive Committee on Economic Foreign Policy in section on cooperation with other Government agencies and committees.

Agriculture, Commerce, and Labor. The representative of the Department of State serves as Chairman of the Committee.

Through membership of individual commissioners and staff experts in the various committees concerned, the Tariff Commission participates in every phase of the trade agreements work. The Interdepartmental Committee on Trade Agreements includes a member of the Tariff Commission. The Chairman and Vice Chairman of the Committee for Reciprocity Information are also members of the Commission. Each of the various country, commodity, and special subcommittees created by the Committee on Trade Agreements includes a senior member of the Commission's staff.

In addition to membership on these committees, the Tariff Commission discharges the responsibilities placed upon it in the Trade Agreements Act and Executive Order 9832 by preparing the basic data on import commodities which are or may be the subject of negotiations. The Commission furnishes the Interdepartmental Committee on Trade Agreements, and the country committee for each country with which a trade agreement is being negotiated, with specialized digests dealing with each such import commodity, as well as studies of more general phases of the trade between the United States and the respective countries. These reports, which are the joint work of the commodity and economic experts of the Commission's staff and are subject to review by the Commission itself, are submitted to the Committee on Trade Agreements and the country committees, which thus have at hand a body of data sufficient to enable them to appraise the probable economic effects of any concession that might be made by the United States. Except for confidential material, the digests are published by the Tariff Commission, and are made available to all interested persons (this is a new practice begun in late 1946, but now required by the Executive order).

After the Committee on Trade Agreements has considered the studies of the Tariff Commission on dutiable import items for inclusion in a given agreement, the studies of the Department of Commerce with respect to export items, the views of interested persons presented to the Committee for Reciprocity Information, and other available information, it makes a recommendation to the President relative to the conclusion of the trade agreement. As already stated, Executive Order 9832 requires that, if any such recommendation as to a concession by the United States is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Committee, giving the reasons for their dissent and specifying the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy.

In the past, after the conclusion of each trade agreement, the Tariff Commission has usually released to the public data on articles upon which concessions have been made by the United States, together with other information regarding the agreement and the trade between the particular country and the United States.

From June 1934, when Congress authorized the negotiation of trade agreements, up to October 1947, 29 agreements (not counting a few which related each to a single commodity) were concluded with foreign countries. Simultaneous trade-agreement negotiations with 22 foreign countries, with certain of which the United States had made previous trade agreements, were undertaken at the Second Meeting of the Preparatory Committee of the United Nations Conference on Trade and Employment, held at Geneva from April through October 1947. The agreement reached at Geneva was published on November 18, 1947.

Participation in Negotiations at Geneva, Switzerland

Some of the most important work done by the Commission during 1947 was in connection with these Geneva negotiations. On November 9, 1946, the Department of State announced the intention of the United States to enter into trade-agreement negotiations with certain foreign countries, commencing in the spring of 1947. The countries which accepted the invitation of the United Nations to participate in the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment were Australia, Belgium, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon (Syro-Lebanese Customs Union), Luxembourg, the Netherlands, New Zealand, Norway, the Union of South Africa, the United States, and the United Kingdom; the negotiations also covered areas for which certain of these countries had authority to negotiate.

During the fall of 1946 and the winter of 1946–47, the Tariff Commission spent much of its time preparing materials for the conference and assisting in making the necessary arrangements. In addition to the representation of the Commission on the Interdepartmental Committee on Trade Agreements and the Committee for Reciprocity Information, a member of the staff of the Commission served on each of the various country committees created by the Committee on Trade Agreements for these negotiations. Members of the Commission's staff also served on various special committees created for this purpose by the Committee on Trade Agreements.

In addition to furnishing expert personnel for service on the country committees and other committees, the Commission gave every other technical assistance possible in preparing for the trade-agreement negotiations at Geneva. For every import article or group of articles in the lists finally drawn up for negotiation (1,300 or more), the Commission prepared a digest of the pertinent technical, statistical, and trade information. These digests were made available to the public in advance of the public hearings of the Committee for Reciprocity Information, which began on January 13, 1947. The digests, totaling more than 3,000 pages, were the basic material regarding possible concessions by the United States used in the deliberations of the country committees and the Committee on Trade Agreements, both in Washington before the conference and later at the Geneva conference itself.

A total of 27 members of the Commission's personnel served as members of or assistants to the United States Delegation to the Second Meeting of the Preparatory Committee of the United Nations Conference on Trade and Employment, which opened at Geneva on April 10, 1947. Five Commissioners served as members of the delegation for various periods. Ten members of the staff served, together with representatives of the Departments of State, Commerce, and Agriculture, on the various teams created for the conduct of negotiations with the foreign countries. Six of the Commission's commodity specialists were available for consultation on commodity problems by all the negotiating teams. One member of the staff was a legal adviser to the United States delegation, and five served on the delegation's secretariat. Moreover, while the Conference was in session, members of the Commission's staff in Washington provided much necessary information for the United States delegation in Geneva. During the course of the negotiations, the Commission completed tabulating the statistics on imports in 1946 of products considered for possible concessions, thus providing the negotiators with late data on the trade.

Participation in and Assistance to the Committee for Reciprocity Information

The Committee for Reciprocity Information was created by Executive order in June 1934 (amended by Executive Order 9647 issued in October 1945) to carry out certain important provisions of the Trade Agreements Act. The Committee is made up of representatives from the Departments of State, Treasury, War, Navy, Agriculture, and Commerce and the Tariff Commission. The Vice Chairman of the Tariff Commission is Chairman of the Committee, and another member of the Tariff Commission is its Vice Chairman. The Commission makes available to the Committee for Reciprocity Information office space, a hearing room, and other facilities necessary for conduct of its work.

The President has designated the Committee for Reciprocity Information to receive written statements or views on trade-agreement matters. Under rules promulgated by the Committee those wishing to present data or views on any proposed negotiation may file statements under oath regarding individual commodities in which they are interested, and may request permission to present supplementary information at the public hearing which the Committee holds on each proposed trade agreement. The Committee also receives information and opinions on general phases of the trade agreements program.

After the Department of State announced in November 1946 intention to undertake multilateral trade-agreement negotiations at Geneva, the Tariff Commission made its staff and services available to assist the Committee for Reciprocity Information in handling the large volume of work incident to this anouncement. Written statements received by the Committee relating to import items were digested by the Commission's staff. These statements covered about two-thirds of the total number received. The Commission also assisted in the preparation for the Committee's hearings held in connection with these negotiations. Nearly 700 witnesses appeared at the hearings held during January and February 1947. The Tariff Commission was represented on the full committee, which held certain general hearings, and also on each of the five panels designated to conduct the more detailed hearings. After the hearings were over, the Tariff Commission digested testimony containing information not previously presented in the written statements filed on import items.

Trade Agreement With Paraguay

A reciprocal trade agreement between the United States and Paraguay was signed on September 12, 1946, and became effective April 9, 1947. The terms of the agreement are in accord with the principles involved in previous United States trade agreements with 28 other countries. The agreement provides for the mutual reduction of tariffs and the elimination or reduction of other trade barriers to facilitate the movement of trade between the two countries. It includes mutual assurances of nondiscriminatory treatment with respect to tariffs, quotas, and exchange matters.

Specific concessions provided by the agreement cover a substantial portion of the trade between the United States and Paraguay. They include reductions by each country of its import duties on specified products, bindings of various tariff rates against increase, and bindings of the duty-free status of various commodities. Concessions granted by the United States, involving 25 tariff items, relate chiefly to raw materials which are not produced in the United States, and many of them are identical with concessions previously granted to other countries, such as Argentina and Uruguay. Concessions granted by Paraguay, involving 33 different tariff classifications, apply largely to manufactured commodities and to various agricultural products.

This was the second trade agreement to include an escape clause providing for withdrawal or modification of a concession by either country under specified circumstances, the first being the agreement with Mexico.

COOPERATION WITH OTHER GOVERNMENT AGENCIES AND COMMITTEES

Section 334 of the Tariff Act of 1930 directs the Tariff Commission to cooperate with other Government agencies. This cooperation has always been an important part of the Commission's work.

During the fiscal year 1947 members of the Tariff Commission's staff were engaged more than 10,000 hours in various types of cooperation with more than 40 other Government agencies. These figures do not include work done for Congress or work on the trade agreements program, phases which are covered elsewhere in this report.

Many requests from Government agencies relate to matters for which spot information is essential. The Commission has a fund of trade data that its experts have accumulated over a period of years; and it makes every effort to keep that information up to date in order to be in a position to cooperate with Government agencies, as well as Congress, whenever calls are made.

The most important form of cooperation with other Government agencies is membership on interdepartmental committees. Members of the Tariff Commission and of the staff are actively represented on more than 100 interdepartmental committees and subcommittees, including those having to do with trade agreements, to which reference has already been made.

One of the major committees on which the Tariff Commission is represented is the Executive Committee on Economic Foreign Policy, which was established for the purpose of coordinating the activities of the executive branch of the Government in the field of economic foreign policy. The Chairman of the Commission serves as a member of this Committee, and the Vice Chairman as an alternate member.

Certain commodity experts of the Commission's staff have been named this year on various commodity committees of the Army and Navy Munitions Board; the purpose of these committees is to prepare reports on strategic and critical materials to aid the Board in establishing policies for carrying out the mandate of the Congress as expressed in Public Law 520 (79th Cong.) known as the Strategic and Critical Materials Stock Piling Act.

A member of the Commission served on the special interdepartmental committee on Pan American Week created in accordance with the President's proclamation calling for observance of Pan American Day (April 14). During Pan American Week the Commission arranged a special exhibit on Latin America, showing contributions to the war effort; sources of strategic materials and production of vital commodities; and recent developments in economic and cultural life. In addition, the exhibit included copies of the various trade agreements and wartime commodity agreements concluded between the United States and various Latin American Republics, as well as the more than 40 general reports on Latin American countries published by the Commission in recent years.

Among the other committees on which the Commission is represented by members of its staff are the Economic and Employment Committee, the Committee on Economic Policy Toward China, the Committee on Inter-American Economic Affairs, the Committee on the Development and Application of Standard Industrial Classification, and the Committee on National Resources and Foreign Aid (Krug Committee), which for specific purposes examines the capacity of United States resources.

During the year members of the Commission's Accounting Division reviewed with representatives of the Office of Temporary Controls the accounting records of the Office of Price Administration. As a result of this review the Commission acquired many valuable cost and financial data.

OTHER ACTIVITIES

Investigations Under Section 22 of the Agricultural Adjustment Act, as Amended

Short harsh cotton

In September 1946 the Tariff Commission reopened the investigation on cotton under the provisions of section 22 of the Agricultural Adjustment Act, to determine whether import quota limitations applicable to other types of cotton should also apply to short harsh cotton used in the manufacture of blankets and blanketing. A public hearing was held. The Commission's report was sent to the President on December 31, 1946 (see summary in appendix I). Pursuant to recommendations in the report, the President on February 1, 1947, issued a proclamation limiting to 70 million pounds the quantity of harsh or rough cotton having a staple less than three-fourths of 1 inch in length which could be imported for consumption in the year commencing September 20, 1946, or in any subsequent year commencing September 20; this quota is independent of the general quota on short-staple cotton.

Long-staple cotton

As a result of an investigation and report by the Tariff Commission, quotas on imports of cotton having a staple of 1⅛ inches or more in length were originally made effective September 20, 1939, by Presidential proclamation. After a further investigation and report by the Commission, these quotas were modified by subsequent proclamation to exclude therefrom cotton having a staple of 1 11/16 inches or more in length; consequently, since December 19, 1940, the quotas on long-staple cotton applied only to cotton having a staple of 1 1/8 inches or more but less than 1 11/16 inches in length. On January 23, 1947, the Tariff Commission again reopened the investigation and held a public hearing to determine whether changed circumstances required modification of the current quota on long-staple cotton for the year ending September 19, 1947, particularly with reference to—

(1) the possible need for an increase in the current quota in order to meet the current requirements of domestic manufacturers for long-staple cotton; and,
(2) if the quota is increased, the possible need for imposing controls to insure that the cotton permitted entry under the quota is equitably distributed among the essential users.

A report (summarized in the appendix I) was sent to the President on April 21, 1947. On June 9, 1947, the President signed a proclamation effective on the fifth day thereafter, permitting entry of a supplemental import quota of 23,094,000 pounds of "extra long-staple" cotton having a staple of 1 3/8 inches or more but less than 1 11/16 inches in length, to care for manufacturers' requirements until the regular annual quota for the next year should open; in other words, the action applied only to the quota year ending September 19, 1947. It was not found necessary to allocate the supplemental quota by countries, or to impose controls over the distribution of this cotton. The President's action followed the majority recommendations of the Tariff Commission. A minority report recommended a quota of 13,621,000 pounds.

Applications for Investigations Under Section 336 of the Tariff Act of 1930

Dental burs

Domestic manufacturers of dental instruments, equipment, and supplies during 1947 filed an application with the Commission and petitioned for an increase in the rate of duty, by basing the existing ad valorem rate on American selling price instead of on foreign value of imports. In order to determine whether or not present conditions warranted an investigation under the provisions of this section, a preliminary study was made and a report was prepared for the information of the Commission covering the foreign and domestic situation with respect to these commodities. The application was denied on September 8, 1947.

Test or container board

A domestic producer of shipping containers, in the manufacture of which test or container board is used, filed an application with the Commission and petitioned for a decrease in the rate of duty on test or container board of a bursting strength above 60 pounds per square inch.

In order for the Commission to determine whether or not existing conditions warranted the undertaking of an investigation under the provisions of this section, a preliminary study was made and conferences were held with the representatives of the applicant. The application was denied on December 2, 1946.

Quota on Imports of Red Cedar Shingles

Pursuant to the act of July 1, 1940 (54 Stat. 708), the Tariff Commission is required to ascertain for each calendar year and report to the Secretary of the Treasury the quantity of imported red cedar shingles that may enter without being subject to the duty of 25 cents a square imposed by that act. The quantity entitled to duty-free entry in any year is fixed by law at 30 percent of the annual average for the preceding 3 years of the combined quantity of red cedar shingles shipped by producers in the United States and those imported for consumption. For the calendar year 1947 the quantity not subject to the duty of 25 cents a square, as ascertained by the Commission, is 1,380,300 squares—30 percent of 4,600,999 squares, the annual average of domestic shipments and imports for the years 1944–46.

Review of Customs Administrative Laws

The act creating the Tariff Commission imposed upon it the duty, among other things, of investigating the administration of the Customs laws. Pursuant to this provision, one of the first reports issued by the Tariff Commission, after its creation in 1916, suggested a revision of the Customs administrative laws.[1] This report suggested the repeal of a number of obsolete provisions and the modernization of others along with a reorganization of those provisions dealing specifically with the Customs service, with a view to establishing a modern civil-service organization for the enforcement of the tariff. In the Tariff Act of 1922, the Congress adopted many of the Commission's recommendations regarding the repeal of obsolete laws and modernization of certain other provisions, but made no great change in the organization of the Customs service. Since then, by rather gradual process, most of the Customs service has been put under the civil-service regulations, but the process has not yet been completed.

In 1944 the Tariff Commission announced the undertaking of a new review of the Customs administrative laws. However, since the initial work must be done in the Legal Division, which comprises only three attorneys, little progress has been made. Other Commission activities requiring immediate action necessitated setting aside work on administrative laws. This delay was made reluctantly since there is increasing demand from persons associated with foreign trade for a revision of many of the existing provisions.

If the United States adheres to the proposed charter for the International Trade Organization recently drafted at the Geneva conference, it will be necessary to make a number of changes in its administrative laws. In addition to specific commitments in the charter respecting regulatory provisions, there is also a general commitment for revision of the laws and regulations to eliminate undue burdens on trade.

At present the Commission is collaborating with the Bureau of Customs and the private management firm which is now making its own inquiry into Customs procedure.

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[1] *Report of the United States Tariff Commission Upon the Revision of the Customs Administrative Laws, 1918.*

If the Congress grants the Commission funds to resume active work on review of the administrative provisions, the Tariff Commission's analysis will include not only reference to those changes which would make the Customs service more efficient as an organization, but also a reorientation of the administrative provisions of the tariff, with a view to making them adequate tools for carrying out a law whose purpose has changed from one primarily designed to raise revenue to one primarily designed to regulate commerce, that is to say, to protect American industries. Notwithstanding this basic shift in the primary objective of the tariff, the Customs administrative provisions are still addressed primarily to the protection of revenue rather than to the regulation of commerce.

Reports on Synthetic Organic Chemicals

In 1947 the Commission issued its thirtieth preliminary report, covering the year 1946, on annual production and sales in the United States of synthetic organic chemicals and the raw materials from which they are derived. These reports, initiated in 1918 in accordance with the revenue act of that year, have been used continuously by the synthetic organic chemical industry in chemical market research, in planning plant construction, and in determining availability of raw materials. The data are used also by Government departments concerned with the administration of laws relating to these products, and by the military forces in peacetime planning. Formerly they were considered particularly useful to Congress in determining policy regarding the tariff on these products.

The final report on synthetic organic chemicals for 1945, released in 1947, included complete data on production and sales of some 6,000 synthetic organic chemicals, showing the names of the manufacturers producing each. (Data that would disclose the operations of individual concerns are not published separately but are included under an "all other" heading.)

Throughout 1947 the Commission issued monthly reports giving statistics on production only, not on sales, of organic chemicals selected because of their importance to the economic life of the country or the public health. This report continues on a smaller scale the work begun during World War II, work which proved to be of great value to Government and industry.

In May the Commission released an analysis of imports of coal-tar products entering the United States during 1946 under paragraphs 27 and 28 of the Tariff Act of 1930. This report listed the quantity and value of imports of coal-tar intermediates, dyes, medicinals and pharmaceuticals, flavor and perfume materials, and other finished coal-tar products and indicated the competitive status of each.

Summaries of these reports will be found in appendix I.

Miscellaneous Reports

In addition to the reports referred to and summarized in appendix I, the Commission has issued short memorandums or statistical data on the subjects indicated below:

Supplementary memorandum on watches

A memorandum supplementing the report on watches in the series on War Changes in Industry was released by the Commission. It provides data on imports into the United States for the period January 1946 through March 1947, 15 months during which Switzerland undertook to limit direct shipments to the United States to 645,540 watches and watch movements monthly.

The memorandum called attention to the differences between United States and Swiss official statistical classifications of watches and clocks: United States import data classified many timepieces (such as small alarm clocks) as watches, whereas the Swiss classified them as clocks. The memorandum also pointed out that Swiss export data reported as exports to the United States a substantial number of units delivered to United States Army post exchanges and Navy ship's stores in foreign countries. Such deliveries, of course, were not reported in United States import statistics. Furthermore, a large number of units of Swiss origin which were imported into the United States from third countries were credited to Switzerland in United States trade statistics, but the corresponding exports from Switzerland were credited in Swiss statistics as exports to other countries. As a result of its examination of United States and Swiss trade statistics on watches and clocks, the Commission concluded that the Swiss had not exceeded the export quotas on watches which were established in the limitation agreement governing direct shipments to the United States in 1946 and the first quarter of 1947.

Industrial molasses

As part of a general study of industrial molasses (cane and beet molasses, as well as hydrol, which is a byproduct of corn-sugar manufacture) the Tariff Commission compiled data on the supply and utilization of this commodity from records of the War Production Board. Because of the numerous requests for these data, which had not heretofore been available, they were released in the form of four tables under the title of "Industrial Molasses: United States Supply and Utilization, 1943–46."

These statistics show that during the 4-year period ending June 30, 1946, United States consumption of cane and beet molasses averaged about 390 million gallons annually, about 55 percent of which was brought in from foreign countries, Puerto Rico, and Hawaii. Over half of the total supply of these molasses was used in industrial-alcohol plants, primarily for ethyl alcohol. Livestock feeds were next in importance as an outlet for these molasses, 13 percent being used for this purpose in 1944 and 25 percent in 1946. The proportion used for yeast, citric acid, and vinegar ranged from 10 to 15 percent, and use of beet molasses for the further extraction of sugar took from 5 to 17 percent of the total supply. Miscellaneous uses, including spirits, rum, direct human consumption in various food products, insecticides, and numerous other minor uses, accounted for the remaining 5 percent of the total supply.

Most of the supply of hydrol, averaging about 15 million gallons annually during these years, was used in livestock feeds.

Imports of fishery products

In order to present concisely the changes brought about by the war in the volume, value, and sources of United States imports of fishery products, the Commission compiled a series of tables showing imports of these products for consumption during the calendar years 1935–46.

The tables summarize the combined quantity and value of fish, shellfish, and other products imported from each country; they also show imports by species and commodities from all countries combined and separately from Canada and from Newfoundland.

For the earlier years the statistics shown were compiled for use during the war, when United States imports from former leading European and Asiatic sources were almost eliminated. Imports from Canada and Newfoundland are given separately because these two countries are producers of large exportable surpluses of fishery products and were the principal sources of imports during and since the war.

In terms of value, imports from Canada and Newfoundland accounted for 37 percent of the total in 1935, 75 percent in 1942, and 60 percent in 1946. Other important sources in 1946 were Norway, Portugal, Peru, Mexico, and Iceland. Japan and Italy were important sources during the prewar period, but are at present relatively insignificant. On the other hand, the development of fisheries in some countries during the war, especially in Peru, Chile, and Venezuela, has led to increasing imports from those countries.

Tariff Bibliography

A project to bring down to date the tariff bibliography, issued by the Commission in 1934, and the reciprocal trade bibliography, issued in 1937 and supplemented in 1940, has advanced steadily but slowly, delayed by pressure of other work and lack of personnel. Requests for information as to publications on tariff and trade matters, already numerous, are likely to increase in 1948, when the tariff question will probably play a leading role in political and economic affairs. For this reason it is hoped that work on these bibliographies can be completed early in the new year and can be printed as soon as the necessary funds are available.

Survey of Libraries Maintaining Collections of Tariff Commission Publications

Increased public interest in important current issues concerning world trade and trade policies makes it important that Tariff Commission publications, almost all of which directly relate to these subjects but which are distributed in limited quantities, should be readily accessible to business, research workers, and general readers in libraries and educational and other similar organizations. Inquiry revealed the need for improvement in distributing this material and in methods of making it available. In an attempt to remedy this situation, the Commission recently authorized the Librarian and the Chief of the Docket and Public Information Section to attend the two important annual library conferences at Chicago and San Francisco and en route to visit public and other libraries, consulting particularly with officials in charge of research and reference work. These contacts have resulted in many mutually helpful suggestions for distributing Tariff Commission publications and making them readily accessible.

Work for the Economic and Social Council of the United Nations

The Tariff Commission has continued to participate actively in the work of the Economic and Social Council of the United Nations. A senior member of the Commission's staff has been appointed to membership in the American group advisory to Honorable Willard L. Thorp, United States Representative on the Council.

Training Program

During the fiscal year 1947 the Tariff Commission, in cooperation with the Interdepartmental Committee on Scientific and Cultural Cooperation, conducted a training program consisting of a 6-month course of study in tariff problems, commercial policy, and foreign trade for three observers from Latin American countries—one each from Colombia, Ecuador, and Peru. From special funds provided for cooperation with other American Republics, the Commission was given an allotment to defray the travel and subsistence expenses of the trainees.

The three trainees, each officially connected with his respective Government, were given every opportunity to follow the various phases of the Commission's work that are not confidential. Under supervision, they were given an opportunity to study the functions of the Commission and to observe the operation of its various divisions.

For the fiscal year 1948, funds have been allotted to cover the assignment to the Tariff Commission of three trainees from Latin American countries—one each from Costa Rica, Cuba, and El Salvador. Their 6-month training course began in October 1947.

Work of the New York Office

The New York Office of the Tariff Commission, in the Customhouse in New York City, has continued to be most active during the current year. Rapidly changing conditions of world trade have led to increased demand for the analysis of imports. This work is principally the analysis of invoices attached to the original customhouse papers to obtain essential details which are not shown in official statistics of the United States Department of Commerce.

The New York Office functions in cooperation with the Washington Office through an Invoice Analysis Unit in Washington.

During the year analyses were made of more than 600 statistical classes of imports; 450 of these were analyzed for each month and 150 for alternating months. Although these analyses were made by the staff of the New York Office, they cover imports through all Customs Districts.

The data so obtained are incorporated in Summaries of Commodity Information, War Changes in Industry Series, studies in preparation for trade agreements, and special services rendered to other Government agencies.

PERSONNEL AND ADMINISTRATION

MEMBERSHIP OF THE COMMISSION

Oscar B. Ryder, Democrat, of Virginia, Chairman of the Commission since July 1, 1942, was again designated by the President as Chairman, effective July 1, 1947.

Lynn R. Edminster, Democrat, of Illinois, Vice Chairman of the Commission since August 4, 1942, was again designated by the President as Vice Chairman, effective August 4, 1947.

John P. Gregg, Republican, of Oregon, was reappointed by the President on June 18, 1947, to succeed himself as a member of the Commission for the term ending June 16, 1953.

The other members of the Commission are E. Dana Durand, Republican, of Minnesota; Edgar B. Brossard, Republican, of Utah; and George McGill, Democrat, of Kansas.

PERSONNEL

On June 30, 1947, the Commission's staff numbered 235. This number was made up of 6 Commissioners and 229 other employees—134 men and 101 women.

The prewar staff of the Tariff Commission averaged about 325 persons. During the war, when a substantial amount of work was being done for other agencies on a reimbursement basis, the staff increased to more than 350. The staff was drastically reduced between June 1945 and June 1946, when it numbered 242. Since then there has been a slight reduction. During the past year lack of adequate personnel has severely handicapped the work of the Commission.

The accompanying table shows the distribution of the staff as of June 30, 1946, June 30, 1947, and October 31, 1947.

Number of persons on the staff of the United States Tariff Commission, by title, departmental and field services, on June 30, 1946, June 30, 1947, and Oct. 31, 1947

Title	June 30, 1946	June 30, 1947	Oct. 31, 1947
Commissioners	5	6	6
Secretary	1	1	1
Chief Economist	1	1	1
Director of Investigation	1	1	1
Chief, Technical Service	1	1	1
Adviser	1	1	1
General Counsel	1	1	1
Executive Officer	1	1	1
Chiefs of Divisions	10	9	9
Acting Chief of Division	1	----------	----------
Chief, New York Office	1	1	1
Assistant General Counsel	1	1	1
Assistant Chiefs of Divisions	2	2	2
Chiefs of Sections	7	7	7
Librarian	1	1	1
Graphic Presentation Designer	1	1	1
Accountants	9	5	6
Marine and Foreign Transportation Specialist	1	1	1
Commodity Specialists	52	53	51
Economists	22	21	19
Commercial Policy Analysts	5	4	4
Attorney	----------	1	1
Transportation Analyst	1	1	1
Assistant Librarian	1	1	1
Library Assistants	3	3	3
Secretaries to Commissioners	5	6	6
Junior Administrative Assistant	1	1	1
Clerks and Stenographers	93	85	84
Operators, Office Devices	5	8	8
Telephone Operators	3	3	3
Messengers	4	6	6
Skilled Laborer	1	1	1
Total	242	235	231

FINANCES AND APPROPRIATIONS

The appropriated funds available to the Tariff Commission during the fiscal year 1947 were, for salaries and expenses, $1,099,000; for printing and binding, $10,000. At the end of the fiscal year the unobligated balance of available funds was $868. Expenditures from appropriated funds were as follows:

Salaries:	
Commissioners	$ 58, 268
Employees:	
Departmental (Washington)	968, 402
Field (New York Office)	37, 658
Overtime pay	2, 345
Travel expense	7, 517
Books of reference and publications	2, 498
Communication service	4, 661
Contractual services	5, 027
Office equipment, supplies, etc	11, 756
Printing and binding	10, 000
Total	1, 108, 132

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APPENDIX I

SUMMARIES OF REPORTS ISSUED IN 1947

WAR CHANGES IN INDUSTRY SERIES

Reports in the War Changes in Industry Series deal with the effects of the war on the future position of certain domestic industries, especially as regards competition with foreign producers in this country and in world markets. They are being prepared in response to requests from the Senate Committee on Finance and the House Ways and Means Committee. Summaries of the 7 reports completed during 1947 are given below. Previously, 20 reports had been issued in this series.

Mica (Report No. 21)

Until the electric age, mica was largely used for windows in the doors of old-fashioned stoves and furnaces. It was also ground into powder and used as a filler for paint, in roofing materials, and for other purposes.

For these uses, substitutes are available, but there is no satisfactory substitute for mica in the manufacture of certain kinds of electrical equipment. Resistant to fire, water, acids, alkalies, and electricity, and easily split into exceedingly thin sheets, mica was found to be indispensable in electric motors and generators, armatures, and transformers. With the development of radio and radar, mica became even more vital for use in condensers and in other radio and similar apparatus.

Mica is not found in well-marked veins and deposits, but is distributed irregularly and in small amounts among certain kinds of pegmatite rock. Mica mining is therefore not well organized but is a somewhat haphazard, part-time occupation, especially in the United States but to a less extent in the principal foreign producing countries.

Much hand work is required to select and sort the several grades and qualities of mica and to trim and split them into very thin sheets. This hand work has made it impossible to economically produce in the United States certain forms of mica in competition with mica products of low-wage countries, especially India. Even under the protection of fairly high tariff duties, the small mica industry in this country has had to confine its output to scrap mica (later ground) and the most obviously high-grade sheets. The small proportion of mica sheets segregated from the whole in turn is subjected to relatively little hand work. Most of the sheet material is sold as "punch and circle" mica (a low grade), and only a small part of all the mica mined is reserved as first-quality mica sheet.

In India, however, the principal source of high-grade mica, almost all the mica mined is sorted, trimmed, and split into thin sheets by hand with infinite care.

Before World War II the United States had developed an important industry in the production of so-called built-up mica. Mechanical methods had been devised for forming successive layers of thin mica leaves and bonding them together with a cement, under pressure, to form a board. The raw materials of built-up mica—splittings—were imported from India.

Before the war several countries besides India and the United States had small mica industries. Brazil and Argentina were recognized sources of muscovite mica, the principal type throughout the world; Madagascar and Canada produced considerable phlogopite mica, which is more resistant to heat than muscovite.

Upon the outbreak of war a tremendous expansion took place in the United States in the production of electrical equipment, particularly for military purposes. As the war progressed, extended use of radio and radar increased the demand for the highest qualities of sheet mica.

Faced with the growing demand and the danger of being cut off from India, the United States and British Governments took vigorous measures to assure for themselves adequate supplies of this critical commodity including (1) economies and controls in the distribution and utilization of mica, as well as research for mica substitutes; (2) extensive exploration for new sources of mica; and (3) stimulation of production. Joint American and British boards provided for the international allocation of existing supplies, and a joint mission was sent to India to stimulate production. The War Production Board rationed mica to domestic users. Substitutes for mica—textile, ceramic, and synthetic materials—were introduced for many uses. For many others, high-grade sheet mica was replaced by mica of secondary or lower grade.

A Government agency (the Colonial Mica Corporation, under the Metals Reserve Company) was created to expand production of mica in the United States and Canada, which it did by paying high prices for mica, advancing money against future output, lending mining equipment, and taking other measures. The Corporation bought and sold all new domestic mica of strategic quality. The number of domestic mines in operation increased from about 30 just before the war to more than 800. (Mica mines are small, however, employing usually 2 to 10 persons.) In a similar manner the Board of Economic Warfare promoted production in Brazil.

During the war, prices for domestic mica advanced from an average of a few cents a pound for sheet mica of all grades combined to as much as a blanket price of $8 a pound for the better grades. Import price also advanced substantially. Although subsidy prices were paid for domestic mica, the mica was sold to users at prices corresponding to those of imports.

Consumption of sheet mica (including splittings and films) rose from a prewar peak of 11 million pounds in 1937 to a wartime peak of 26 million in 1943. Domestic production of uncut sheet mica increased from 1.7 million to 3.5 million pounds. Imports of sheet mica, including splittings, increased from 9 million to 22.5 million pounds. Imports from Brazil showed the greatest advance—from 247,000 pounds in 1937 to 1.9 million in 1943. Imports from Argentina advanced from 135,000 to 733,000 pounds. Canada and Madagascar were also important wartime sources. But in 1944 apparent consumption of sheet mica dropped sharply, to 10 million pounds. Toward the end of 1944 and throughout 1945 the Government program for stimulating domestic production was gradually halted, and most of the recently opened mines were abandoned.

The mica program was relatively expensive. During the 3 years 1942–44 about 25 million dollars more was paid by the Government for mica, domestic and foreign, than it would have cost at prewar prices. The Colonial Mica Corporation sustained losses of more than 7 million dollars on sales, rental of equipment, and advances that were not repaid.

The tariff on mica, apart from a specific duty on the lower grade of sheet, has little effect on imports, owing to the inelastic demand for this product. So great are the differences in wages between this country and the principal foreign sources of supply that it appears impracticable to expand the domestic industry greatly by tariff measures. However, some simplification in the present complicated structure of the mica tariff should be made.

Resort to preferential treatment of imports from particular countries to stimulate production of mica in sources adjacent to the United States, in the interest of national defense in any future emergency, would be contrary to the established nondiscriminatory commercial policy of the United States.

As an assurance against future emergencies, the report recommends the creation of a mica stock pile, as well as continued intensive research toward economies in the use of mica and the substitution of other materials for mica. Further development of German methods for the synthetic production of mica is also recommended. A law passed in 1946 already authorizes the Government to stock-pile mica.

Newsprint (Report No. 22)

Large-scale production of newsprint paper is most practicable where abundant supplies of suitable wood are readily available. World production of newsprint totaled nearly 9 million short tons in 1937. In 1939 it was about 7.8 million tons, and in 1946 probably less than 7 million, or about 10 percent less than in 1939. The decrease in production between 1939 and 1946 was chiefly in European countries. Canada is much the largest producer of newsprint. Next to Canada, principal producers before World War II ranked in this order: United States, United Kingdom, Finland, Japan, and Germany. With its large potential supply of pulpwood the Soviet Union may become an important producer. Despite the large output in the United States, its newspaper publishers depend on foreign sources for 80 percent of their requirements.

The Canadian paper industry in its entirety, exclusive of timber lands, represents an investment of nearly 700 million dollars; probably half of this amount is United States capital. In 1945 the Canadian output of paper totaled about 4.4 million tons, valued at 283 million dollars, newsprint representing 77 percent of the quantity and 67 percent of the value. Production of newsprint amounted to 3.7 million tons in 1937, a prewar peak; in 1946 it reached a total of 4.1 million tons, or nearly 60 percent of estimated world output. Most of this output is exported; about four-fifths of the exports are made to United States consumers. The newsprint branch of the

Canadian paper industry comprises 34 mills having a total capacity of 4.4 million tons; it employs about 32,000 persons out of a total of 40,000 in the entire paper industry. The growth of the newsprint industry in Canada is directly the result of a plentiful supply of raw material, advantageous costs, proximity of the United States market, and duty-free entry into the United States.

The United States has long been the world's largest producer and consumer of paper of all kinds combined. In volume of output it has far exceeded any other country, but for many years its consumption has been greater than production, the deficit supplied by imports being almost entirely newsprint. In 1904 newsprint formed about 30 percent by weight of all the paper and paperboard produced in the United States; by 1932 this proportion had dropped to 20 percent, and by 1943 to less than 5 percent. Consumption of newsprint in the United States amounted to 3.8 million tons in 1929; it dropped to 2.7 million tons in 1932, and subsequently mounted, to 4 million tons in 1937 and 4.2 million tons in 1946.

Production of newsprint in the United States reached its peak of 1.7 million tons in 1926. By 1944 it had declined 58 percent, to 720,000 tons; in 1946 it was 770,000 tons. During this period the number of mills making newsprint declined from nearly 60 to about 12 or 13, having an annual capacity of about 850,000 tons. Only 3 mills now make newsprint exclusively; the others divide their capacity between newsprint and other kinds of paper.

Some newsprint is produced in all the large paper-producing regions of the United States. In 1945 approximately 450,000 tons was produced in the Northeast (chiefly in Maine), 32,000 tons in the Lake States, 210,000 tons in the Pacific Northwest, and 32,000 tons in the South. The industry was first established in the Northeastern and Lake States, both regions being close to important markets and having ample supplies of raw material when wood was first used for paper making.

So far, only one newsprint mill, in Texas, is operating in the South. The paper, though made from ground wood and semibleached sulphate pulp and, therefore, not conforming to the Treasury Department's specifications for standard newsprint, is nevertheless suitable for newspapers and other printed matter for which standard newsprint is customarily employed. Sales from this mill are confined to a relatively small surrounding area.

In the early part of the century imports supplied only a small part of the United States requirements for newsprint. By 1925 imports had come to constitute about half of the consumption; thereafter imports steadily increased and domestic output gradually fell. Imports reached a prewar high of 3.3 million tons in 1937, more than three times the domestic output. The low point during the war was 2.5 million tons in 1944. After the war, imports rose again, in 1946 reaching 3.5 million tons, or more than four times the domestic output.

The Tariff Acts of 1922 and 1930 specifically provided for standard newsprint on the free list; this free status was bound in the trade agreements with Canada and Finland.

As a source of newsprint, Canada has the advantage of an ample supply of pulp timber and numerous large, efficient integrated mills so located as to permit the shipment of newsprint to important United States markets at minimum transportation charges. The Dominion and Provincial Governments have placed some restrictions on exports of pulpwood but none on exports of either pulp or newsprint. As a result, the Canadian exports of newsprint paper since about 1930 have represented from 10 to 15 percent of total exports of all commodities in value, and the bulk of this exported paper—80 percent or more—has gone to the United States. Most of the imported Canadian paper has been consumed in the Northeastern and Lakes States, where it has supplemented a dwindling domestic supply produced at a relatively high average cost.

Mills in Oregon and Washington have supplied the greater part of the newsprint consumed west of the Rocky Mountains; the rest has come mainly from mills in British Columbia, variable quantities coming also from Finland, Norway, and Sweden.

Prices of domestic and Canadian newsprint sold in the United States since 1936 have been based on a system of zone prices with freight charges allowed. The prices in the several zones vary according to specified differentials, which are added to or subtracted from the price in the basic zone. During 1920–39 the price of newsprint fluctuated within a considerable range; in 1921 it reached a high of $130 per short ton, f. o. b. mill; by January 1922 it had dropped to $70; and by April 1933 to $41 a ton. In January 1938 the base price was $51 a ton, which became the maximum base price under regulations of the Office of Price Administration on April 29, 1942. This maximum was gradually increased until it reached $85 a ton in October 1946. Price controls ceased in November 1946, and in April 1947 Canadian producers made the price $91 a ton.

Before World War II, exports of newsprint from the United States were small, principally to the Far East and Latin America. During the war they more than tripled their customary volume and also increased in unit value, but they did not exceed 5 percent of production, except in 1941, when they were almost 7 percent of domestic output.

Prospects for the domestic industry are none too bright: high production costs, rapidly growing demands for other kinds of paper, and a diminishing supply of available pulp timber—all are adverse to substantial recovery of the newsprint industry in the United States. Even in the South, the future of the industry is highly uncertain because of growing competition from other consuming industries for stands of suitable timber, rising costs of labor in the woods and, consequently, rising delivered costs for pulpwood, and the competition from Canadian newsprint in the principal southern centers of consumption. Two or three more mills may be erected in the South, but probably only with the financial assistance of newspaper publishers in the region who want to use their output.

Alaska, a major potential supplier, is estimated to be able to produce 1 million tons of newsprint annually. However, 2 or 3 years and an investment of over 100 million dollars would be required to develop such output. Furthermore, Alaskan timber resources may be utilized for making pulp for other kinds of paper as well as for rayon and other chemical products.

China Clay or Kaolin (Report No. 23)

China clay or kaolin, a white or nearly white clay, is found in relatively few deposits that are commercially workable. The terms "china clay" and "kaolin" are synonymous, but the trade in this country usually calls the domestic product kaolin and the imported product, practically all from England, china clay. Georgia is by far the most important producing State, accounting for about three-fourths of the total domestic output. Some kaolin is produced also in South Carolina, Florida, North Carolina, and several other States. Investment in the United States kaolin industry is estimated at about 15 million dollars; the 50 or more concerns in the industry normally employ from 2,500 to 3,000 wage earners.

Kaolins may be broadly classified by two main uses—in paper manufacture and in pottery manufacture—and by a third grouping which includes a number of miscellaneous applications. The paper industry normally accounts for 55 or 60 percent of the kaolin consumed in this country, the pottery industry for about 15 percent, and miscellaneous uses for 25 or 30 percent. Chief among the miscellaneous items of which kaolin is an important ingredient are refractories, rubber articles, and white portland cement. Most of the imported clay is used in paper and pottery.

Under the Tariff Acts of 1909 and 1913 china clay was dutiable at $2.50 and $1.25 per long ton, respectively. The higher rate was restored in the act of 1922 and was continued in the act of 1930 until January 1, 1939, when it was reduced to $1.75 under the trade agreement with the United Kingdom.

Most of the prewar output of kaolin was produced in the United Kingdom, the United States, Czechoslovakia, Germany, China, and Japan. Each of these countries produced all or a large part of its own requirements, and the United Kingdom and Czechoslovakia supplied most of the world exports of kaolin. Less important producing countries are France, Italy, and the Soviet Union.

Before World War II the United Kingdom led the world in the production of china clay or kaolin. One concern dominates the British production, and since 1937 many of the other producers have collaborated with it in an agreement to control output, sales, and prices. Well over half the British production of china clay is normally exported.

During World War I some domestic manufacturers of high-grade paper who had previously considered the English china clay superior shifted to the domestic clay. Later, domestic production and consumption of kaolin increased greatly, owing chiefly to the rapid growth in the production of high-grade paper requiring kaolin and the greatly improved quality of the domestic clay for that use. Restoration of the duty of $2.50 per ton in the act of 1922 also aided in the development of the domestic kaolin industry; previously, import duties appeared to have had little effect on imports or domestic production.

In the first half of the twenties, both domestic production and imports increased at about the same rate, the peak imports in 1926 supplying almost half of the 828,000 tons consumed in that year. Subsequently, imports declined, amounting to only about 13 percent of the total consumed in 1939, which was almost 900,000 tons. Until the last year or two of the thirties, most of the imports consisted of paper clay, but shortly before World War II potting kaolin came to constitute the greater part of the imports, although consumption of it is normally only about one-fourth of consumption of paper clay.

The three groups of kaolins—paper, potting, and miscellaneous—have differed widely from one another in the ratio of imports to domestic production and also in changes that have occurred in that ratio. In the middle 1920's imports from Great Britain supplied almost two-thirds of the paper clay then used; by 1939 that proportion had declined to about 10 percent. The share of imports in the potting kaolin used declined from about 60 percent in some years during the 1920's to about 40 to 45 percent in the late 1930's. Preference by some domestic pottery manufacturers for the English clay largely accounts for the sizable portion of consumption still furnished by imports. For miscellaneous uses, on the other hand, imports have supplied a relatively small share, largely because of the superior adaptability of domestic kaolins to these uses as a whole.

United States exports of kaolin, not separately reported before 1945, are known to have been relatively small for many years, and during the last decade they probably constituted less than 2 percent of domestic production.

Competition between domestic and English clays in United States markets is greatly influenced by transportation charges. These charges often approximate the mine prices of the respective clays. Most of the markets are 500 to 1,200 miles away from domestic mines and some users of imported clay are remote from the seaboard. Domestic producers have long had an advantage in transportation costs to most markets, the chief exceptions being points in New England and others on or adjacent to the North Atlantic seaboard. Generally the duty has been much less than the cost of ocean transportation and also less than rail rates from ports of entry to most points of consumption.

Wartime changes were far less marked in the domestic kaolin industry than in many other industries. Annual sales of domestic producers averaged 935,000 tons during 1940–45, or 36 percent more than during 1936–39. Average imports, on the other hand, fell from 120,000 tons in 1936–39 to 69,000 tons in 1940–45, when they supplied only about 7 percent of domestic consumption. The shares of consumption furnished by imports of paper and potting kaolins, separately, during this period were about 4 and 30 percent, respectively. Much of the shift from English to domestic kaolin has been due to lower delivered prices of the domestic product, especially paper clay, at most markets, although the difficulty of obtaining shipments from abroad has been important.

During the war, the War Production Board set a quota of 100,000 tons a year for imported china clay; annual wartime entries, however, were substantially less than the quota. From April 1942 and February 1943, respectively, imported and domestic kaolins were subject to price control, which lasted until July 1946. Some increases in price above the March 1942 level were granted on both kinds of clay during the price-control period, and substantial increases have taken place since, especially on the English product.

On January 1, 1947, there were advances in rail rates, amounting roughly to $1.20 per ton on domestic clay but to less than 75 cents per ton on most of the imported clay because of its shorter rail haul in the

United States. This rail-freight differential, favorable to the imported product, was more than offset, however, by increased ocean transportation charges in 1947.

Unlike many other industries, the kaolin industry faces no major postwar problems of readjustment arising from changes in its competitive position resulting from the war. The prospects for the industry would appear to depend primarily on the continuance of a relatively high level of national income.

Grapes and Grape Products (Report No. 24)

This report brings up to date an earlier publication of the Tariff Commission, *Grapes, Raisins, and Wines*, issued in 1939.

California produces 90 percent of the domestic grapes. All the raisins and currants produced in this country and all the raisins and fresh grapes exported from it are California products. In California, grapes are grown for three main purposes, namely, for consumption as fresh fruit, for drying into raisins and currants, and for making wines and brandies; a small quantity is canned. Although other States, especially in the Great Lakes region, produce a substantial amount of wine, California alone produces 85 to 90 percent of the domestic wine. Grapes grown in eastern United States, which are very different in type from those grown in California and in most foreign countries, are general-purpose, suitable for all uses except drying into raisins and currants; they are utilized principally for grape juice and wines. Except for a small border trade with Canada, there is no international trade in these grapes.

Before World War I and during two decades thereafter, the domestic grape industry passed through severe and prolonged periods of depression. Stimulated by the high prices during and just after that war, production of grapes more than doubled between 1910–14 and 1926–30, whereas the population increased only about 10 percent. By the middle 1920's production had overtaken demand. Exports began to fall and domestic per capita consumption of raisins was on the decline. From the middle 1920's to World War II growers suffered from surplus production, and throughout the 1930's average prices for grapes were at the lowest level since 1910–14. Despite a 20-percent reduction in bearing acreage and a later rise in domestic consumption, surpluses continued through 1939.

From 1921 to 1939 the United States was a substantial net exporter of grape products, shifting from the position of an importer chiefly of wines and currants, to that of an exporter chiefly of raisins and table grapes. During 1936–39 about 30 percent of the domestic output of raisins and 9 percent of the table grapes—about 13 percent of the total United States output in terms of fresh grapes—were sold in foreign markets. Imports in the same period, principally European wines and brandy, and to a less extent currants and out-of-season table grapes, were equivalent to less than 3 percent of the total domestic output of grapes. Net exports, therefore, were equivalent to 10 percent of the total domestic crop, or to 240,000 tons of fresh grapes.

World War II brought about sharp changes within the domestic grape industries. Production, which rose about 15 percent, and prices of grapes reached the highest peaks in their history; so did per capita civilian consumption. The average farm price of California grapes rose from $16 per ton in 1936–39 to $57 in 1942–45 and to a peak of $77 in 1944. Although land values increased, comparatively few vineyards were sold and little additional investment was made on the basis of the high prices for grapes. Farm prices for eastern grapes in the Great Lakes States rose from an average of $56 per ton in 1936–39 to $81 in 1942–45 and to a peak of $150 in 1946. The end of the war, therefore, found the grape industries, particularly the growers, in a greatly strengthened financial position.

During the war, largely as a result of lend-lease shipment of raisins, exports of grape products exceeded those of prewar years. Loss of the European market for fresh grapes, which were not included in lend-lease, was partly offset by larger exports to nearby countries. Imports of Greek currants ceased during the war, but California producers, who had been gradually increasing their acreage of currant grapes, were able to supply the domestic market. Imports of out-of-season grapes from the Southern Hemisphere were greatly reduced because of the shipping shortage, but by 1945 arrivals of in-season grapes of the Concord type from Canada brought imports of fresh grapes to more than the prewar average. During the war French and Italian wines, which accounted for the bulk of grape products formerly imported, were supplanted by wines from Spain and Portugal and from Chile and Argentina. In 1944 total imports of wines and brandies were more than two and one-half times as large as the prewar average, but in 1945 they fell back to more nearly normal volume.

Part of the wartime increase in domestic production of grapes will probably disappear rather quickly if prices decline to their prewar low, even though past production has responded less readily to falling than to rising prices. The price level of course will depend on the demand for the several grape products for domestic consumption and export. In the domestic market, consumption of table grapes will probably fluctuate with consumer income. Regardless of income, per capita consumption of raisins may continue its downward trend or, possibly, may level off. Postwar surpluses may be avoided, however, if raisin varieties of grapes find increased outlets through wineries and exports. Wines are likely to account for a greater share of domestic consumption of grapes than before the war, but, to an even greater extent than formerly, prosperity of the grape industries will be tied to a high level of income.

Impoverishment of Europe will affect postwar foreign sales of both raisins and fresh grapes; however, the markets developed in Cuba, Mexico, and Brazil during the war may continue to offset some of the table-grape markets lost in Europe. Postwar exports of raisins now depend and will depend largely on available dollar exchange for Europe and on the extent to which imperial preference is maintained in British countries. In any case, United States exports of raisins and table grapes during at least the early postwar years will probably not exceed those during 1936–39, and may be considerably less. Exports of wines have never been of much significance and are not likely to be so in the near future.

Imports of out-of-season fresh grapes from South America, which nearly ceased during the war, are likely to recover their prewar volume or even exceed it; but imports of the Concord type from Canada will probably cease if the domestic price approaches prewar levels. Imports of raisins and currants are likely to be even smaller than before the war. Some French and Italian wines will come in again, but most of the imported wine will probably consist of high-priced brands. The level of consumer income is likely to determine how much high-priced wine is imported.

Softwood Lumber (Report No. 25)

For many years the United States has produced and consumed more softwood lumber than any other nation in the world. In prewar years, the sawmill industry, inclusive of softwood and hardwood mills, comprised about 38,000 establishments and was the leading industrial employer in nine States and ranked second in six other States.

In the last two decades, domestic production of softwood lumber has ranged between 9 billion feet (1932) and 30 billion (1929 and 1942). To meet pressing military and civilian requirements, output was increased about a third during the war despite a shortage of labor and equipment. Four-fifths of all softwood lumber is produced in about 10 States; Oregon and Washington together accounted for 37 percent of the total in 1945. Many species are cut, but southern pine, Douglas fir, and ponderosa pine predominate.

Consumption of softwood lumber is closely related to cycles of building construction, which, in turn, are related to general prosperity. During the twenties annual consumption reached nearly 30 billion feet, reflecting the high level of construction activity. During the depression it declined, to a low of 10 billion feet in 1932, but rose to an annual average of 20 billion in 1935–39. During the war, consumption exceeded production, stocks fell, and imports were increased in the effort to meet the demand, although they still remained relatively small.

Before the war about three-fourths of all softwood lumber used in the United States went into construction; the rest went into boxes, crates, and various manufactures ranging from toys to furniture. Military requirements, which took only 15 percent of total consumption in 1941, jumped to 74 percent in 1944.

In 1932 the average price of softwood lumber was about 40 percent less than in 1929, but by 1940 it had almost regained the 1929 level. After 1940 prices rose rapidly, and by March 1946 they had exceeded the highest prewar level of 1920. Lumber advanced more rapidly in price during 1929–45 than other building materials did.

In 1930–39 United States imports averaged 500 million board feet annually, or somewhat less than 3 percent of consumption. Requirements for lumber in national defense increased imports in 1941 and 1942 to more than twice the prewar volume. In 1943–46, imports, though less than in 1941–42, continued above the prewar level. Canada supplies about 95 percent of imports into this country. The next most important sources have been the Soviet Union during the 1930's, and Mexico since the beginning of the war. Much of the imported lumber is used in the industrialized Northeast. Eastern spruce and western white spruce predominate, followed by Douglas fir and white pine.

Under the Tariff Act of 1922 softwood lumber was free of duty. The Tariff Act of 1930 provided for a duty of $1 per 1,000 board feet on sawed lumber and timber of fir, spruce, pine, hemlock, and larch (the principal softwood species), leaving other softwood lumber, principally cedar, on the free list. By the tariff act boards, planks, and deals of the dutiable species, if rough or not further manufactured than planed on one side, were conditionally exempted from the duty under a proviso, but this proviso virtually ceased to be effective after June 1932 and was repealed in 1934. The Revenue Act of 1932 imposed an excise tax of $3 per 1,000 board feet on imported lumber (except flooring of certain hardwood species), which was additional to the duty, if any, and which also applied to the species that were duty-free under the tariff. In the first trade agreement with Canada, effective January 1, 1936, both the duty and tax were reduced one-half. In 1938 Congress removed the tax on northern white pine, Norway pine, and western white spruce. The second trade agreement with Canada, effective January 1939, continued the reduced rates: 50 cents per 1,000 board feet on northern white and Norway pine and on western white spruce; $2 per 1,000 board feet on other pine and spruce, and on fir, hemlock, and larch; and $1.50 on other softwood species (chiefly cedar). These rates were equivalent, respectively, to 2.0, 9.5, and 2.8 percent ad valorem on imports in 1939, and to 1.0, 3.6, and 2.4 percent in 1946. Lower ad valorem equivalents in 1946 are the result chiefly of increased prices. From October 25, 1946, to August 15, 1947, the duty and tax on lumber imports were waived by Presidential proclamation because of the housing emergency.

Formerly the United States had a large export trade in softwood lumber. In 1929 exports were 2.6 billion board feet, or 9 percent of domestic production. During the 1930's exports declined, and in 1939 they were less than 4 percent of production. The loss in export trade was due to reduced foreign buying power, increased Canadian efforts to replace former markets in the United States, and new and increased trade restrictions. During the war exports averaged only about 250 million board feet annually, all available supplies being needed for domestic consumption. In 1946 they increased to 500 million.

From 80 to 90 percent of prewar exports consisted of Douglas fir and southern pine. Japan, China, the United Kingdom, and Argentina took most of the exports; the far eastern markets took from 30 to 40 percent until Japan invaded China. Trade with the United Kingdom and other British Empire countries is chiefly in the higher grades of lumber. Since 1932 this trade has been adversely affected by preferential tariff treatment accorded to Empire lumber. This preference was somewhat reduced under the trade agreement between the United States and the United Kingdom, effective January 1, 1939.

The war created less serious problems of reconversion for the softwood lumber industry than for most manufacturing industries. No new large mills were built during the war, and production was increased only by more intensive use of existing plants. Some additional capital was invested in the construction of new roads and in the purchase of additional trucks and other logging equipment.

Wartime limitations on the use of lumber for civilian construction have left a large backlog of demand for lumber. It is estimated that the demand for dwellings alone will amount to 600,000 or more units annually during the next 10 years. For some time to come, therefore, the problem of the lumber industry will probably be not how to find sufficient demand for its output but how to meet the demand which confronts it. Because of scarcity of construction labor, lumber may continue in strong demand longer than most other commodities, perhaps for a decade or more.

The desire to satisfy the current large demand for lumber must be balanced against the drain on the country's forests. Even the prewar drain from all causes—logging, fire, insects, and disease—was estimated to exceed growth. Increased cutting would accentuate this drain. However, better cutting practices, reforestation, adequate forest protection, and reduction of waste may slow down the rate of depletion and, in time, may even make the forests self-replenishing. Furthermore, substitution of other building materials for lumber may lighten this drain. Lumber has long been considered the most economical of the commonly used construction materials. But the rising price of lumber has greatly changed its competitive status; in the long run the total demand for it may decline as equilibrium is established between costs of wood and other building materials.

At least for some years to come imports are not likely to supply a much larger share of consumption than the 3 percent they supplied in 1939, notwithstanding the reduced ad valorem equivalent of the present duty and tax resulting from wartime advances in prices of lumber. As time goes on, however, imports may offer more competition to domestic production.

Burlap (Report No. 26)

Burlap is the foremost bag and baling material in the world. Its importance in world trade arises both from the volume of fabric shipped as such and from the amount used to bag or bale commodities shipped from one country to another.

No burlap is produced commercially in the United States, but it is the principal manufactured textile imported into this country, exceeding total imports of either manufactures of cotton or manufactures of wool in both value and weight. Imports of burlap come principally from India.

World production of burlap in the last 10 years has ranged between 1.0 billion and 1.5 billion pounds annually; of this amount India, which has an almost complete monopoly of the production of jute fiber, the raw material from which burlap is made, accounted for about 90 percent in prewar years and for more than 95 percent during World War II. The United Kingdom is the next largest producer of burlap, but its production is relatively unimportant.

India supplies almost all of the burlap moving in international trade. For many years the United States has been by far the largest market for burlap.

Total imports of burlap under the Tariff Act of 1930 have ranged between 255 million pounds (1942) and 659 million (1937) and have averaged 458 million pounds annually; over 99 percent of the imports have consisted of nonprocessed cloth and the remainder, of processed.

The duty on burlap has been levied primarily for revenue. Duties of 1 cent per pound on the nonprocessed fabric and 1 cent per pound plus 10 percent ad valorem on the processed fabric, which were imposed by the Tariff Act of 1922, were not changed in the Tariff Act of 1930. Under the act of 1922 the ad valorem equivalent of the duty on nonprocessed burlap was less than 10 percent of the foreign value; under the act of 1930 it ranged from 10 to 20 percent. The duty on burlap, which at present is again equivalent to less than 10 percent ad valorem, has had little effect on the trade. The annual revenue of the Government from the duty on burlap is relatively large; during 1923–41 it ranged from 3.4 million to 6.6 million dollars.

Before the war, especially in the late thirties, overproduction of burlap was a frequent problem in India. The Indian Jute Mills Association attempted, unsuccessfully, to control output. In 1936, when the Association abandoned its attempts, production increased and, in 1937, it was about 35 percent above the level in 1935. Despite expanded world consumption of burlap, stocks in Calcutta became abnormally high, forcing prices down. In 1938 the Indian Government, urged by the jute interests to take restrictive action, passed an ordinance limiting the number of hours of mill operation. Shortly thereafter, however, the situation was reversed by the greatly increased demand for burlap. In the early war years India maintained production at about prewar levels, but serious wartime difficulties, such as shortages of fuel, labor, and shipping, later reduced the output by 15 to 20 percent.

During the war, United States supplies were strictly allocated to military and essential civilian uses. Stocks, usually maintained at 220 million to 350 million yards, enough for a 4 or 5 months' supply, diminished until at the low point in December 1944 they amounted to only 70 million yards, barely a 2 months' supply even at the reduced rate of consumption then enforced. In 1945 some improvement occurred and stocks ranged from 80 million to 140 million. For a period during the war, extending into 1945, United States Government agents purchased burlap in India. During most of this period, the total quantity available in India for export was allocated to world markets by the Combined Raw Materials Board, and, when the Board was discontinued (in January 1946), similar controls were instituted by the Indian Government.

In the United States, maximum selling prices for burlap were in effect from August 1941 to October 1946. India initiated wartime price control in June 1940, fixing both minimum and maximum limits. Price regulations in India were difficult to enforce; at times Calcutta prices plus transportation, insurance, and other charges were substantially above United States ceiling prices. On October 23, 1946, the Indian price-control order was canceled.

United States requirements for burlap in the year ending June 25, 1947, were estimated at 700 million pounds. Because of the short supply, the United States quota was originally fixed at only 550 million pounds, but, as conditions improved, several supplemental allotments brought the total to about 618 million pounds. The new quota for the year ending June 1948 is expected to be 600 million to 625 million pounds.

Prewar imports of burlap into the United States averaged between 400 million and 500 million pounds annually. In the long-term postwar period United States consumption is likely to be higher (assuming that high national income will continue) and may require imports averaging 600 million pounds per year.

Political upheavals have retarded postwar economic readjustments in India, in the burlap industry as in other industries. In addition, production has been reduced by strikes, by continued restriction of land used for producing jute, and by general labor legislation such as restrictions on the number of weekly hours per worker. Some recovery has been made, but the supply of burlap is still far from enough to fill the world requirements.

Nevertheless there is no serious economic bar to expansion of production in India. Assuming that the annual jute crop will be expanded to provide sufficient fiber, there is ample machine capacity in Calcutta, especially with two- or three-shift operations, to manufacture all the burlap the world needs.

Cotton Cloth (Report No. 27)

The manufacture of cotton cloth is one of the largest industries of the United States, ranking among the first five in number of employees but somewhat lower in terms of wages paid and gross value of products. The number of establishments manufacturing cotton cloth in 1939 was 661 and the number of persons employed 325,000; the total number of wage earners in the cotton spinning, weaving, and thread industries was about 410,000. In 1945 and 1946 the number of establishments was probably somewhat less. The total number of employees, however, increased; it was about 450,000 in 1946; and over 500,000 had been employed at the peak in 1942.

The United States is the world's greatest producer and also the greatest consumer of raw cotton. In the quarter of a century before 1940 consumption of raw cotton in this country averaged about 6 million bales annually. During the war it increased, reaching the high point in 1942 of 11.4 million bales; in 1946 it was about 9.8 million.

During 1929–39 annual production of cotton cloth in the United States averaged about 8 billion square yards, valued at 800 million dollars. After the outbreak of the war in Europe it increased, reaching an all-time peak of over 12 billion square yards in 1942. Thereafter it decreased, totaling a little more than 10 billion square yards in 1946.

Most of the cotton cloth consumed in the United States consists of goods woven from coarse and medium yarns. Domestic producers furnish almost the entire supply of these goods. Consumption of goods woven from fine yarns is much smaller, and imports before the war supplied a somewhat larger proportion of these goods than of goods woven from coarse and medium yarns. It is estimated that about one-half, by weight, of the cotton cloth produced in this country is woven from yarns of 20s and coarser, and most of the rest from yarns of 21s to 40s; only about 5 to 7 percent is woven from yarns finer than 40s.

Cotton cloths made from coarse yarns (up to about 14s) include duck, osnaburgs, denims, cottonades, and ticking; cloths made from 14s to 28s yarns include sheetings, drills, jeans, twills, flannels, work-shirt chambrays, covert cloths, and coarse ginghams; cloths made from 28s to 42s include printcloths, cheesecloths, bandage cloths, pajama checks, carded broadcloths, twills, sateens, poplins, ginghams, shirtings, and window-shade cloths; cloths made of yarns finer than 42s include combed lawns, organdies, cambrics, broadcloths, voiles, marquisettes, fine sateens, and shirtings.

Formerly concentrated chiefly in New England, the cotton-goods industry has gradually shifted to the cotton-growing States, principally the Carolinas, Georgia, and Alabama. In 1939 the cotton-growing States processed about 85 percent of the quantity of cotton consumed.

As a rule, weaving mills in the United States manufacture the yarn from which they weave the cloth. Some mills retain control of the cloth through the later processes of finishing and cutting, to the point of actual distribution to retailers. This latter form of integration occurs chiefly in the production of goods such as towels and bed sheets—woven goods that require a minimum of further treatment before sale to consumers. Cotton cloths for industrial uses are commonly manufactured according to given specifications, and are delivered to the industrial user in the gray or unfinished state. Fabrics for apparel are sold in the gray through commission houses or brokers to converters who have them bleached, printed, dyed, or otherwise finished, on order, by independent finishing establishments, for sale to dress manufacturers or other cutters.

On the average, about half the price of cotton cloth sold by the mill represents the price of raw cotton. The remainder represents manufacturing expenses, selling expenses, and profit. Generally the price of cotton cloth fluctuates with changes in the price of raw cotton. In recent years, however, the spread, in cents per pound, between the prices of the two has increased with the rise in wages, taxes, and cotton-mill earnings.

Unlike most industries converted to war production, the cotton-cloth industry has undergone slight alteration in physical plant and equipment since 1939 except for depreciation of machinery. There has been little new investment and little new machinery has been available. The wartime increase in production was obtained by longer operation and by specifications established by the War Production Board with a view to increasing production and concentrating on coarse fabrics. The Office of Price Administration set maximum prices first on cotton gray goods, and later on almost every product of the industry.

Imports furnish a very small part of the cotton cloth, of all kinds combined, used in the United States. At their peak in 1923, when they amounted to nearly 210 million square yards, they were equal to about 2.5 percent of the domestic production. From this peak, imports declined to about 28 million square yards in 1932 and then increased to 147 million in 1937. During the war they fell to about 11 million square yards in 1944; in 1946 they totaled 44 million. Imports of cotton cloth have come mainly from the United Kingdom, Japan, Switzerland, and Belgium. Before 1936 the chief source in almost every year was the United Kingdom; during 1936–41 it was Japan; and in 1943–46, when imports from other sources were small, it was Mexico.

Before 1935, imports from Japan consisted mainly of special coarse-yarn crepe, but beginning in that year, when imports increased substantially, they consisted mostly of bleached fabrics similar to domestic printcloths. At their peak in 1937, imports of Japanese cotton cloth constituted about 2.5 percent of the total United States supply of printcloth but a much larger proportion of the supply of bleached printcloth.

Imports from the United Kingdom customarily include a wide variety of cloths ranging from coarse-yarn cretonnes to fine combed lawns, mostly specialty fabrics. Among the imports from the United Kingdom, shirting fabrics—principally fine and fancy shirting such as broadcloth, poplin, and madras—have been the most important. Other imports include typewriter cambrics, lawns, voiles, ginghams, and upholstery fabrics such as surface-printed cretonnes and glazed chintzes. Imports from Switzerland have consisted mainly of high-priced, fine-yarn cloths, including plain and fancy organdies, fine voiles, typewriter cambrics, dotted swisses, and curtain cloths. From Belgium imports were primarily yarn-dyed bed tickings (plain and jacquard-figured) and nonjacquard upholstery fabrics.

Imports of Mexican cloth, which began coming in during the war, have been mostly for reexport to Central and South America after bleaching, dyeing, or otherwise finishing in the United States. Some Mexican cloth, however, has been used as lining for clothing.

The complexity of the tariff on cotton cloth prevents a direct comparison between the different rates in force over a period of time. Moreover, changes in the composition of the imports may affect the average ad valorem equivalent of the duties on total imports more than changes in the rates of duty on the several classes of goods. The rates under all recent tariff acts have been ad valorem, although on some goods there have also been minimum specific rates. Under the four tariff acts which preceded that of 1913, the average rates of duty on total imports of cotton cloth (except specialties) ranged from 39 to 47 percent ad valorem (based on foreign value). Under the act of 1913 they fell to an average of 22 percent ad valorem; under the act of 1922 they rose to 29 percent; and under the act of 1930 (including the effect of changes in rates under section 336 of the Tariff Act and under trade agreements with Switzerland, Belgium, and the United Kingdom) they were 27 percent. In 1936, after a large increase in imports from Japan, the rates of duty on plain bleached, printed, dyed, or colored cotton cloths of medium yarn numbers were increased about two-fifths. The duties on certain classes of cotton cloth were reduced by about one-fourth in trade agreements with Switzerland (1936) and the United Kingdom (1939). These reductions were applicable mainly to high-priced fine goods and specialties.

United States exports of cotton cloth have greatly exceeded its imports. At their peak, in 1920, exports totaled nearly 820 million square yards. Thereafter they declined, to about 184 million in 1935. By 1939 they had risen to 359 million square yards, and in 1946 they totaled 775 million. Exports of cotton cloth, generally representing from 2 to 5 percent of production, have been shipped chiefly to the Philippine Islands, Cuba, and countries in the Western Hemisphere. Exports may continue to be large for several years because of the world-wide shortage of cotton cloth and cotton-manufacturing machinery resulting from the war.

In 1937 world production of cotton piece goods is estimated to have been about 35 billion square yards, about 7 billion of which entered international trade. Two-thirds of the world exports were supplied by Japan and the United Kingdom; smaller but important quantities were exported by the United States, France, Italy, Belgium, Germany, and the Netherlands. Japan exported more than 60 percent of its output; the United Kingdom, 50 percent; and other principal exporting countries in Europe, from 20 to 40 percent.

World trade in cotton cloth had been declining for a number of years before the war. India and other countries which were once important import markets were developing cotton-manufacturing industries of their own. Moreover, the trade of the older exporting countries had suffered from the expansion of exports from Japan. Japanese exports reached their highest level in 1935 and 1936.

As production of cotton cloth in the United Kingdom and in regions under enemy control declined after 1939, it increased in the United States, India, Brazil, and some other smaller countries. For the first time India, Brazil, and Mexico became net exporters of cotton cloth; many other countries, formerly large importers, which had access to raw materials during the war, expanded their output until they supplied much of their own needs.

Several former exporting countries, particularly the United Kingdom, Japan, Italy, Belgium, and the Netherlands, will probably endeavor to recover and even enlarge their prewar markets, especially since they will need foreign exchange to purchase needed supplies abroad. Because of war damage to the cotton-goods industries in some countries and depreciation of equipment in others, postwar recovery may take several years.

The report includes a section on the tariff problem with respect to cotton cloth, especially as that problem may appear after the present world shortage of cotton goods has been overcome. It sets forth considerations bearing on the appropriate degree of protection for the domestic industry, and discusses the prospective future relation between domestic and foreign costs of production as well as the probable future competitive position of such countries as the United Kingdom, Japan, India, Brazil, and Mexico in the American and foreign markets. The relationship between the tariff rates on different grades of cotton goods is likewise discussed.

TRADE PROBLEMS OF THE LATIN AMERICAN REPUBLICS

The Commission has in preparation four series of reports on the economic and trade conditions and problems of the 20 Latin American Republics. These deal, respectively, with economic controls and commercial policy; mining and manufacturing industries; agricultural, pastoral, and forest industries; and recent developments in foreign trade. They provide basic economic data on the Latin American countries, including the effect of the war on their economies and trade, and a discussion of the economic problems which these countries face. About 45 reports have now been released, and about 5 are in process. A summary of each of the 7 reports released during 1947 is given below:

Economic Controls and Commercial Policy

El Salvador

In the economic life of El Salvador there has been relatively little Government intervention, although in recent years there has been some indication of increasing control over agriculture. The import tariff, employed chiefly to raise revenue, has also been employed to induce other countries to purchase Salvadoran exports and to protect selected industries. The Salvadoran Government is more dependent on customs duties as a source of revenue than most countries of Latin America are; ordinarily it derives about three-fifths of its income from import duties and more than a tenth from export duties. A number of commercial treaties and agreements have been negotiated to facilitate trade with other countries.

In recent years, several steps have been taken to assist and direct agricultural industries; these have usually been adopted after periods of overproduction, during which surpluses had accumulated and prices had become depressed. Most important have been the controls over the coffee industry. El Salvador not only has participated in the Inter-American Coffee Agreement but also has created regulatory agencies to assure compliance with the terms of that agreement, as well as to stabilize domestic prices and, in general, to control the domestic industry. Other agencies have been established to assist and regulate the sugar and cotton industries.

During the war the Government established various controls designed to stabilize the domestic economy and, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. Under the terms of a rubber-procurement agreement with the United States, El Salvador participated in the program to increase the output of essential and strategic materials in the Western Hemisphere. Other measures adopted during the war provided for export and reexport controls to prevent the flow of supplies to the enemy nations and for the blocking of funds of the Axis powers and their nationals. Rationing and price controls were administered as a part of a program to stabilize the Salvadoran economy during the war.

Guatemala

Although economic activities in Guatemala are subject to relatively little Government regulation, a few controls have been established over the domestic economy and over foreign trade. Until the outbreak of World War II the regulations affecting foreign commerce were the most important. Recently, however, controls over the internal economy have assumed greater, though probably transitory, importance. Import duties and related charges are the principal source of revenue; nevertheless, tariff protection is accorded a number of domestic industries. Export duties, imposed almost entirely for revenue, and Government monopolies, especially of the tobacco and liquor industries, also yield substantial shares of Government revenue. Various regulations have been established to control production and maintain prices in the salt and sugar industries.

During the war the Government adopted various controls designed either to stabilize the domestic economy or, in cooperation with other countries of the Western Hemisphere, to assist in the defeat of the aggressor nations. In 1940 Guatemala became a signatory to the Inter-American Coffee Agreement, which established export quotas for the principal coffee-producing countries of Latin America. Measures adopted to mobilize the economic resources of the country for the defense of the hemisphere provided for increased output of essential materials, export and reexport controls to prevent the flow of supplies to enemy nations, and financial controls to block funds of the Axis nations and their nationals. Rationing and price control have been administered with some measure of success.

Honduras

Government intervention in the economic life of the country has been less extensive in Honduras than in many other Latin American Republics. Import duties and related charges are the principal source of Government revenue. Export duties, though imposed solely for revenue, account for a negligible part of Government income. Tariff protection is frequently accorded domestic industries; exoneration contracts, which permit the duty-free importation of equipment and supplies, also are granted freely to encourage the development of new enterprises. Foreign-exchange transactions have been subject to regulation since 1934. Except for the period 1938–41, however, supplies of foreign exchange have generally been ample for most requirements; hence rigid controls have not been required. Few commercial treaties are in force between Honduras and foreign countries.

During the war the Government instituted various controls designed to stabilize the domestic economy and to assist in the defeat of the aggressor nations. In cooperation with other Latin American countries, measures were adopted providing not only for an increased output of strategic and essential commodities, but also for export and reexport controls to prevent the flow of supplies to enemy countries and for blocking the funds of the Axis nations and their nationals. Price control and rationing of various commodities were a part of the program to stabilize the national economy.

Nicaragua

Government intervention in the economic life of the nation is less extensive in Nicaragua than in most countries of Latin America. Because of Nicaragua's relatively small population and the character of its economy, however, the controls employed are of considerable importance in affecting the commercial activity of the country. Import duties, as well as export taxes, have been used principally for fiscal purposes; tariff protection, however, is accorded a few producers. Ordinarily, the Government derives more than half its income from levies on imports; revenues from export duties are relatively unimportant.

Exchange control, inaugurated officially in 1931, has been modified frequently. The most recent change was in 1945, when the new Law Regulating Commerce provided for a Regulatory Commission with comprehensive powers not only to supervise exchange transactions but also to control exports, imports, and domestic prices.

During the war the Government instituted various controls designed to stabilize the domestic economy and, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. Measures adopted to mobilize the country's economic resources for the defense of the hemisphere provided for an increased output of essential materials, export and reexport controls to prevent the flow of supplies to enemy nations, and blocking of funds of the Axis nations and their nationals. Rationing and price control have been administered with some measure of success.

Mining and Manufacturing Industries in Cuba

Although Cuban manufacturing industries have developed considerably in the last two decades, Cuba, like many other countries of Latin America, is in an early stage of industrialization. The country's manufacturing establishments produce a wide variety of articles, but virtually all of them, except derivatives of sugarcane and tobacco products, are light consumers' goods for domestic consumption. Much of the output of such goods is produced on a handicraft basis, or in small shops which employ only a few persons and manufacture for a limited local market. The country has no heavy industries.

In 1939, according to official statistics, there were 1,900 principal manufacturing establishments (exclusive of industries, such as the manufacture of sugar and cigars, closely related to agriculture), with a capital investment of about 64 million dollars. These establishments, which employed about 32,000 persons, used raw materials valued at about 22 million dollars, more than two-thirds of which were imported. The most important manufacturing industries are those processing sugarcane and manufacturing tobacco products. Other commodities produced with domestic raw materials include rum, industrial alcohol, cordage, jerked beef, dairy products, canned fruits, furniture, cement, brick, and tile. A much wider variety of articles is manufactured chiefly from imported materials; among these are cotton piece goods, clothing, hosiery, blankets, towels, shoes, hats, soap, toilet preparations, beer, mineral waters, paint, matches, paper, cardboard, ink, tin containers, glassware, and aluminum ware.

Mining industries are relatively unimportant in the Cuban economy. Although various minerals are found, many deposits contain grades of ore which cannot be exploited commercially except during periods of high prices. The most important deposits are those of manganese, chromite, iron, copper, and nickel. Among the nonmetallic minerals, asphalt, limestone, and salt are produced in substantial quantities.

The future of Cuban manufacturing industries appears to lie principally in production of a wider variety and greater quantity of light consumers' goods for the domestic market. The principal enterprises probably will continue to be those processing sugar and tobacco, both for export and for domestic consumption. Other manufacturing cannot expand very much so long as the purchasing power of the people is as low as it is at present. Expansion of industrial activity depends primarily on an ever-widening market. As the economy of Cuba is predominately agricultural, one of the principal means of broadening the domestic market is by increasing the productivity of the agricultural industries. Improvement of transportation facilities and measures for training skilled factory workers would also benefit the manufacturing industries; both of these, however, are long-range developments, and the former would require large amounts of capital.

Various Cuban enterprises, of course, will face individual problems distinct from those of other manufacturing industries. The future of the sugar industry, for example, will depend largely on the commercial policies of the major consuming countries of the world, for sugar is produced in Cuba primarily for foreign markets. During the war the sugar industry was highly prosperous. This prosperity may continue for at least 2 or 3 years. When other areas return to their normal production of sugar, Cuba can scarcely hope to supply as large a share of the world consumption as it has during the war. The major problem in the manufacture of tobacco products is the recapture of European markets for cigars; it may be some time before Europeans can afford to equal their former purchases.

Any substantial expansion of Cuba's mining industries will depend, in part, on scientific exploration of the country's mineral resources, increased world demand for minerals which can be produced in Cubá, technological improvements which will permit commercial utilization of low-grade ores, and improvement of transportation facilities in mining areas.

Agricultural, Pastoral, and Forest Industries

Argentina

Because of its topography and climate, Argentina has a more diversified agricultural economy than most other Latin American countries and therefore is less dependent on the export of a single commodity or a very few commodities. Moreover, since it lies principally in the Temperate Zone, its range of agricultural production is different from that of most other Latin American Republics. Of all the Latin American countries, Argentina has an agricultural economy most closely resembling that of the United States. The most important crops are wheat, flaxseed, corn, oats, barley, and rye.

Its many advantages in climate and natural pasturage gave Argentina an early lead in Latin American exports of meat. Until the third quarter of the nineteenth century, the livestock industry consisted of hunting herds of wild cattle and preparing tallow and hides, and until that time the economy was predominantly pastoral. During 1872–80 nearly 95 percent of Argentine exports were products of pastoral industries, but by 1890 rising exports of cereals had reduced this proportion to 60 percent. In 1938 this share was only 46 percent. This relative decline in exports, however, did not prevent their absolute value from increasing greatly, especially as the result of large exports of beef. World War II brought about an increase also in the share of pastoral products in total exports.

Argentina is one of the world's foremost exporters of wheat, corn, flaxseed, and meat. With favorable conditions of climate and soil, the country has been able to produce far more of these commodities than it needs to supply its own requirements. Argentina's advantage in exporting agricultural products lies primarily in its system of extensive agriculture. Among the countries of Latin America, however, Argentina is one of the few dependent on exports of commodities competitive with those produced in the United States, in countries of continental Europe, and in the British Dominions.

The effect of the war on the country's pastoral industries was quite different from that on agricultural industries. Pastoral industries benefited. Although the United Kingdom was the only remaining European market for Argentine meat during the war, increased purchases by that country, as well as those by the United States and the Union of South Africa, brought exports of meat in 1942 to a level more than double the average in the period 1934–38. Moreover, the demand for Argentine wool increased substantially after Japan entered the war, not only because of increased requirements by the United States and the United Kingdom, but also because of the increased difficulty of transporting wool from Australia and New Zealand. After 1942, chiefly because of the shortage of shipping, the quantity of wool exported declined; the value, however, was higher than in previous years.

Prewar markets in continental Europe for Argentine hides and skins were replaced during the war by increased exports to the United States and the United Kingdom. The quantities exported during the war years were not, on the whole, larger than in the immediate prewar period, but values increased regularly between 1939 and 1943.

In exporting grain, flaxseed, and other agricultural commodities, however, Argentina found itself during the war in a quite different situation, which emphasized the disabilities inherent in an economic structure that depends on a limited number of exports and a restricted range of markets. Wartime loss of continental European markets for these commodities seriously affected the country's economy. Low prices, lack of shipping, and high freight rates prevented shipment of grains and flaxseed to such overseas markets as remained open, resulting in large unsalable surpluses. Increased shipments of grain to other Latin American countries offset only part of the loss, and the Government continued to subsidize the principal crops. In 1942 cereals and flaxseed accounted for only 13 percent of total exports, compared with 42 percent in 1938. In terms of value, exports of these products in 1942 were less than two-fifths as great as in 1938.

Virtually all the land now suitable for agriculture in Argentina is already in use, and the country is probably as fully developed as it can be within the framework of the present agricultural system. If the existing system of land utilization were changed, agricultural production no doubt could be increased considerably, and the country could support a larger rural population. However, this change would involve many other social and economic changes, which, considering present political and social conditions, are not likely to take place in the immediate future.

Much of the best land in Argentina is utilized for cattle raising. This land, of course, could be farmed intensively, but not without fundamental changes in the country's political, social, and economic pattern. Moreover, many agricultural products exported by Argentina are those of which there have often been excessive supplies in world markets. Areas not now productive could be made so by clearing, constructing irrigation projects, draining swamps, and providing adequate transportation facilities; these developments, however, would be costly. In the near future, therefore, no substantial increase in the area cultivated is probable, nor is any considerable further shift of land from pastoral use to crop agriculture expected. The shifts which do take place are more likely to be from one crop to another. Because of the climate in the southern Territories of Río Negro, Santa Cruz, Chubut, and Tierra del Fuego, it is probable that this area will long be devoted principally to sheep raising.

Wartime loss of markets has led many Argentineans to believe that the future prosperity of their country must rest on a broader base for its exports, and that the present marked dependence on exports of cereals and meat is not a sound basis for future development. Any effort to diversify exports, however, will probably meet vigorous opposition from large landholders, whose interests lie in the continued exportation of those agricultural and pastoral commodities which can be produced by extensive methods.

Cuba

Cuba is predominantly an agricultural country. About three-fifths of the gainfully employed persons are engaged in agriculture, and more than nine-tenths of its exports, in terms of value, consist of agricultural products. Cuba has an abundance of productive land, a year-round growing season, and an ample supply of labor.

Sugar is by far the most important Cuban agricultural commodity. More than half the country's cultivated area is devoted to the growing of sugarcane, and about two-fifths of all the employed labor is in the sugar industry. Derivatives of sugarcane, including both raw and refined sugar, molasses, sirups, and rum and other alcoholic commodities, usually account for four-fifths of the total value of exports. This one-crop system makes the Cuban economy acutely sensitive to variations in the purchasing power of other countries and to the sugar policies of the principal trading nations. During the last 20 years, however, there has been a definite endeavor to reduce the island's dependence on sugar; diversification of agriculture has been encouraged and materially assisted by the Government. Besides sugarcane, the principal Cuban crops are tobacco, bananas, pineapples, other tropical fruits, winter vegetables, coffee, henequen, corn, beans, peas, potatoes, yams, yuca, malanga, and rice.

Cuba's mild climate permits pasturing throughout the year and thus enables producers to raise livestock with almost no expenditure for feed. Much land, especially in the eastern Provinces, is adaptable to the raising of livestock. Originally, most of the land in Cuba was forested; but continuous exploitation and removal of forest cover for agricultural development, have left insufficient timber resources to meet domestic requirements. The remaining forests (about 10 to 15 percent of the country's area) are principally on mountain ridges, in swampy areas, and in the less accessible regions not suitable for agriculture or grazing.

The principal economic effect which the war had on Cuba was to increase the demand for sugar. Inasmuch as for many years the country had not fully utilized its capacity for producing sugar, it could easily increase its output. The war also resulted in the loss of Cuban markets for unmanufactured tobacco in Germany and the virtual loss of the market for cigars in the United Kingdom; this was more than offset after 1940, however, by greatly increased purchases of tobacco and its products by the United States at higher prices. Larger quantities of corn, beans, rice, peanuts, dairy products, and certain other agricultural and pastoral commodities were produced during the war, chiefly for domestic consumption.

Although the war stimulated Cuban agriculture it did not change the basic pattern of the country's agricultural industries. The tendencies which these industries will exhibit and the problems they will face in the future will be largely those already existing before the war. The principal problems which Cuba faces in this respect—problems which are inherent in the present relationship of the Cuban to the world economy—include the effect of world competition and the commercial policies of the larger nations on the country's principal agricultural product—sugar; the consequent necessity for further diversification of agriculture in order to reduce the country's dependence on sugar; and the increase in production of foodstuffs for domestic consumption.

Other problems include the need for improvement of land-utilization practices; reduction in costs of production; and improvement of transportation, storage, and credit facilities.

The Government is endeavoring to improve the quality of the country's livestock. Production of beef could be expanded through improvement in breeds, control of ticks, and perhaps supplemental feeding of grain and concentrates. Increased production of dairy products will depend not only on increased purchasing power of the people but also on improved marketing facilities and on consumer education. The problem of forest depletion is recognized in Cuba. Much land unsuitable for agriculture could be reforested. Although Cuba is unlikely ever to regain its former position as a producer of valuable hardwoods, it might produce other woods to supply the domestic demand for fuel, construction, and other purposes.

SYNTHETIC ORGANIC CHEMICALS, UNITED STATES PRODUCTION AND SALES

Final Report (1945)

The final report on United States production and sales of synthetic organic chemicals in 1945 (Report No. 157, Second Series) includes statistics on chemical crudes from coal tar and petroleum, intermediates, dyes, color lakes and toners, medicinals, flavor and perfume materials, rubber-processing chemicals, surface-active agents, plasticizers, plastics materials, and miscellaneous synthetic organic chemicals. The report was compiled from data supplied by about 575 companies on more than 6,000 items.

In 1945 the value of sales of synthetic organic chemicals and their raw materials amounted to 2.2 billion dollars, compared with 2.4 billion in 1944. Total quantities produced (37 billion pounds) and sold (25 billion pounds) were about the same as in 1944. Quantities produced but not reported as sold (12 billion pounds) were consumed principally at the producing plants in further manufacture.

The 1945 output of all tars (oil-gas tar, water-gas tar, and coal tar) was 899 million gallons, or 7 percent less than the output in 1944 of 971 million gallons. Production of certain tar crudes likewise decreased: the output of benzene was 12 percent less than in the preceding year, and that of toluene and creosote oil, each 2 percent less. Production of naphthalene continued at about the 1944 level of nearly 290 million pounds.

Production of crude products from petroleum and natural gas for chemical conversion totaled 3.3 billion pounds; sales were 2.8 billion pounds, valued at 214 million dollars. These figures appreciably exceeded those reported in 1944, when the output was 2.8 billion pounds and sales were 2.5 billion pounds, valued at 194 million dollars.

The output of coal-tar intermediates in 1945 totaled 2.3 billion pounds, an increase of 9 percent over 1944. Reported sales of 1.3 billion pounds, valued at 143 million dollars, represented 54 percent of the total quantity produced, a much smaller proportion than in 1944.

In 1945 the output of finished chemical products, including acyclic intermediates, was 12.4 billion pounds, a decrease of 3.2 percent from the preceding year. Sales totaled 8.1 billion pounds, valued at 1.7

billion dollars, a decrease from 1944 of 4 percent in quantity and 6 percent in value. Among the finished products the greatest percentage gains in output in 1945 over 1944 were reported for the following groups: Surface-active agents, 21 percent; color lakes and toners, 21 percent; medicinals, 14 percent; and flavor and perfume materials, 11 percent. Decreases, on the other hand, were reported for dyes (4 percent) and miscellaneous chemicals (6 percent).

In addition to furnishing data on the progress of the synthetic organic chemical industry in 1945, the report includes statistics on imports in 1945 of coal-tar intermediates and finished products under paragraphs 27 and 28 of the Tariff Act of 1930. It also makes available data on the total expenditures of producing companies in 1945 for research on synthetic organic chemicals.

Preliminary Report (1946)

The preliminary report on the United States production and sales of synthetic organic chemicals during 1946 gives preliminary statistics on crude organic chemicals derived from coal, natural gas, and petroleum; on intermediates; and on finished organic chemical products. Finished chemicals and chemical products are classified, according to principal use, into dyes, lakes and toners, medicinals, flavor and perfume materials, plastics materials, and miscellaneous chemicals. Data on more than 6,000 different chemicals and chemical products, supplied by approximately 560 producers, were collected and compiled for this survey. No statistics are published which would reveal the operations of individual companies.

Production of oil-gas tar, water-gas tar, and coal tar in 1946 amounted to 837 million gallons, a decline of 62 million gallons from 1945. The decline in the output of coal tar was due chiefly to strikes in the coal and steel industries. Production of coal tar was 103 million gallons less than in 1945, but the output of water-gas and oil-gas tar was about 41 million gallons more.

Output of each of the principal tar crudes—benzene, toluene, naphthalene, and creosote oil—was less in 1946 than in 1945. Production of benzene totaled 135 million gallons, or 13 percent less than in 1945. Production of motor benzene was 32 million gallons, or slightly less than the previous year. Production of toluene, which during the war had been used chiefly in military explosives, declined abruptly from nearly 200 million gallons in both 1944 and 1945 to only 33 million. Naphthalene, of which 242 million pounds was produced in 1946, continued critically short in supply because of a decline in the output of tar, from which it is derived. Production of creosote oil, used for preserving wood, amounted to 136 million gallons, or 22 million gallons less than in 1945.

Production of crude products from petroleum and natural gas for chemical conversion increased from 3.3 billion pounds in 1945 to 3.5 billion pounds, an increase due chiefly to a larger production of butadiene, propane, and propylene. Butadiene is used in the manufacture of synthetic rubber, and propane and propylene for making isopropyl alcohol and other organic chemicals. Production of aromatics and naphthenes from petroleum decreased from 846 million to 600 million pounds, largely because of the smaller output of toluene and xylene for military purposes.

In 1946 production of cyclic intermediates totaled 2.5 billion pounds, or about 10 percent more than in 1945. Sales of cyclic intermediates amounted to 1.4 billion pounds, valued at 160 million dollars, and most of the remainder, slightly less than half of the output, was consumed in the producing plants in further manufacture of more advanced organic chemical products.

Production of all finished synthetic organic chemicals and products thereof totaled 11.8 billion pounds in 1946, or about 5 percent less than the 12.5 billion pounds reported in 1945. Production of finished cyclic products declined 93 million pounds, or 3.5 percent; and that of finished acyclic products 479 million pounds, or 4.9 percent. Of all the groups of finished products, organic pigments (lakes and toners), of which 32 million pounds was produced, had the largest percentage gain—40 percent. The demand for printing inks, paints and varnishes, wallpaper, and plastics, which use these pigments in their manufacture, accounted for this large increase. Despite temporary shortages of coal derivatives, the total output of all types of dyes reached a record high point in 1946—186 million pounds, or 41 million above the total reported in 1945. Of the colors produced in large quantities, sulfur black increased 72 percent in output over 1945, synthetic indigo 67 percent, and Direct black EW 28 percent. Production of many other less important colors was two or three times as great as in 1945.

In the remaining groups, increased production was reported for plastics material which continued its upward trend in 1946 (994 million pounds) and for surface-active agents (239 million pounds or 30 percent).

Decreased production in 1946 was reported for a number of groups. The largest percentage decrease was in plasticizers—33 percent below 1945 and 39 percent below 1944, the year of peak production. Synthetic elastomers fell 10 percent below the 1945 level of 1.9 billion pounds. Decreases were reported also for medicinals (8 percent), miscellaneous chemicals (7 percent), flavor and perfume materials (6 percent), and rubber-processing chemicals (5 percent).

SPECIFIED SYNTHETIC ORGANIC CHEMICALS, PRODUCTION BY MONTHS, 1947

During 1947 the Tariff Commission continued to collect and compile data on the monthly production of certain synthetic organic chemicals. Production of these chemicals, selected after consultation with representatives of the chemical industry and several Government agencies, serves as a monthly index of activity in the various branches of the synthetic organic chemical industry. The reports, which are released as Facts for Industry Series 6–2, show the production of each item in the current month and in each previous month in the year. No data that would disclose operations of individual producers are released.

These monthly reports continue on a limited scale the work undertaken during the war. Then, at the request of the War Production Board, data were collected and compiled on monthly production, consumption, and stocks of about 300 synthetic organic chemicals. Now data on production only are given, and the number of items has been reduced to approximately 45.

IMPORTS OF COAL-TAR PRODUCTS, 1946

An analysis of imports for consumption under paragraphs 27 and 28 of the Tariff Act of 1930 is released annually. It covers imports through all ports and is based on data obtained from invoices by the Commission's New York office.

Imports of coal-tar intermediates entered under paragraph 27 were, in terms of value, twice as large in 1946 as in 1945 but were small compared with prewar imports. They totaled 3.1 million pounds, valued at more than $400,000, and consisted of 41 items (14 competitive and 27 noncompetitive). Corresponding imports in 1945 totaled about 700,000 pounds, valued at $200,000. During 1937–39 annual imports averaged 2.7 million pounds, valued at 2.4 million dollars. The most important intermediates imported in 1946 were monomeric styrene from Canada; cresols and cresylic acid from Canada, Australia, and the United Kingdom; and naphthalene from Belgium and the Netherlands.

Imports of finished coal-tar products entered under paragraph 28 in 1946 were very much less, in terms of value, than in 1945 (when imports of military explosives accounted for about two-thirds of the total), and about half as great as in the prewar period 1937–39. These imports consisted of 443 items, of which 67 were competitive and 376 noncompetitive. They amounted to 2.0 million pounds, valued at about 2.6 million dollars, compared with 27.6 million pounds, valued at 4.9 million dollars in 1945, and an annual average of 4.2 million pounds, valued at 5.6 million dollars, in 1937–39.

Dyes constituted by far the most important group of the finished coal-tar products imported in 1946, accounting for 2.4 million dollars, or 89 percent of the total value of all imports under paragraph 28. They originated almost entirely in Switzerland. Among the remaining groups of finished products, flavor and perfume materials ranked next to dyes in 1946 but accounted for only 6 percent of the total value of imports under paragraph 28. Medicinals and pharmaceuticals ranked third. Other finished coal-tar products dropped from 3.2 million dollars in 1945 to only $91,374 in 1946.

MISCELLANEOUS REPORTS

Analysis of Provisions of Proposed Charter for an International Trade Organization

At the request of the Chairman of the House Ways and Means Committee, the Tariff Commission analyzed the draft charter[1] for the International Trade Organization. This analysis covered all provisions of the charter in the then existing draft. Another analysis, bearing on certain provisions particularly pertinent to United States agricultural programs, was later prepared at the request of the House Committee on Agriculture.

[1] This draft was the one prepared at London in October and November 1946 by the Preparatory Committee of the International Conference on Trade and Employment. Revisions were made subsequently by a drafting committee in New York and, later, by the Preparatory Committee at Geneva, Switzerland, which issued a new draft in September 1947, which will be acted upon at the international diplomatic conference to be held in Havana in November 1947. These reports of the Commission on the charter, of course, did not take account of the changes in the draft after the London meeting.

The first of these reports dealt, among other matters, with the changes which would be required in United States laws or foreign-trade policies if the United States ratified the charter. The second dealt only with the effect that the provisions might have on United States agricultural programs, but, it should be added, did not undertake to discuss the possible effects of the charter upon the nation's agricultural economy in general.

In general, adherence to the charter (in its then existing form) would require relatively little change in the laws or policies of the United States Government. Perhaps the most significant change would be in Government agricultural programs, some of which, in order to comply with charter provisions, would require revision or cancellation. Analysis of the draft charter showed, however, that a considerable latitude was provided by exceptions to certain of the provisions, by postponing for substantial periods the time at which certain provisions will become effective, and by escape clauses in certain provisions.

The charter aims primarily at extending the practice of nondiscrimination in international trade; at lessening or removing restrictions on that trade; at securing international consultation and collaboration regarding problems in connection with trade; and, in general, at encouraging the expansion of production, trade, and consumption throughout the world.

Historically the United States has been a champion of most-favored-nation treatment, i. e., of nondiscrimination in tariffs and other trade controls. The charter (article 14) requires members to extend to each other most-favored-nation treatment in import duties, export duties, and internal taxes. Other articles variously stipulate nondiscriminatory treatment among the members of the ITO in the operation of other restrictions which may be imposed on trade. Excepted from any absolute commitment, however, are existing import-tariff preferences within the British, French, and other empires, and those between the United States and Cuba and between the United States and the Philippines; but these excepted preferences must be the subject of negotiation among the interested countries with a view to their elimination.

Analysis of the general provisions

Any member when requested by another (article 24) is obligated to negotiate with a view to reducing tariffs on imports and exports and reducing or eliminating those preferences in import tariffs that are exempt from the prohibition of article 14. The United States thus would be required in effect to continue a tariff-bargaining program as long as it remained a member. This bargaining could be done under either the present trade agreements legislation or other legislation providing adequately for the bona fide consideration of tariff reductions.

As to negotiated reductions in import duties, the charter provides (article 34) for the protection of domestic industries of any member country against serious injury by an escape clause similar to that in Executive Order 9832. Article 35 provides for the withdrawal of concessions granted by members to a member who has taken action which, though in accord with the strict letter of a trade agreement or of the charter, in effect nullifies concessions it has granted and thereby conflicts with the spirit of the charter.

Among the devices often used to protect domestic industries are internal taxes which in effect rest only on imported goods or which apply on imported goods rates higher than those on like or similar domestic products. Article 15 provides that internal taxes shall not be higher on imported products than on domestic products of like character, and that all possible measures be taken to prevent the imposition of new or higher internal taxes on imported products to protect the domestic production of unlike but competitive commodities. Thus, although the United States need not remove the present taxes on the processing of certain oils that are the product almost exclusively of imported material, it may not increase them or impose new taxes under similar conditions unless the competing domestic products are similarly taxed.

The charter (article 25) pledges its members to eliminate quota restrictions on imports and exports in trade with member countries, subject to exceptions stated in articles 25, 26, and 27. Certain temporary exceptions are provided for scarcities or surpluses arising out of the war. Permanent exceptions permit the use of (1) import quotas on agricultural or fishery products in conjunction with domestic programs operating to restrict production or marketing of such products, (2) import or export quotas imposed in connection with international commodity agreements, and (3) export or import prohibitions or restrictions on private trade for the purpose of establishing or maintaining a government trading monopoly. Quotas on imports may also be employed by a member as long as the ITO finds them to be justified by balance-of-payments conditions. Import quotas may also be employed to effectuate the purpose of article 34 (the "escape clause"), namely, the protection of domestic producers from a harmful increase in imports of a product on which a concession has been granted.

The exceptions to the prohibition of quota restrictions which are of greatest interest to the United States are those in reference to agricultural programs, international commodity agreements, and operation of the escape clause. The United States uses quotas on imports of some products in connection with its agricultural programs. As a member of the ITO it would also participate in any international commodity agreements in which it would have an interest in import or export quotas or both.

With certain exceptions nondiscrimination among members in the application of permitted quotas is also required by the charter. So far as United States practice is concerned, it meets the requirements of the charter as to the nondiscriminatory use of quotas except for quotas on certain Philippine products, quotas which would need to be abolished if the Philippine Republic became a member of the ITO. The exceptions to the principle of nondiscrimination which are permitted to countries under certain balance-of-payments conditions would presumably not affect our own actions, but might materially affect our export trade.

Article 30 prohibits export subsidies and subsidies of any kind which result in lower prices for products exported than for similar products domestically consumed. This prohibition becomes effective 3 years after the charter comes into force. Thus, in the present United States agricultural program, subsidization of exports could be continued to the effective date of the prohibition. Furthermore, export subsidies may be granted on primary products after the 3-year period when burdensome world surpluses exist or threaten to exist and when it is determined that the international commodity-agreement procedure (as provided by chapter VII of the charter) is ineffective to remedy such surpluses. In no case, however, may a member use export subsidies to obtain a larger share of world trade than it had in a previous representative period. Production subsidies are permitted if they do not result in lower prices for products exported than for similar products domestically consumed. However, even when a subsidy results in no such price difference, if it operates to increase exports or decrease imports of the product, the subsidizing member is obligated, if requested, to discuss with the ITO the possibility of limiting the subsidy.

The charter also takes account of the several collateral or indirect devices for restricting or controlling imports, devices such as the use of arbitrary rather than actual values as a basis for assessing import duties, the use of customs administrative regulations and subsidiary charges and fees in a manner which unduly burdens import trade, and unreasonable requirements as to the marking of imported goods. United States practice in such matters generally conforms with the desired objectives as enunciated by the charter, and the necessary changes would be relatively limited compared with those in some other countries. Perhaps the most important change which would have to be made by the United States would be in its laws providing for assessing of duties on dyes and various other articles on the American selling price of the domestic counterpart of the imported article, a practice prohibited by the draft charter.

Effect of the provisions on the agricultural programs of the United States

The relation of the charter to United States agricultural programs lies primarily in its provisions for continuing tariff bargaining, for limiting the use of import quotas, and for restricting the use of subsidies.

The provision for continuing tariff bargaining is of less specific significance than the others in that it is only potentially limiting, merely requiring negotiations as to reducing tariffs or other restrictions on imports of agricultural commodities which may be now or in the future the subject of United States agricultural programs, and not obligating the country actually to take such action. The existence of the escape clause, providing remedy for a harmful increase in imports of a product on which a duty reduction has been negotiated, tends to counterbalance the potential limitation on agricultural programs implied by the obligation to continue tariff bargaining.

The general commitment in the charter against the use of import and export quotas and prohibitions among members poses a significant limitation on those of our agricultural programs which involve such measures. However, certain exceptions under which quotas are permitted are such as to allow, with some modification in policy, substantially the same wide scope which has previously characterized United States agricultural programs. The first of these exceptions permits the use of quotas until July 1, 1949, if the quotas are essential to the orderly liquidation of temporary surpluses owned or controlled by the government. The second exception permits quotas in conjunction with intergovernmental commodity agreements under the ITO. The third exception permits import quotas on agricultural products "in any form" if they are necessary to government measures operating to restrict the quantities of like domestic products permitted to be marketed or produced, or to remove a temporary surplus of like domestic products by making the surplus available to certain groups free of charge or at prices below the current market level. This third exception is probably of greater importance than the others, but in order to continue or extend the use of import quotas on agricultural products, the United States would need to establish or reestablish production or marketing controls where they do not now exist.

The prohibition of export subsidies is effective only 3 years after the charter comes into force, which would permit, for the period indicated, the use of export subsidies in conjunction with price-support measures such as provided by the Steagall amendment. However, such subsidies, even during this period, could not be used by the United States to acquire a larger share of the world market than it had in a previous representative period. The possibility of permitting export subsidies beyond the 3-year period is envisaged in the charter when the ITO finds that a burdensome world surplus (as distinguished from a purely domestic surplus) of a primary commodity exists. The only potential limitation on the use of production subsidies, which are permitted by the charter, would apply if they operated to reduce imports or increase exports. Should a production subsidy operate so as to result in lower prices for products exported than for similar products domestically consumed, it would be defined as an export subsidy.

The Commission's report, in addition to analyzing the effect of the charter on United States agricultural programs generally, reviewed its provisions as they related to four important commodities—sugar, cotton, tobacco, and wheat. Except during times of shortage (such as the present one) resulting from the war and its aftermath, domestic and imported sugar have both been subject to quotas. These have, however, been of such a character as is permitted by the charter, subject only to the limitation that the import quotas may not hereafter be so altered as to give domestic producers a larger share of the domestic market than they previously had. Import quotas now in effect on certain types of cotton would be prohibited by the charter unless production or marketing restrictions relative to domestic cotton were established. Export subsidies could probably be continued on cotton through the 3-year period, and also thereafter if cotton were found to be in burdensome world supply. As for tobacco, it does not appear that the charter would significantly affect present policy except that the embargo on exports of tobacco seed would have to be removed. Charter provisions would affect United States policy on wheat in two important aspects: (1) The export subsidy now in effect would have to be withdrawn unless wheat were in burdensome world surplus and (2) import quotas could not be maintained unless the United States had in effect domestic production or marketing controls.

Estimated Costs of Production of Wool and of Sheep and Lambs

A study of estimated costs of production of wool and of sheep and lambs in 1945 and 1946 was made in cooperation with the Farm Credit Administration and its field offices (Production Credit Associations), and a number of private credit (lending) agencies in the Western States. This report, "Estimated Costs of Production of Wool and of Sheep and Lambs in 1945 and 1946, Compared With Data for 1940–44," was prepared in response to a request from the former Special Senate Wool Committee. The report showed that costs per head had continued to increase since the close of hostilities, whereas income per head was only slightly higher than in 1942. Whereas in 1942 income from both wool and sheep and lambs exceeded costs (including interest) by $1.14 per head, in 1946 costs were estimated to exceed income by $1.18 per head. In 1942 income from wool alone exceeded costs (including interest) by 4.6 cents per grease pound; in 1946 costs were estimated to exceed income by 9.5 cents per pound. Most of the increase in costs occurred after 1942, but most of the increase in income occurred before 1942.

Short Harsh Cotton

On December 31, 1946, the Tariff Commission reported to the President the results of its supplemental investigation of short harsh cotton under section 22 of the Agricultural Adjustment Act of 1933, as amended (Report No. 156, Second Series). "Harsh or rough cotton having a staple of less than three-fourths of one inch in length and chiefly used in the manufacture of blankets and blanketing" had been specifically excepted from the original cotton quotas established by the President's proclamation of September 5, 1939.

Short harsh cotton imported into the United States has come from India, China, and the Netherlands Indies although none has come from China since 1939 and none from the Netherlands Indies since 1942. Virtually all of the cotton imported from those countries has been of the short harsh type. Total imports of short-staple cotton from the three countries averaged 41 million pounds a year during the crop years 1928–29 to 1945–46. Compared with this average, imports from India of about 110 million pounds in 1945–46, the largest annual imports of Asiatic cotton on record, represented a marked increase.

The large imports in 1945–46 were due to exceptional circumstances. Short harsh cotton, unwanted by the Indian textile industry, accumulated in India during the war. In 1945–46, United States manufacturers of mattresses, upholstery, and other articles requiring stuffing materials continued, despite cessation of hostilities, to have great difficulty in obtaining adequate supplies of cotton linters and cotton waste as well as of inner springs. When shipping space became more readily available, therefore, these manufacturers drew upon the plentiful stocks of low-grade harsh cotton in India. The rush to obtain Indian cotton raised imports to an unprecedented level. Consumption, however, was materially less than imports. At the beginning of 1946–47, therefore, unusually large stocks of short harsh cotton were on hand in the United States.

Imported short harsh cotton enters into certain specialized uses to which domestic cotton is unsuited, but it also enters into other uses in which very short-staple or low-grade domestic cotton might be employed; consumption in these uses was particularly marked in 1945–46. Large stocks of short-staple low-grade domestic cotton were carried over into the crop year 1946–47. Government programs to reduce these stocks by promoting new uses and stimulating exports entailed material expense. Therefore, in the presence of increased stocks of short harsh Asiatic cotton, substantial imports of such cotton in 1946–47 might have seriously interfered with Government programs for domestic cotton.

Since the Commission's report in 1939, however, requirements for short harsh cotton for special uses in the United States had grown. The principal essential uses of the Asiatic cotton were in the manufacture of blankets, milk filters, industrial filters, and shoulder pads.

To allow for expansion of the industries to which short harsh cotton is necessary for technical reasons, yet to prevent imports from interfering with Government cotton programs, the Tariff Commission recommended and the President proclaimed a global quota of 70 million pounds a year on harsh or rough cotton having a staple of less than three-fourths of 1 inch in length. The quota was made to cover all short harsh cotton imported in the year beginning September 20, 1946. In the first year under this quota, imports of short harsh cotton amounted to about 45 million pounds.

Long-Staple Cotton

Following a report (Report No. 158, Second Series) and recommendation by the Tariff Commission under section 22 of the Agricultural Adjustment Act of 1933, as amended, the President, on June 9, 1947, proclaimed a supplemental import quota permitting entry of 23,094,000 pounds of cotton from 1⅜ up to 1$^{11}/_{16}$ inches in staple length (one Commissioner had recommended a smaller additional quota). This addition to the regular long-staple cotton quota was established to care for manufacturers' import requirements for the then current year ending September 19, 1947. The increase did not apply to subsequent quota years. Supplies of domestic cotton under 1⅜ inches in length were ample; cotton of this staple length, therefore, was excluded from the supplemental quota. Cotton 1$^{11}/_{16}$ inches and longer is not subject to the quota.

The regular long-staple cotton quota of 45,656,420 pounds for the quota year beginning September 20, 1946, was filled within 10 weeks. Thereafter, mills were entirely dependent upon stocks within the United States. In prewar years, roughly 80 percent of domestic requirements for extra long-staple cotton had been supplied by imports, chiefly from Egypt. In the crop year 1946–47 mills were forced to rely even more on imported cotton. Crops of the United States cottons 1⅜ inches and longer, consisting of S × P (American-Egyptian) and Sea Island, which had temporarily expanded under the impetus of war needs, dwindled to less than 2 percent of total extra long-staple requirements. Stocks of domestic extra long-staple cottons shrank accordingly. Coincident with diminishing United States supplies, demand increased for types of cotton sewing thread and fine cotton yarns which can be made only from extra long-staple cotton. The Commission found that available stocks of foreign and domestic extra long-staple cotton were inadequate to keep the mills running for the rest of the quota year at the rate of activity current in January and February 1947. Domestic cotton planted in 1947, even if the crops should prove to be substantial, would not be available until considerably after the new quota year would open on September 20, 1947.

On the basis of these facts the Commission recommended that entry of an additional quantity of foreign extra long-staple cotton be permitted. Mills could then supply their needs with Karnak cotton from Egypt, Pima from Peru, and Sakellaridis from the Anglo-Egyptian Sudan. The supplemental quota, which opened on June 14, was filled on June 23, 1947.

Inquiry into the long-term needs for extra long-staple cotton was not undertaken in the Commission's investigation because of the possibility that consumption may diminish after pent-up consumer demands resulting from wartime scarcities have been eased.

APPENDIX II

EXECUTIVE ORDER 9832

PRESCRIBING PROCEDURES FOR THE ADMINISTRATION OF THE RECIPROCAL TRADE AGREEMENTS PROGRAM

By virtue of the authority vested in me by the Constitution and statutes, including section 332 of the Tariff Act of 1930 (46 Stat. 698) and the Trade Agreements Act approved June 12, 1934, as amended (48 Stat. 943; 59 Stat. 410), in the interest of the foreign affairs functions of the United States and in order that the interests of the various branches of American production shall be effectively safeguarded in the administration of the trade-agreements program, it is hereby ordered as follows:

PART I

1. There shall be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a clause providing in effect that if, as a result of unforeseen developments and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

2. The United States Tariff Commission, upon the request of the President, upon its own motion, or upon application of any interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor, shall make an investigation to determine whether, as a result of unforeseen developments and of the concession granted on any article by the United States in a trade agreement containing such a clause, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles. Should the Tariff Commission find, as a result of its investigation, that such injury is being caused or threatened, the Tariff Commission shall recommend to the President, for his consideration in the light of the public interest, the withdrawal of the concession, in whole or in part, or the modification of the concession, to the extent and for such time as the Tariff Commission finds would be necessary to prevent such injury.

3. In the course of any investigation under the preceding paragraph, the Tariff Commission shall hold public hearings, giving reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence and to be heard at such hearings. The procedure and rules and regulations for such investigations and hearings shall from time to time be prescribed by the Tariff Commission.

4. The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of said act of June 12, 1934, as amended. The Tariff Commission, at least once a year, shall submit to the President and to the Congress a factual report on the operation of the trade-agreements program.

PART II

5. An Interdepartmental Committee on Trade Agreements (hereinafter referred to as the Interdepartmental Committee) shall act as the agency through which the President shall, in accordance with section 4 of said act of June 12, 1934, as amended, seek information and advice before concluding a trade agree-

ment. In order that the interests of American industry, labor, and farmers, and American military, financial, and foreign policy, shall be appropriately represented, the Interdepartmental Committee shall consist of a Commissioner of the Tariff Commission and of persons designated from their respective agencies by the Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor. The chairman of the Interdepartmental Committee shall be the representative from the Department of State. The Interdepartmental Committee may desiginate such subcommittees as it may deem necessary.

6. With respect to each dutiable import item which is considered by the Interdepartmental Committee for inclusion in a trade agreement, the Tariff Commission shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of granting a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Interdepartmental Committee. The digests, excepting confidential material, shall be published by the Tariff Commission.

7. With respect to each export item which is considered by the Interdepartmental Committee for inclusion in a trade agreement, the Department of Commerce shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of obtaining a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Interdepartmental Committee.

8. After analysis and consideration of the studies of the Tariff Commission and the Department of Commerce provided for in paragraphs 6 and 7 hereof, of the views of the interested persons presented to the Committee for Reciprocity Information (established by Executive Order 6750, dated June 27, 1934, as amended by Executive Order 9647, dated October 25, 1945), and of any other information available to the Interdepartmental Committee, the Interdepartmental Committee shall make such recommendations to the President relative to the conclusion of trade agreements, and to the provisions to be included therein, as are considered appropriate to carry out the purposes set forth in said act of June 12, 1934, as amended. If any such recommendation to the President with respect to the inclusion of a concession in any trade agreement is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Interdepartmental Committee giving the reasons for their dissent and specifying the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy.

PART III

9. There shall also be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a most-favored-nation provision securing for the exports of the United States the benefits of all tariff concessions and other tariff advantages hereafter accorded by the other party or parties to the agreement to any third country. This provision shall be subject to the minimum of necessary exceptions and shall be designed to obtain the greatest possible benefits for exports from the United States. The Interdepartmental Committee shall keep informed of discriminations by any country against the trade of the United States which cannot be removed by normal diplomatic representations, and, if the public interest will be served thereby, shall recommend to the President the withholding from such country of the benefit of concessions granted under said act.

HARRY S. TRUMAN

THE WHITE HOUSE,
February 25, 1947.

APPENDIX III

COMPLETION OF NEGOTIATIONS AT GENEVA

TRADE AGREEMENTS

The Department of State announced on October 29, 1947, that the delegations to the International Trade Conference at Geneva completed their negotiations and signed the Final Act of the Conference on October 30, 1947. This Act authenticates the text of a General Agreement on Tariffs and Trade among twenty-three countries, belonging to sixteen customs areas, which carried on three-quarters of the world's trade before the war. The agreement covers more than 45,000 items and accounts for two-thirds of the trade among the countries in the group. It thus represents the most comprehensive action ever undertaken for the reduction of barriers to trade.

The countries participating in the negotiations leading to the agreement were Australia, the Belgium-Netherlands-Luxembourg Customs Union, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India and Pakistan, the customs union of Lebanon and Syria, New Zealand, Norway, the Union of South Africa, the United Kingdom, together with Burma, Ceylon, and Southern Rhodesia, and the United States.

The agreement brings to a conclusion six months of continuous sessions at Geneva preceded by more than a year of intensive preparation both here and abroad. It incorporates the results of negotiations that were carried on simultaneously between one hundred and six pairs of countries. The United States was a party to fifteen of these negotiations. Under the terms of the agreement, the concessions granted, not only in these cases but in the other ninety-one negotiations, will be extended, as a matter of right, to the United States.

The negotiations leading to the agreement were conducted on a selective, product-by-product basis. Action on individual products included substantial reductions in duties on some products, the binding of low rates of duty on others, and the binding of free entry on still others. Preferences affecting a large part of United States trade with other countries in the British Commonwealth have been substantially reduced and preferences on a long list of products which the United States exports to the various countries of the Commonwealth have been eliminated. Under the terms of the agreement, no new preferences can be created and no existing preferences can be increased.

The concessions on tariffs and preferences contained in the agreement are safeguarded by general provisions that are designed to prevent participating countries from nullifying such concessions by resorting to other forms of restriction or discrimination. These provisions cover restrictive methods of customs administration, discriminatory internal taxes and regulations, import quota systems and exchange controls, and the operations of state trading enterprises. They require the general application of the principle of most-favored-nation treatment in international trade.

Concessions made by the United States in these negotiations are within the limits prescribed by Congress in the Reciprocal Trade Agreements Act, and all of the concessions contained in the agreement are subject to a provision required by American procedure under that Act. If, through unforeseen developments, a particular tariff reduction should increase imports so sharply as to cause or threaten serious injury to domestic producers, the country granting the reduction may suspend its operation in whole or in part. Other countries may then withdraw equivalent concessions so that the balance of the agreement may be restored.

The details of the agreement will not be made public until it has been formally transmitted to the governments of the countries concerned, translated into languages other than the official versions in English and French, and checked for accuracy. They will then be released simultaneously by the United Nations and in the twenty-three capitals.

The tentative schedule for action on the agreement is as follows: A Protocol of Provisional Application has been opened for signature by participating countries. If this protocol has been signed by the key countries in the group (Australia, Benelux, Canada, France, and the United Kingdom and the United States) by November 15, the agreement will be published on November 18, and the tariff concessions which it contains will be put into effect by these countries on January 1, 1948, together with all of its general provisions that can be made operative under existing laws. The agreement will finally become effective for each of the participating countries when it files a formal instrument of acceptance with the United Nations by June 30, 1948.

CHARTER FOR INTERNATIONAL TRADE ORGANIZATION

On August 22, 1947, the delegates at Geneva, sitting as a United Nations Preparatory Committee, completed a draft Charter for an International Trade Organization for submission to a United Nations Conference on Trade and Employment which will convene at Habana, Cuba, on November 21. A central provision of this Charter requires members of the ITO to negotiate for the reduction of barriers to trade. The successful completion of the General Agreement on Tariffs and Trade removes all doubt concerning the workability of that provision. As regards their trade with each other, which constitutes the great bulk of the world's trade, the members of the Preparatory Committee have already fulfilled their obligation. The Habana Conference will therefore open with progress in tariff reduction an accomplished fact. The other countries of the world, on joining the ITO, will then assume an obligation to take similar action with respect to their own tariffs. The conclusion of the Geneva negotiations is thus a major step on the road toward a still more comprehensive agreement for the reduction of barriers to trade.

STATEMENT BY THE PRESIDENT

The announcement today [October 29, 1947] of the completion, among twenty-three nations at Geneva, of a General Agreement on Tariffs and Trade is a landmark in the history of international economic relations. Never before have so many nations combined in such a sustained effort to lower barriers to trade. Never before have nations agreed upon action, on tariffs and preferences, so extensive in its coverage and so far-reaching in its effects. In a world economic situation characterized until now by progressive deterioration, this agreement is heartening indeed. Viewed against the background of other plans for economic reconstruction, it confirms the general acceptance of an expanding multilateral trading system as the goal of national policies. By demonstrating the willingness of nations to attack their common difficulties in a spirit of cooperation, it gives ground for confidence that we shall succeed in solving the problems that are still ahead.

U. S. GOVERNMENT PRINTING OFFICE: 1947