

Twentieth Annual Report

of

The United States Tariff Commission



1936



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UNITED STATES TARIFF COMMISSION

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LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, December 1, 1936.

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

Respectfully,

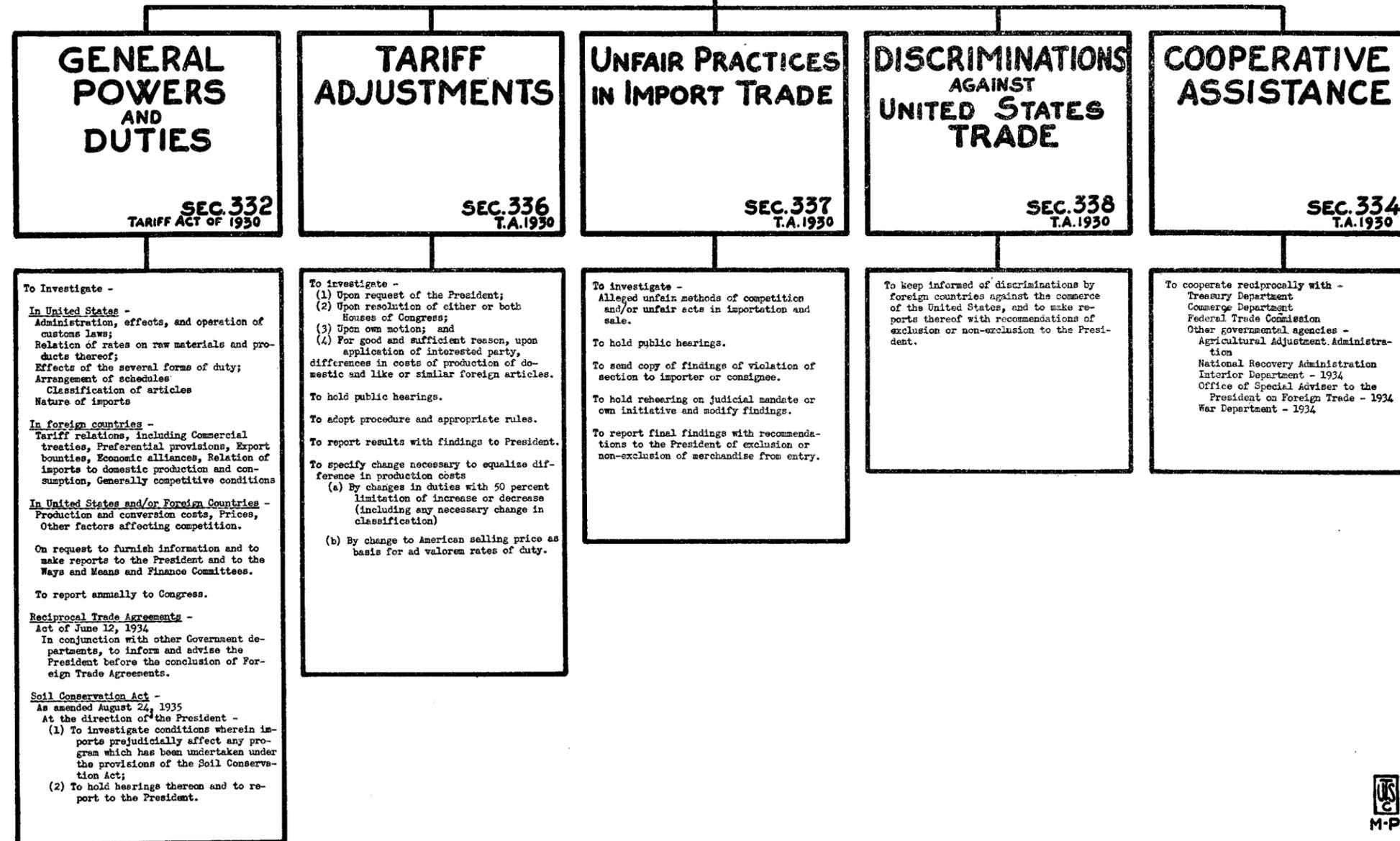
ROBERT L. O'BRIEN, *Chairman.*

The PRESIDENT OF THE SENATE.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

UNITED STATES TARIFF COMMISSION

CHART OF FUNCTIONS PRESCRIBED BY LAW



TWENTIETH ANNUAL REPORT OF THE UNITED STATES TARIFF COMMISSION

PART I. GENERAL ASPECTS

SUMMARY OF COMMISSION ACTIVITIES

The activities of the Tariff Commission in the past year reflect largely the specific demands of the Congress for comprehensive reports or action on matters concerning foreign trade and the tariff. They comprise numerous and varied projects under the five major functions prescribed by law for the Tariff Commission. (See chart facing this page.) In the exercise of its main function, the preparation of factual material on subjects related to the tariff, the Commission has completed a number of reports and is at the moment finishing several others. Notable among those completed, or nearing completion, are "Recent Developments in the Foreign Trade of Japan", "United States-Philippine Trade", "Sales and Income of Certain Manufacturing Companies and Rates of Duty and Other Information With Respect to Their Products", "Chemical Nitrogen", and "Wood Pulp and Pulpwood." Mention should also be made of the current study of the extent of equal tariff treatment in foreign countries, a subject of practical and timely interest on which the Tariff Commission made a material contribution in 1919 by its report on "Reciprocity and Commercial Treaties." Also worthy of note are the revised summaries of tariff information and the digests of trade data concerning products on which concessions have been granted in the trade agreements so far consummated. For the use of those engaged in carrying on the trade-agreements program there has been prepared a great volume of analytical data of various kinds.

The work of the Commission under the special provisions of the law includes (1) action in rate-adjustment cases dealing with cotton cloth, wool knit gloves, swordfish, and slide fasteners, all leading to increases in the rates of duty on products coming chiefly, or entirely, from Japan; (2) action in a number of alleged unfair practices, and (3) many instances of cooperative action to assist other Government agencies with the economic and informational resources of the Tariff Commission.

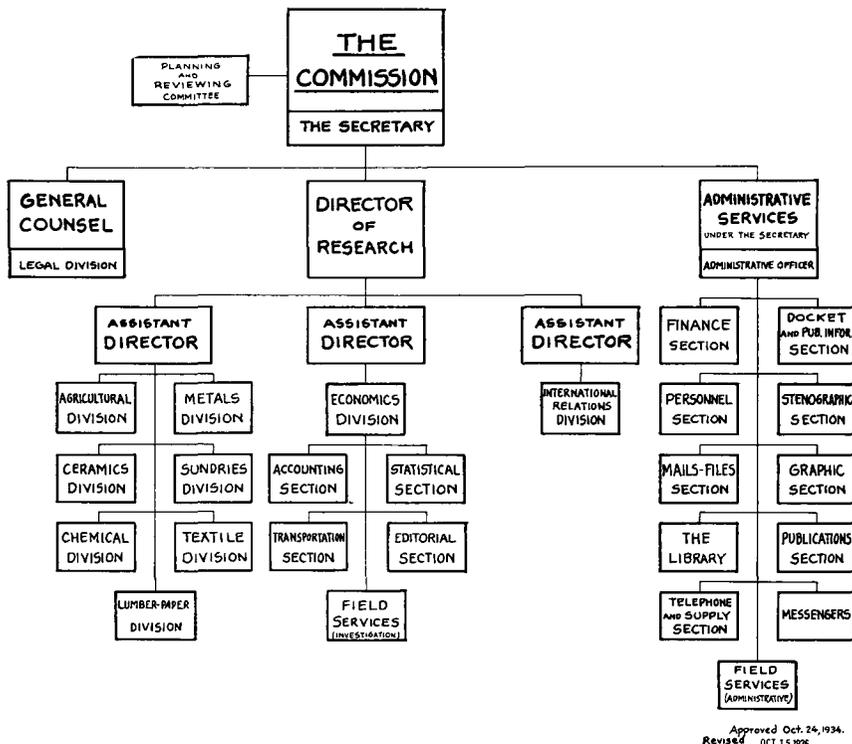
In response to a wide and continuing demand, the Commission last year inaugurated the practice of issuing a printed list, kept current by supplements, of all changes made in the rates of duty in the Tariff Act of 1930 by action either under the rate-adjustment provision of the tariff or under the trade-agreements program.

To supply information to the trade and to aid in tariff administration, the Commission has directed a series of W. P. A. projects. One of these is the compilation of comparable statistics of imports for consumption in detail for 1931-35, inclusive; a second, a comparable

presentation for 1929; others provide an organization, indexing, and classification of valuable basic material.

A chart of the present organization of the Commission is given below.

UNITED STATES TARIFF COMMISSION ORGANIZATION CHART



TWENTY YEARS' HISTORY

September 8, 1936, marked the twentieth anniversary of the enactment of the law that set up the United States Tariff Commission. The making of this, its twentieth, annual report affords opportunity for a brief review of its service in the 2 decades of its history.

One impressive method of review would be a recitation of the long list of publications dealing with the economic backgrounds of the tariff pertaining to an infinite variety of commodities; the reports on investigations made for the purposes of the "flexible" and the "unfair practices" in import trade provisions of the Tariff Acts of 1922 and 1930, and for the purposes of section 3 (e) of the National Industrial Recovery Act of 1933; the volumes of factual material more recently assembled for use in negotiating trade agreements under the Trade Agreements Act of 1934; and timely and comprehensive reports on special matters, such as customs procedure, foreign exchange, methods of valuation, the operation of free ports, colonial tariff policies, general trade analyses, and others too numerous to detail.

Such a recital would, however, fall short of conveying any idea of the value of the Tariff Commission as an institution devoted to the problems of tariff making. To make such appraisal, it would be necessary to consider the technical competence of the Commission and its staff to furnish expert advice on tariff questions, a competence acquired by long experience. It would also be necessary, for this purpose, to consider the fact that in the files of the Commission there is a large and steadily growing mass of unprinted technical and economic information on all subjects bearing upon the tariff. This information is currently maintained in order to enable the Commission on short notice to render assistance to the Congress and to other agencies of the Government.

The Tariff Commission was created in 1916 in response to a persistent and widespread popular demand for a source of accurate and unbiased information relating to the tariff and for a sounder and more modern procedure in tariff making. An earlier attempt to establish an agency to examine the administration of the customs laws and the effects of tariffs upon industries and trade had been terminated in 1912 by failure to appropriate funds for its maintenance. However, during its short life the Tariff Board of 1909-12 produced some interesting reports containing factual data and information addressed to specific tariff problems. These reports, prepared by a special and independent agency of the Government, stood out in sharp contrast to the information the Congress was accustomed to receive from parties having direct financial interests in the tariff legislation under consideration. Belated recognition of the value of such reports, as typified by those relating to wool (schedule K) and to the cotton industries, provided a strong argument in favor of establishing a permanent Tariff Commission.

The basic purpose and function of the Tariff Commission remain as originally specified in section 702 of the organic law, the Revenue Act of 1916, which reads:

SEC. 702. That it shall be the duty of said Commission to investigate the administration and fiscal and industrial effects of the customs laws of this country now in force or which may be hereafter enacted, the relations between the rates of duty on raw materials and finished or partly finished products, the effects of ad valorem and specific duties and of compound specific and ad valorem duties, all questions relative to the arrangement of schedules and classification of articles in the several schedules of the customs law, and, in general, to investigate the operation of customs laws, including their relation to the Federal revenues, their effect upon the industries and labor of the country, and to submit reports of its investigations as hereafter provided.

In view of the purpose for which the Commission was created, the value of its services should be appraised by the measure in which it has contributed to a more objective method of tariff making. This is not to say that its work has been valuable only to the extent that tariff making has been transformed from a political function to a scientific process. Inasmuch as the functions of the Tariff Commission are limited to supplying factual information on which the Congress, or under the flexible tariff provision the President, may take action in tariff matters, the significant questions relative to the accomplishments of the Tariff Commission appear to be: "Has it developed an adequate understanding of what information is needed for a full and comprehensive consideration of tariff questions?" and, "Has it made such information available?"

The answer to these questions will be found in a review of the Commission's activities in the past 20 years, showing a steady growth and development of its resources, technique, and experience, which together have effected an improved handling of tariff matters.

On completion of its organization in 1917 the newly formed Commission immediately embarked upon the task of preparing for the use of the Congress a number of economic studies of manufacture and trade in many important commodities. In a reasonably short time these were extended to include all the major and many minor items of our commerce.

In the field of administrative customs laws, the Commission entered at once on an important service in the revision, codification, and clarification of the miscellaneous, unorganized administrative provisions that had grown up for more than a century. From the time of the passage of the procedural law of 1799, providing as it did for water-borne commerce only, administrative provisions had been allowed to remain largely as originally enacted and without the comprehensive reorganization needed to keep pace with events as consequential as the development of the railroads. They were, in fact, so far out of step with the times that a full revision of them became a crying need as even the courts took occasion to declare.

By thorough study of the customs laws and after consultation with all authorities having dealings therewith, the new Commission had prepared by 1918 recommendations for a thorough-going revision of the administrative provisions of the tariff. These recommendations provided the foundation for the codified administrative provisions enacted in the Tariff Act of 1922 and prevailing today.

A considerable part of the time of the Commission in its first years was devoted to the study of foreign tariffs and foreign tariff policies, particularly most-favored-nation agreements, tariff bargaining, and discriminatory and preferential tariffs. This work resulted in major reports on Reciprocity and Commercial Treaties (1919), Reciprocity with Canada (1920), Colonial Tariff Policies (1922), and the Handbook of Commercial Treaties Between all Nations (1922). The publication of the report on Reciprocity and Commercial Treaties was followed by a change of policy whereby the United States in 1923 adopted the unconditional, instead of the conditional, form of the most-favored-nation clause in its commercial agreements.

The first opportunities to test the value of the Commission's contribution to general tariff making came with the Emergency Tariff Act of 1921 and with the general tariff revision of 1922. The extent to which the material provided by the new agency assisted the legislators in their work is not even now generally known. However, the value of the Tariff Commission reports as a source of pertinent, authoritative, and impartial factual information was recognized by the Congress in the enactment of tariff bills, and the reputation of the Commission as an organization competent to collect and prepare such information became firmly established. Especially was this true in the revision of 1922, for which the Commission prepared short statements, known as summaries of tariff information, giving the essential trade statistics and the more significant facts, economic and competitive, with respect to each article covered by the tariff.

The reputation of the Tariff Commission was enhanced by its work in supplying factual information for use in the revision of the tariff

in 1929-30. At this time, as in 1922, the information supplied by the summaries of tariff information, together with the Commission's special reports and surveys on important commodities or groups of commodities, was supplemented by the direct assistance of special experts on the Commission's staff, who were constantly in attendance at committee and subcommittee hearings and even on the floor of the Senate when the bill was being considered.

The function prescribed for the Tariff Commission in the "flexible" tariff provision, enacted for the first time as a part of the Tariff Act of 1922, is clearly a recognition that tariff problems are becoming more and more difficult for the Congress to handle and, that provision needs to be made for tariff adjustments in the intervals between congressional tariff revisions. Under the terms of Section 315 of the Tariff Act of 1922, the President was empowered to proclaim changes in duty only after an investigation and presentation by the Tariff Commission of comparative costs and factual data as to conditions of competition. A later Congress reenacted the rate-adjusting power in Section 336 of the Tariff Act of 1930 and provided that the President may issue proclamations changing tariff rates only in accordance with the specifications of the Tariff Commission as a result of its investigation of the differences in the cost of production between the domestic and foreign article.

The institution of the "flexible" provision of the law empowering the Executive, under certain conditions and within certain limits, to readjust the rates established by the tariff act was a broad departure from a long-established procedure and as such was much publicized. The demands upon the Tariff Commission and its staff for investigations looking toward rate adjustments became so great as to obscure temporarily the original and basic function of the Commission of collecting and organizing information along the whole economic front of foreign trade and tariffs. The work under the "flexible" provision may be looked upon as a special phase of the Tariff Commission's duties. Its significance lies not only in its being an experiment in tariff administration under a rule prescribed by the Congress but in the effect which the thorough-going cost investigations have in broadening the Commission's comprehension of the essential problems involved in the competition between domestic and foreign products and in the adjustment of tariff rates.

The application of the cost-of-production rule prescribed in the "flexible" tariff provision is least complicated in the standardized products, the costs of which can be readily ascertained, and with respect to which the problems of transportation costs are relatively simple. The application becomes difficult (*a*) when costs and the relationship between cost elements are undergoing rapid changes, (*b*) when distinctions and differences in grades and qualities become of prime importance, (*c*) when the transportation problem is complex, (*d*) when the problem of joint costs arises, and (*e*) when special cost problems arise relating to depreciation, depletion, obsolescence, land valuation, and the like. The problems raise questions of the limitations of the cost principle as a basis of rate adjustment. They also raise questions when the amount paid to the labor engaged in production, or the investment on which interest is computed is determined by the price finally received for the product. The Commission has gradu-

ally evolved an objective method of treating such problems, which in most cases enables a decision to be made.

Regardless of the success or failure of the "flexible" provision as a method of adjusting tariff rates, the experience of thoroughly investigating industries affected by tariffs and their cost situations has been invaluable to the Commission. Through these investigations, the Commission and its staff have come in direct contact with the fundamental problems of tariff making and have gained a comprehension of their ramifications. In consequence, much has been learned about the character and the range and variety of information needed for the intelligent formulation of tariff policies and the adjustment of tariff rates.

Hardly had the Tariff Act of 1930 become a law on June 17 before numerous resolutions were passed by the Congress asking for investigations by the Tariff Commission under the rate-adjustment powers. Some 66 of these were undertaken in the 12 months following the passage of the tariff act and the reorganization of the Commission required by that act. These were in addition to special studies provided for in the act itself. The most important of them related to the cost of crude petroleum and to the study of domestic value as a basis for assessing duties on imports. The latter was required under section 340 of the tariff act specifying that the Commission should ascertain the domestic unit values of the various imports subject to ad valorem rates of duty or in which the specific rates of duty are dependent upon value brackets and to indicate for each a rate or a value-bracket arrangement based on domestic value which would give the same amount of duty as the existing rate based on foreign value. This investigation was the most extensive ever undertaken by the Commission. It required a large part of the time of many members of the permanent staff aided by a temporary force. The results were published in a volume of approximately 1,000 pages.

By the end of 1931 the serious and general depreciation of foreign currencies added to the rapid decline in prices, and changes in cost made it practically impossible to complete a number of the 66 investigations referred to. The situation, moreover, which prevented determination of normal cost differences also raised import problems difficult to solve. Again the Commission was called upon by the Congress to investigate and report, in response to which it promptly presented a detailed and comprehensive survey of the existing exchange situation as it affected imports and exports.

Early in the present administration, the Congress prescribed new duties for the Tariff Commission, namely, those under section 3 (e) of the National Industrial Recovery Act of June 16, 1933. The Commission was required to make such investigations as might be ordered by the President to determine whether imports of specified commodities were entering on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of the codes of fair competition established under that act.

On June 12, 1934, the Congress passed the Trade Agreements Act and designated the Tariff Commission as one of the agents to supply the President information needed in the negotiation of agreements for the reciprocal lowering of trade barriers and the expansion of foreign commerce. In anticipation of the enactment of this law, the

Commission had been requested by Senate Resolutions 325 and 334 to supply certain specified information.

Senate Resolution 325 of the Seventy-second Congress directed the Tariff Commission to make an investigation analyzing the foreign trade of the United States in relation to the tariff, a study of costs of production in selected industries, and a report on the relation of tariff bargaining to most-favored-nation treaties.

Senate Resolution 334 of the Seventy-second Congress directed that the Commission make an analysis of the composition of the import and export trade of the United States with each important foreign country and in addition that it revise at an early date the summaries of tariff information prepared to assist the Congress in the framing of the Tariff Acts of 1922 and 1930.

In the negotiation of trade agreements, the Tariff Commission performs somewhat the same functions that it performs in congressional tariff revisions. For this purpose summaries of tariff information have been revised to reflect current conditions and to place special emphasis upon considerations relating to the trade with particular countries. Profiting by earlier experience, the Commission has sought to increase the usefulness of this material by making it available in even more condensed form. The salient facts concerning each proposed concession have been presented to the various officials and committees working on trade agreements in short digests of semistandardized form. Where necessary, many longer and more detailed analyses have been supplied.

The character of information developed incidental to the revision of the summaries of tariff information for trade negotiations has drawn the attention of the Commission to an aspect of its primary function hitherto only slightly developed, namely, a study of the relationships of tariff rates on raw materials to those on finished products and of tariff rates on articles otherwise closely related. In consequence a new program of preparing more comprehensive industry surveys is being initiated as intensively as present resources and pressure from more direct demands will permit. In the new series special emphasis is being laid upon the interrelations of related or competing commodities and of the industries which produce them, and the needs for coordinating the tariff treatment applied to them. While it is believed that the structure of compensatory tariffs for most of the obvious cases of interdependent industries, such as basic raw materials and their manufactures, is reasonably well adjusted, there are unquestionably a number of instances wherein the relationships have been altered by modernization of production methods and the like. Also there are many relationships growing out of industrial and marketing integrations and the substitution of one product for another which are not so obvious but which may require coordination no less.

In the wake of the many changes that have occurred during the depression in the commercial policies of foreign countries, new methods of controlling imports have developed. Chief among these are exchange controls, quotas, and clearing agreements. These new methods have, of course, had repercussions upon the policy of most-favored-nation treatment—a situation that has led the Commission to give increased attention to questions of foreign trade policy.

Approaching completion is a report on equal tariff treatment in foreign countries, which attempts to evaluate the present importance of such treatment and of the most-favored-nation clause. Reports on other phases of foreign commercial policy are in process of preparation.

Today's need for an authoritative source of impartial yet comprehensive information for tariff purposes is probably greater than ever before. Tariff making under conditions prevailing throughout the world at the present time has become a complex matter even for experts of long experience. Under present conditions changes in rates not only affect the flow of trade in the specified commodities but are likely to draw more remote reprisals in the form of trade restrictions affecting other products or in fact the whole trade with particular countries. The tendency is for the repercussions and reverberations of any national action for trade control to become promptly world-wide.

Tariff making has benefited too greatly from the application of objective methods of approach based on comprehensive summaries of facts for such methods to be abandoned. They are not only practical and expedient, they are essential. Twenty years of specialization in this field by the Tariff Commission have provided it not only with an accumulation of resources but with an organization flexible enough to meet or anticipate the demands of changing times and to offer solutions based on experience and on authentic knowledge. All of these resources the Tariff Commission makes available to those interested in tariff problems.

PART II. CURRENT WORK

The demands upon the Tariff Commission in the past year have been increasingly numerous. Not a month has passed that it has not undertaken some new task, on its own initiative, by direction of the Congress or the President, or at the request of interested private parties.

Under the general powers of the Commission (sec. 332) 7 reports have been completed and 11 are now in progress.

Under the rate-adjustment provisions (sec. 336) four investigations have been completed and seven are pending. In addition, many applications for investigations have been acted upon and either dismissed or the investigations requested have been instituted. Other applications are still being studied.

Numerous complaints of unfair trade practices (sec. 337) have been filed with the Commission. During the year two investigations have been ordered. Those investigations previously in progress have been concluded.

Perhaps the most important of the numerous projects carried forward by the Commission are the continuing revision of the summaries of tariff information and work connected with the trade-agreements program.

WORK UNDER SECTION 332—GENERAL POWERS OF THE COMMISSION

The work this year under the Commission's general powers has covered an extensive program of general and specific investigations, including five investigations requested by congressional resolutions. Some of the important projects upon which work has been undertaken or continued under this section during the year are as follows:

Undertaken in response to congressional requests:

- Revision of the summaries of tariff information on all commodities.
- Wood pulp and pulpwood.
- Subsidies and bounties to fisheries enterprises by foreign governments.
- Tuna fish.
- Nets and netting and other fishing gear.
- Salmon and other fish.
- Sales and incomes of certain manufacturing companies.
- Cutlery.

Undertaken on the Commission's own initiative:

- Recent developments in the foreign trade of Japan.
- Chemical nitrogen.
- The rayon industry.
- Cattle and canned beef.
- Wool prices.
- Dyes and other synthetic organic chemicals in the United States, 1935.
- United States-Philippine trade.
- Miscellaneous chemicals—analysis of invoice data.
- Extent of equal tariff treatment in foreign countries.

REPORTS COMPLETED DURING THE YEAR UNDER SECTION 332

Recent developments in the foreign trade of Japan.

Widespread interest in developments in Japan's trade with the United States and with other countries has led the Commission to make a comprehensive study of the foreign trade of Japan. As a result of this study the Commission issued on January 28, 1936, a report under the title "Recent Developments in the Foreign Trade of Japan, Particularly in Relation to the Trade of the United States."

The first part of the report deals with the more general features of Japan's foreign trade, especially with changes of interest to the United States. The second part is a detailed analysis of imports into the United States from Japan by individual commodities for the years 1929 to 1934 and the first 8 months of 1935. This section is mainly statistical but contains brief comments on the relation to the United States industry and trade of the leading items imported from Japan.

A summary of the principal features of the situation set forth in the first part of the report follows.

The recent increases in Japan's total export trade have attracted attention because of their occurrence in a period when the exports of most other countries were declining or were showing but slight advances. Moreover, increases in Japan's exports have been largely in lines of goods and to markets in which Japanese exports had not formerly been a major factor. The country's exports of raw silk, which have long dominated the world market and which formerly constituted its most important export, have declined somewhat in quantity and decidedly in value since 1929. The most notable increases in Japan's export trade have been in cotton textiles; by 1934 cotton piece goods had superseded raw silk as the country's most important export commodity. Substantial increases have also occurred in exports of other textile manufactures and of pottery, drugs, tinned and bottled foods, rubber-soled shoes, toys, bicycles, and certain types of machinery and other metal manufactures (principally small articles).

The expansion of manufacturing in Japan has been to a considerable extent in commodities for which part or all of the materials must be imported. In consequence, Japan's imports of a number of materials have increased considerably in recent years. This is particularly true of raw cotton which had long been the leading item in her import trade. Other materials for use in Japanese industry which have been imported in increased quantities in recent years are crude and semimanufactured metals, wood pulp, and rubber. There have also been increased imports of certain manufactured goods, among which are automobile parts and metal- and wood-working machinery. The chief items of Japanese import trade which have recently shown decreases are certain kinds of wood, woolen cloth, white rice, sugar, and spinning machines.

Up to 1934 Japan's imports continued to exceed in value her exports, as was the case in the predepression period. The status of Japan's balance of trade with the United States and with all other countries taken as a group has, however, been reversed in recent years. Prior to 1932 the value of Japan's exports to the United States had usually exceeded the value of her imports from this country by substantial amounts, and such balances contributed in important degree to offset Japan's large debit balances arising from trade with the rest

of the world. Since 1932 Japan's imports from the United States have exceeded her exports to this country, while her exports to the rest of the world have exceeded her imports therefrom. The chief factors contributing to this reversal of Japan's trade balances with the United States and with all other countries combined were: (a) The fall in the price of raw silk for which the United States has been Japan's most important market, (b) the expansion of Japan's exports of commodities for which other countries have provided better markets than the United States, (c) the fact that much of the expansion of Japan's exports in recent years has been in products made of materials of which the United States is a major supplier.

Raw silk and raw cotton occupy such predominant positions in the trade between the United States and Japan that the changes in the trade in these two commodities dwarf all other factors affecting the total figures for trade between the two countries. In 1934 Japan's purchases of American cotton exceeded in value our purchases of Japanese raw silk, whereas in the predepression period our purchases of Japanese raw silk were usually valued at about three times as much as our shipments of cotton to Japan. This change was in part due to an increase in the quantity of raw cotton and a decrease in the quantity of raw silk exchanged between the two countries but to a much greater extent was the result of the fall in the price of raw silk relative to the price of raw cotton.

United States exports to Japan exclusive of raw cotton have regularly exceeded in value United States imports from Japan by a considerable margin. Moreover, omitting the raw cotton and raw silk trade between the two countries, the value of this country's exports to Japan increased more after the low point of the depression than did this country's imports from Japan.

Much the greater part of our imports from Japan in terms of value consist of goods free of duty. Apart from raw silk, which alone has accounted for between about three-fifths and four-fifths of the value of our total imports from Japan, several other important imports from Japan enter this country free of duty. These include tea, pyrethrum, perilla oil, certain undressed furs, and several fertilizer materials.

The value of dutiable imports from Japan was 54 million dollars in 1929, 32 million in 1931, 19 million in 1932, and 34 million in 1934. The great decline in the value of these imports in 1932 as compared with 1931 was chiefly, possibly wholly, due to the devaluation of the yen and its effect on the unit prices of Japanese goods in terms of dollars. No doubt the volume of dutiable imports from Japan has increased considerably in recent years.

Dutiable imports from Japan include a great variety of articles. Important among them are pottery; fish products, principally canned crab and tuna; vegetable products, principally oils, oil cake, and oil-cake meal; textile products, principally cotton floor coverings and cotton cloths of various types; silk and rayon fabrics, and silk and rayon wearing apparel; menthol and camphor; various kinds of brushes and handles and backs therefor; certain braids for hat making; dolls and other toys; and small articles made of papier-mâché, cellulose, leather, metal, and wood. These imports from Japan consist largely of articles of the same general types as are

produced in the United States but are frequently of a different grade. Many of them have been of the very low-priced grades, sometimes of lower quality than any similar goods made in the United States. These low-priced imports from Japan have not always displaced equivalent amounts of similar domestic goods, inasmuch as part of the demand might have gone unfilled had the low-priced Japanese goods not been obtainable.

Apart from cotton, United States exports to Japan include a wide variety of articles, crude, semimanufactured, and manufactured. The trade in a number of such commodities has increased materially since 1929; among these may be mentioned several metal products, crude petroleum, gas and fuel oil, and sulphite wood pulp. On the other hand, our exports of a considerable number of articles to Japan have been much smaller in the last few years than before the depression. Most of the items which show decreases are highly processed goods, but timber, lumber, and unmanufactured tobacco are items in which we have sustained losses of trade.

The extension of Japan's export trade has not been a major factor in the decrease in the total trade of the United States in third countries in recent years as compared with predepression years. This is due to the fact that for the most part the commodities exported by the United States are different from the main exports of Japan, and our principal foreign markets are not important markets for Japan. Among United States exports to third countries which have met sharper competition from Japan in the last few years than before are cotton cloth, rubber-soled footwear, tinned fish, electric bulbs and tubes, enamelware, and cutlery. The most important of these is cotton cloth.

Sales and income of certain manufacturing companies and rates of duty and other information with respect to their products (S. Res. 265).

On April 27, 1936, the Senate of the Seventy-fourth Congress, second session, adopted a resolution (S. Res. 265) directing the Tariff Commission to furnish the names and addresses of corporations manufacturing tariff-protected commodities and having statutory net incomes of \$1,000,000 or more in 1934, together with the rates of duty on the principal commodities produced by each, and the 1934 selling prices. The Commission was further directed to report its estimate of the effect of the tariff on selling prices, on incomes, and on consumer expenditures as compared with revenue received by the Government.

A second part of the resolution asked for the names of the three corporations having the largest volume of sales in each of nine specified categories; the total amount of benefit received by each corporation, assuming the tariff to be fully effective; and an estimate of the percentage of effectiveness of the tariff rates applicable to the products of such corporations.

In response to this resolution the Commission transmitted its report to the Senate in July 1936. The report contains an introductory and explanatory text setting forth the difficulties involved in complying with the request of the Senate. The introduction is followed by four annexes consisting chiefly of tabular material.

Annex I shows the net sales and statutory net income for each of 27 groups of manufacturing corporations, the individual net incomes

of which exceeded \$1,000,000 in 1934. Since statutory net income can be obtained only from income-tax returns and may not be made public for individual concerns this group method of presentation was adopted.

In annex II are listed 195 corporations the net income of which, as shown in published sources, exceeded \$1,000,000 in 1934. For each of these companies the net income and sales (where available) are given and the general nature of the business is indicated.

Annex III shows the sales and net income, where available in published sources, for each of the three largest corporations in each of the nine categories specified in the second part of the resolution. The groups are: Aluminum, steel and iron, cameras and photographic films, chemicals and dyes, electric appliances and equipment, cellophane and rayon, plate glass, cast-iron pipe and fittings, and articles and wares manufactured of tin.

In annex IV are given the rates of duty that would have been applicable to the products of the corporations listed in annex II, if imported. The approximate domestic prices as of July 1934 are shown, where available, for the same products.

Concessions in trade agreements.

As soon as practicable after the consummation of each major trade agreement made by the United States pursuant to the Trade Agreements Act of June 12, 1934, the Commission has issued a report containing a general summary of the facts pertinent to the agreement, including a survey of our trade with the foreign country concerned, and containing digests of the trade data with respect to each product on which a concession was granted by the United States. Each digest gives with respect to each article covered by it information on its tariff history, the ad valorem equivalents of the duty imposed on it, the nature of the article and its uses, production, imports, exports, and other trade factors, and competitive conditions. These statements are prepared from the full technical data previously made available by the Tariff Commission to those having the trade-agreements program in charge. Many more products were given consideration during the negotiations with each country than appear in any particular report.

During the year reports have been issued on the trade agreements with Canada, the Netherlands, Switzerland, and Finland. A report on France is in course of preparation. As was stated in the Annual Report for 1935, the digests issued for the commodities covered by each trade agreement will serve to indicate to the Congress the nature of the work being done in the revision of the tariff information summaries.

Trade agreement with Canada.—The Commission has published two documents concerning the trade agreement with Canada, which was negotiated the latter part of 1935 and went into effect January 1, 1936. The first is printed. It sets forth the general trade and tariff background and summarizes, on both sides, the rate reductions, the bindings of existing rates, and the bindings of free entry, and other provisions of the agreement. The second document, reproduced by office processes, is entitled "Concessions Granted by the United States in the Trade Agreement with Canada" and consists of

digests of statistical and other information concerning each of the commodities on which the United States made a concession.

The agreement with Canada affects a much greater value of trade than any other thus far entered into by the United States. Canada has in all recent years ranked either first or second as a market for United States exports, and in nearly all has ranked first as a source of imports. A large fraction of this trade in both directions is affected by the provisions of the trade agreement.

Although it is impossible to measure precisely the importance of tariff concessions by reference to the trade in the commodities affected in any previous year, the report expresses the opinion that the trade figures for 1929 (or the Canadian fiscal year 1929-30, ended Mar. 31) furnish a more significant basis for judging that importance, in the case of the agreement with Canada, than those for any subsequent year. In that year the imports into Canada from the United States (not counting certain noncommercial items and numerous minor items for which statistics were not tabulated by the Commission) were valued at 825 million dollars, of which, on the basis of the laws in effect immediately before the present agreement, almost exactly three-fourths consisted of dutiable commodities and one-fourth of free commodities. In the agreement Canada directly reduces her duties on commodities representing 32 percent of the dutiable total, binding these duties at the specified rates for the term of the agreement. Moreover, the rates on another 40 percent of the dutiable imports are reduced as the result of the general provision of the agreement that American products entering Canada shall hereafter pay no duty higher than the most-favored non-British country pays. On a great many commodities Canada's "general" tariff heretofore applicable to American goods is higher than the "intermediate" tariff (or than certain rates made by Canada's treaties with third countries). The agreement does not bind the duties on this second group of articles (since they are not named in schedule I) against increase by act of the Canadian Parliament. In its 1936 session the Canadian Parliament in fact increased a few of the intermediate rates but at the same time reduced rates on articles of even greater interest to the United States. The rate reductions of these two classes together cover a very large number of individual commodities, including some or many commodities in each of the 10 major groups distinguished by the Canadian trade statistics.

The trade agreement binds the continued free entry into Canada of commodities the imports of which from the United States in 1929-30 accounted for about one-third of the total of free imports.

For a few years preceding the agreement, Canada had increasingly applied arbitrary valuations to imports, especially of goods important to American exporters, with the effect of adding to the actual duties collected, often by very large percentages. A large measure of relief with respect to this practice has been obtained as the result of the negotiations. As another result Canada now permits her citizens returning from the United States to bring in, free of duty, goods for personal use to the value of \$100, thus paralleling the practice of this country.

In exchange for the concessions made by Canada, the United States has reduced various duties and bound the continued free entry of much the greater number of the commodities already free of duty,

which are a dominant factor in the imports from that country. In 1929 the United States imported from Canada (not counting non-commercial free items and numerous items of which Canada is an unimportant supplier) goods to the value of 481 million dollars, of which 41 percent consisted of commodities at present subject to duty (some of which had been free in 1929) and 59 percent of articles now free. The imports from Canada in 1929, of commodities on which the United States duties are reduced by the agreement, accounted for 40 percent of this dutiable total; it should be noted, however, that there were in 1929 no recorded imports of whisky, which is now an important item in the trade and on which the duty was reduced. In the case of several major articles (cattle, calves, cream, seed potatoes, and Douglas fir and western hemlock lumber), representing in value over one-third of the total on which duties were lowered, the reduced United States duties are applicable to specified quotas, any imports in excess of these quantities being subject to the previously existing rates. The agreement also binds against increase the existing United States duty of 10 percent ad valorem on certain feeds for animals.

The trade agreement with Sweden had already bound the continued free entry into the United States of certain classes of wood pulp of which Canada is an important but not the chief supplier. In addition the Canadian agreement gives to Canada the same assurance regarding other types of wood pulp and most other important free commodities of which that country is the principal foreign supplier. On the basis of the imports of 1929 about 85 percent of the free imports from Canada are now bound against the imposition of duties.

For the most part concessions were made to Canada only on commodities as to which that country is by far the principal source of United States imports. The only important exception to this statement is whisky, of which the United Kingdom ranks fairly close to Canada as a supplier. On the basis of the import statistics of 1934, Canada supplied about 70 percent of the total imports from all countries of the commodities on which duties are reduced by the agreement, and if whisky is excluded the proportion becomes considerably higher. Moreover, in 1929, when the total value of imports of these commodities was much greater than in 1934, Canada supplied a materially larger proportion of them than in 1934.

The report concerning concessions granted by the United States in the trade agreement with Canada consists of 650 pages and covers 99 individual commodities, of which 68 are dutiable and the remainder free.

Trade agreement with the Netherlands.—The concessions granted by the United States in the trade agreement with the Kingdom of the Netherlands were analyzed and presented by the Commission shortly after the trade agreement between the United States and that country became effective on February 1, 1936. The report consists of an introduction of 44 pages, 205 pages of textual material in the form of digests of trade data respecting each of the products upon which the United States gave a concession, and an appendix including the general provisions of the agreement, the schedules of commodities on which concessions were made by both parties, and the text of the notes exchanged on December 20, 1935, between the

American Secretary of State and the Netherlands Director of Trade Agreements.

The introduction to the volume provides information of a general character regarding trade between the Kingdom of the Netherlands (embracing the Netherlands in Europe, the Netherlands Indies, Curaçao, and Surinam) and the United States and gives the text of the agreement itself. It is there pointed out that exports from the United States to the Kingdom of the Netherlands declined from \$197,800,000 in 1929 to \$73,600,000 in 1935 and that imports into the United States from that country declined, in the same period, from \$231,900,000 to \$103,600,000.

Regular customs duties of the Netherlands in Europe are relatively low and, generally speaking, have not been particularly burdensome to our exports. Newer types of import restrictions, however, such as quotas, import monopoly fees, and emergency import control devices, have been detrimental to our commerce. For this reason, the concessions granted by the Netherlands in Europe to the United States consist not only of duty reductions and bindings against increase of existing rates of duty on imports, but also the reduction or abolition of import monopoly fees, and guaranties of larger quotas for United States goods. The Netherlands also agrees to purchase, through publicly controlled agencies, United States wheat and wheat flour in quantities at least equal to a specified percentage of the annual consumption in the Netherlands.

In the Netherlands Indies, tariff duties for a long time have been designed primarily for revenue purposes and have been a major source of governmental revenues. The concessions granted by the Netherlands Indies with respect to imports into that country from the United States of commodities specifically mentioned in the agreement consist principally of bindings of present tariff rates or of duty-free treatment.

No concessions relating to particular commodities are made with respect to United States exports to the Netherlands West Indies or Surinam. Our exports to these areas, however, are assured non-discriminatory treatment under the general provisions of the agreement.

The United States, by the terms of the agreement, grants concessions on 65 specific commodities. These concessions are limited, in almost all cases to products that are imported principally from the Kingdom of the Netherlands. In terms of value of imports, the free list bindings are of much greater importance than the duty reductions, imports from all countries of the duty-free commodities concerned amounting in 1934 to \$27,700,000, while the dutiable commodities were valued at only \$10,600,000. Among the more important imports on which duty reductions are made are cigar wrapper tobacco, tulip bulbs, Holland herring, cocoa, and chocolate. Among the free list bindings are ammonium sulphate (of a grade suitable for use as fertilizer), sisal, kapok, palm oil, quinine sulphate, pepper, and tapioca.

Trade agreement with Switzerland.—The trade agreement between the United States and Switzerland was signed on January 9, 1936, and went into effect on February 15, 1936. The Commission has issued a report setting forth pertinent statistical and other informa-

tion in its possession regarding each commodity on which a concession is granted in this trade agreement. The report is prefaced by a brief study of Swiss-American trade and trade policies, a summary of the agreement, and the complete schedule of concessions granted by each country.

Total trade between the United States and Switzerland declined from over \$104,000,000 in 1929 to about \$35,000,000 in 1932; the small improvement in trade from 1932 to 1935, in terms of dollars, reflects changes in the value of the dollar rather than an increase in volume of trade.

The concessions granted by Switzerland to the United States in the trade agreement affect imports from this country which amounted to about \$33,000,000 in 1928, \$22,000,000 in 1931, and \$12,500,000 in 1934. In 1928 and 1931 imports of these commodities constituted about 70 percent of total imports into Switzerland from the United States and approximately 60 percent in 1934 and 1935. Swiss concessions consist of new or liberalized quotas or pledges not to render less favorable the then existing quota treatment on 19 United States products, 12 reductions in tariff rates, and pledges not to increase duties on 19 items. Since Switzerland, in general, had instituted an extensive quota system rather than generally increased tariffs to restrict trade during the depression, the increased quotas for United States products provided for by the agreement are the most important concessions secured.

In addition to the Swiss concessions affecting United States exports, the Swiss Government agrees to undertake an elaborate system of control of exports of watch movements with a view to cooperating with the United States in the suppression of the smuggling of watch movements into this country.

Concessions granted by the United States affect commodities imports of which from Switzerland amounted to \$16,000,000 in 1931 and about \$12,500,000 in 1934. In 1931 imports of these commodities constituted about 69 percent of total imports into the United States from Switzerland, and in 1934, 79 percent. Our duties on 59 commodities are reduced. One-third of the duty reductions concern watches, watch movements, and parts; in addition, those rates in the watch schedule which were not reduced are bound against increase. Three other tariff rates are bound against increase and one commodity is bound on the free list.

The most important commodities, other than watches, on which duties are reduced are coal-tar dyes, Emmenthaler and Gruyère cheese, embroideries, and certain fine textile specialties.

In general, imports of the commodities subject to duty changes in the agreement are supplied principally by Switzerland, relatively small quantities coming from other countries. The principal exception to this is the case of coal-tar dyes, Switzerland and Germany each having supplied about 50 percent of United States imports in recent years. However, duty reductions affected by trade agreements are not extended to Germany inasmuch as that country discriminates against the commerce of the United States.

The detailed digests of trade data, which constitute the body of the Commission's report, contain, for each commodity upon which a concession is granted, statistical and other data regarding domestic

and foreign production, imports, exports, and short analyses of the competitive factors involved.

Trade agreement with Finland.—On November 2, 1936, the reciprocal trade agreement between the United States and the Republic of Finland became effective. Negotiation of this agreement was started in December 1934, and the agreement was signed in May 1936. The agreement received the final approval of the President of the Republic of Finland on October 2, 1936.

Soon after the agreement became effective the Commission published a report summarizing the concessions granted by Finland and discussing in detail the concessions made by the United States.

Our trade with Finland is small compared with our total world trade. Imports in the past 10 years have ranged from \$7,000,000 to \$12,000,000. In most recent years they have been about \$9,000,000 annually, except in 1935, when they amounted to over \$12,000,000. Finland's imports from the United States reached the high point of \$30,000,000 in 1928, but declined steadily thereafter until 1932, when they amounted to only about \$4,000,000. Since then there has been a decided upward trend, the trade amounting to about \$9,000,000 in 1934 and again in 1935. Our principal exports to Finland comprise a relatively limited list of products. The trade in the more important articles in 1929 and 1933 is compared in the following table.

	1929	1933
Wheat flour.....	\$2,397,182	\$69,691
Gasoline, naphtha, and other finished light products.....	1,416,884	None
Passenger automobiles.....	946,699	17,243
Raw cotton.....	901,657	993,657
Lard.....	846,036	295,235
Bacon.....	611,404	147,878
Copper rods.....	546,884	96,771
Cereal foods.....	419,469	1,281
Prunes.....	294,901	126,680

Our imports from Finland have been principally of the duty free items—wood pulp and newsprint paper. These products account for about 90 percent of our imports, and trade in them did not show as much decline during the depression as many other import items.

Since our imports from Finland are principally free products, the most important United States concessions in the agreement are the binding on the free list of wood pulp and newsprint already bound in agreements with Sweden and Canada. The duty-free status of certain cream separators and the present duties on certain paper products are also bound. In addition, duties are reduced on 12 items, the most important of which in our recent imports from Finland are cheese and certain wrapping paper.

The concessions granted by Finland to the United States include 2 bindings on the free list, 18 bindings at present duty status, and 9 reductions in rate. On the basis of 1934 statistics the items covered represent slightly more than 60 percent of our exports to Finland. The principal items involved are raw cotton which is bound free; passenger automobiles, gasoline, and copper rods which are bound at their present duty status; lard on which the tariff is reduced by one-third on a quantity of 1,000 metric tons entered at designated

port; and certain fruits (including prunes) in various specified conditions, i. e., fresh, dried, desiccated, canned or otherwise preserved, on which the rates are reduced.

Subsidies and bounties to fisheries enterprises by foreign governments.

In response to paragraph (a) of Senate Resolution 159, the Commission will report to the Senate, when it convenes, on an investigation of subsidies, bounties, and other assistance given to fisheries enterprises by foreign governments.

The investigation covered 15 countries, ranking first as producers of fishery products and as sources of United States imports, namely, Canada, Denmark, France, Germany, Iceland, the Irish Free State, Italy, Japan, Mexico, the Netherlands, Newfoundland, Norway, Portugal, the Union of Soviet Socialist Republics, and the United Kingdom. For comparison, the United States has been added to the list. The basic data used in the report were obtained from special reports prepared by the consular officers of the Department of State, from official publications, and to some extent from field reports prepared by a representative of the Commission.

In all countries covered by the investigation the Government extends some kind of aid to fisheries; the assistance is most diversified in Canada, Germany, Italy, Japan, and Newfoundland. Direct subsidies and bounties were found to be few in number and small in amount; the major part of bounties and subsidies are granted in some indirect manner. Most of the direct cash subsidies and bounties granted are for the construction and repair of vessels, and for the construction of freezing establishments. Indirect bounties and subsidies are granted chiefly in the form of loans to fisheries enterprises, and for developing home markets for fisheries products. In some countries, especially in Japan, the encouragement of cooperatives is the principal governmental assistance. By far the major part of subsidies and bounties are granted to fishing enterprises, as distinguished from processing and marketing establishments.

The bulk of the assistance to fisheries is extended in the form of "other governmental aid", which includes a large number of governmental activities undertaken for the purpose of improving the basic working conditions of fisheries enterprises. The governmental services rendered in this manner range from operating hatcheries and enforcing conservation laws to make harbor improvements and conducting biological investigations, as well as maintaining bureaus of fisheries. In several countries the bulk of total government expenditures for fisheries is for such "other governmental aid."

In many cases it was found impossible to measure quantitatively the benefits accruing to fisheries through certain governmental measures; the diversified nature of governmental assistance in the several countries handicapped, if not precluded, exact comparisons as between countries. On the whole, however, there is a tendency to shift from direct cash payments not involving obligations on the part of the recipients to indirect aid such as loans, sales promotion, tax or duty exemption, and aid to cooperatives.

Table 1 summarizes the kinds of bounties, subsidies, and other assistance granted by foreign governments to fisheries, and table 2 gives the totals of such aid in the latest year for which statistics are available.

TABLE 1.—Summary of the kinds of bounties, subsidies, and other assistance granted by governments in selected countries to fisheries

Type of assistance	Canada	Denmark	France	Germany	Iceland	Irish Free State	Italy	Japan	Mexico	Netherlands	Newfoundland	Norway	Portugal	Union of Soviet Socialist Republics ¹	United Kingdom			United States of America
															England and Wales	Scotland	Northern Ireland	
I. Bounties and subsidies:																		
Direct assistance:																		
Fishing operations.....	X			X		² X	X	X			X							
Exports.....			X				X											
Construction of vessels.....				X			X				X							
Repair of vessels.....				X			X											
Freezing establishments.....	X						X	X			X	X						
Other direct assistance.....	X						X	X			X							
Indirect assistance:																		
Government loans and guaranties.....	X	X	X	X	X	X	X			X	X	X	X			X	X	X
Home market promotion.....	X	X	X	X				X										
Preferential transportation rates.....	X			X							X					X	X	X
Tax or duty exemption.....	X						X	X			X					X	X	X
Other indirect assistance.....							X	X	³ X		X	X				X	X	X
II. Emergency relief.....				X												X	X	X
III. Other government aid:																		
Facilitation services:																		
Research and investigation.....	X	X	⁴ X	X		X	⁶ X	X		X	X	X				⁶ X	⁶ X	⁶ X
Fish propagation and conservation.....	X	X	⁴ X	X		X		X		X		X				⁶ X	⁶ X	⁶ X
Port facilities.....			⁴ X			⁷ X		X								⁶ X	⁶ X	⁶ X
Other facilitation services.....	X	X		X	⁸ X	X		X	⁹ X	X	X	X	⁹ X			X	X	X
Administration services.....	X	X	¹⁰ X	¹⁰ X	¹⁰ X	X	¹⁰ X	X	¹⁰ X	¹⁰ X	¹⁰ X	X	¹⁰ X			X	X	X

¹ Data not comparable with those of other countries.

² Full remission of duty on certain species of fish exported to England.

³ Occasional grants to cooperatives.

⁴ The exact nature and scope of these services are not known.

⁵ Information at hand furnishes only a lump sum for facilitation services.

⁶ Facilitation services are extended through various agencies. Owing to this fact their exact nature and scope are not readily ascertainable.

⁷ Recent details not available.

⁸ Fish inspection service, the costs of which are defrayed through an export duty.

⁹ No information at hand with regard to the nature and scope of facilitation services.

¹⁰ No data are available with regard to administrative expenditures.

TABLE 2.—Governmental expenditures for fisheries, exclusive of loans, in selected countries in latest fiscal year available ¹

Country and fiscal year	Bounties and subsidies								Emergency relief	Other governmental aid					Total expenditures exclusive of loans	
	Direct assistance					Indirect assistance				Facilitation services				Administrative services		
	Fishing operations	Exports	Construction of vessels	Repair of vessels	Freezing establishments	Other	Home market promotion	Preferential transportation rates		Other	Research and investigation	Fish propagation and conservation	Port facilities			Other
Canada, 1933-34.....	² \$152,040				\$187	\$10,086	\$19,237	\$19,167		\$169,184	\$625,516		\$14,453	\$522,419	\$1,532,289	
Denmark, 1934-35.....						4,452				66,839	75,988		77,064	19,922	244,265	
France, 1934.....		³ \$492,660				⁽⁴⁾				⁽⁴⁾	⁽⁴⁾			⁽⁴⁾	⁽⁵⁾	
Germany, 1934.....	70,875		\$474,673	\$275,626		17,719	⁽⁶⁾			\$2,343	70,875	⁽⁴⁾	53,156	⁽⁴⁾	⁵ 965,267	
Iceland, 1934.....													⁽⁷⁾	⁽⁴⁾	⁽⁴⁾	
Irish Free State, 1934-35.....		⁽⁸⁾														
Italy, 1934-35.....		⁽⁸⁾				54,324		⁽⁴⁾		¹⁰ 116,954	148,442	⁽⁸⁾	54,840	⁹ 49,854	⁵ 253,136	
Japan, 1934-35.....	¹¹ 87,908		⁽¹²⁾	10,251	40,433	130,631	3,631	\$46,975		226,028	127,134	\$1,277,437	22,184	131,985	2,084,579	
Mexico.....								⁽⁴⁾					⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	
Netherlands, 1934.....										2,250	18,867		5,391	⁽⁴⁾	⁶ 26,508	
Newfoundland, 1932-33.....		⁽⁸⁾	9,686					⁽⁸⁾		11,359			⁽⁴⁾	⁽⁴⁾	⁶ 32,406	
Norway, 1933-34.....					99,199			11,381		23,820	93,495		103,018	72,824	456,835	
Portugal.....								64,479					⁽⁴⁾	⁽⁴⁾	⁽⁴⁾	
Union of Soviet Socialist Republics ¹³																
United Kingdom, 1934-35.....																
United States of America, 1934-35.....									¹⁴ 9,423	42,177	4,636	⁽⁴⁾		331,208	⁵ 387,444	
									¹⁵ 260,000	370,954	1,244,963		163,066	136,000	2,174,983	

¹ National currencies converted into United States dollars at the average rate of exchange for the respective fiscal years.

² Paid for the year 1933.

³ Appropriated for 1934; exact amount expended not known.

⁴ Data not available.

⁵ Incomplete.

⁶ Not ascertainable.

⁷ Inspection of exports of fish; the amount expended not known.

⁸ Details not available, but included in the amount listed under "Facilitation services."

⁹ Approximately.

¹⁰ Details not available.

¹¹ In part for vessel construction.

¹² Details not available; see preceding note.

¹³ Data not comparable with those of other countries.

¹⁴ England, Wales, and Scotland only.

¹⁵ To Dec. 31, 1934.

Tuna fish.

In compliance with paragraph (c) of Senate Resolution No. 159, the Commission in January 1936 reported to the Senate on an investigation of the importation into the United States of fresh and frozen tuna fish and its effect on the production of tuna fish by United States fishing vessels.

Tuna fish are most abundant in warm seas, although found in limited numbers in northern waters. The two principal fishing areas are the Pacific Ocean and the Mediterranean Sea. The world catch approximates 474,000,000 pounds, of which about 70 percent is taken by Japanese fishermen, 15 percent by fishermen of the United States, and the remainder principally by those of France, Spain, Portugal, Italy, and the French colonies of northern Africa. The bulk of the Japanese catch is used for home consumption, either raw or boiled and dried; most of the remainder is shipped to the United States, canned, or frozen for subsequent canning. The United States catch is practically all canned and consumed in this country. Production in European countries is for the fresh and canned markets; the small exports from European countries to the United States consist entirely of the canned. Most of the limited Mexican catch is shipped to the United States either fresh for canning or canned.

Fresh and frozen tuna enter the United States free of duty. Canned tuna, packed in oil, dutiable at 30 percent under the Tariff Act of 1930, is now dutiable at 45 percent by Presidential proclamation.

Imports of fresh tuna have not at any time been sufficient to affect materially the California tuna-fishing industry, seldom exceeding a million pounds as against a United States catch of from 57,000,000 to 94,000,000 million pounds. Imports are principally from Mexico.

Imports of frozen tuna, which come almost entirely from Japan, were insignificant prior to 1928. From then to 1934, they ranged from 6 to 12 percent and averaged 7 percent of the California catch. Imports consist largely of frozen albacore, a species of tuna formerly plentiful off the coast of California but now of minor importance in the domestic catch.

Prior to 1930 imports of canned tuna were negligible and consisted mainly of fish packed in olive oil and marked as tonno or tunny. Most imports were from European countries. In 1930, however, the Japanese began to can tuna primarily for export to the United States; these exports increased to 1,000,000 pounds in 1931, 6,000,000 in 1932, and 14,000,000 in 1933, but dropped to 8,000,000 in 1934. Our imports of canned tuna in 1933 represented about 30 percent of the domestic consumption, and in 1934 they were 15 percent.

As the importation of fresh and frozen tuna into the United States was found to have relatively little effect on the production of tuna by United States fishing vessels, and the importation of canned tuna was found to have considerable effect, the scope of the Commission's investigation was extended to include the canned product.

The canning of tuna in the United States centers in southern California, which is also the base of operations for the tuna fishing fleet. The landings in California, constituting more than 90 percent of the total United States catch, are taken in part off the coast of California, but chiefly off that of Central and South American countries. In recent years there has been a decided change in the relative importance of these two fishing areas, as well as in the type of fishing

vessel and of gear used, and in the proportion of the several species of tuna in the catch. The fishing area off the coast of California accounted for 70 percent of the total catch in 1925, but for only an insignificant fraction in the years 1932 and 1933 and for only 20 percent in 1934. Formerly small vessels of limited cruising range, and using purse seines extensively, took practically the entire catch. At present (1936) most tuna boats are equipped with bait tanks, refrigerating facilities, and have a cruising range up to 6,000 miles. In 1934, 90 percent of the total catch was taken with hand and set lines, 9 percent with purse seines, and 1 percent with other gear. In 1925 the California catch according to species was divided as follows: Albacore, 41 percent; yellowfin, 25 percent; skipjack, 26 percent; and bluefin, 8 percent. In 1934 the distribution was: Albacore, less than 1 percent; yellowfin, 65 percent; skipjack, 16 percent; and bluefin, 19 percent.

Since 1914, apart from temporary fluctuations arising largely from natural rather than economic causes, there has been a steady and fairly marked upward trend in production and consumption of canned tuna in the United States. From 1914 to 1921 the average annual domestic output was about 13 million pounds; from 1922 to 1926, about 18 million; and from 1927 to 1934, about 32 million. The bulk of this increased output has been the product of United States fisheries, but since 1928 about 7 percent of the raw material used (fresh and frozen tuna) has been frozen tuna from Japan.

The competition caused by imported frozen and canned tuna was less marked in 1934 and 1935 than in 1932 and 1933 as a result of (1) an advance in the exchange value of the Japanese yen following the devaluation of United States currency, (2) an increase in the import duty on canned tuna on January 13, 1934, from 30 to 45 percent ad valorem, and (3) an exceptionally small catch of albacore tuna in Japan in 1934.

Analysis of miscellaneous chemical imports, New York.

The Tariff Commission issues annually a statistical study of imports under paragraph 5 and of acids not specially provided for under paragraph 1. These "basket" provisions, covering chemicals, medicinals, and allied substances not specially provided for in the tariff act, are among the most important in the chemical schedule. All of the items except a few which have been included in trade agreements are dutiable at 25 percent ad valorem. The statistics are for general imports through the New York customs district, which account for about 60 percent of the country's total in these categories.

These yearly studies disclose the composition of imports under the above classes in much greater detail than is elsewhere available. Many of the products covered are of new commercial interest or special items for research. The 10 items of largest value in 1935, accounting for 26 percent of the paragraph 5 total, were: Nicotine, fatty alcohol derivatives, allylisosulphocyanate, thyroid extract, potassium metabisulphite, Haarlem oil, ammonium sulphocyanide, calcium lactate, theophylline, and lipiodol. For the group as a whole, Germany was the outstanding supplier in 1935, as in former years, and Switzerland ranked second. The Union of Soviet Socialist Republics and the Netherlands were the sources of large shipments of certain items.

The value of the products covered in the analysis for 1935 was \$1,073,523 for paragraph 5 and \$61,644 for the miscellaneous acids provided for in paragraph 1. Although these values are for general imports, they may be roughly compared with imports for consumption under paragraph 5, for which the national total (preliminary) was \$1,590,752.

The statistics also cover entries of "acids, n. s. p. f." under paragraph 1, included in the study because of their similarity to items entered under paragraph 5. The rates of duty on most of the items in the two groups are the same and the products are similar. In fact, some products are reported under paragraph 1 which should be classified under paragraph 5 and vice versa. For a number of the products listed, additional entries were made under other paragraphs, particularly paragraph 23, which covers chemicals and medicinals in the form of pills, ampoules, and capsules.

Dyes and other synthetic organic chemicals in the United States, 1935.

The 1935 statistics of domestic production and sales of coal-tar chemicals, including dyes and other synthetic organic chemicals, emphasize the remarkable and broad development of this branch of the chemical industry. Increases were scored in nearly every group, particularly in synthetic resins, synthetic non-coal-tar chemicals, and miscellaneous finished coal-tar chemicals; dyes and intermediates registered substantial but smaller gains.

The output in 1935 of synthetic organic chemicals not of coal-tar origin totaled 1,591,895,576 pounds, with sales of 791,760,208 pounds, valued at \$86,053,000, or an increase over 1934 of 40 percent in production, 24 percent in sales volume, and 18 percent in sales value. In this group marked increases in production may be noted for many products. Synthetic methanol, the most important tonnage product, increased 41 percent in output; acetic anhydride, 73 percent; synthetic acetic acid, about 50 percent; acetone, more than 70 percent; amyl alcohol, over 100 percent; isopropyl alcohol, over 90 percent; and fermentation citric acid, more than 50 percent over the preceding year. Among the many other products showing increases are chemicals used in the automobile and motor fuel industries, in synthetic fibers, and in solvents for dry cleaning.

Synthetic resins, of both coal-tar and non-coal-tar origin, the production of which exceeded 100,000,000 pounds for the first time, reflected the activity in this rapidly developing class of products; resins from tar acids increased 34 percent over 1934; alkyd resins, principally those from phthalic anhydride, increased 124 percent.

Of the total synthetic resins of coal-tar origin produced in 1935, about 53 percent was consumed in the manufacture of paints, varnishes, and lacquers and 21 percent in molded articles. About two-thirds of the consumption in paints, varnishes, and lacquers consisted of alkyd resins, and one-third of tar-acid resins.

Among the individual resins, those made from urea increased 21 percent in production, 29 percent in sales volume, and 42 percent in sales value. Urea, in previous years all imported, was produced domestically in commercial quantities for the first time in 1935.

The output of 101,932,661 pounds of dyes in 1935 was 17 percent greater than in 1934 but 9 percent less than in the peak year 1929. The production of indigo has declined sharply in recent years, from

29,320,000 pounds in 1929 to 15,818,492 pounds in 1934 and to 13,614,238 pounds in 1935. If the output of indigo in 1929 and 1935 be deducted from the totals for the respective years, the 1935 production of dyes exceeds that in 1929 by 6,000,000 pounds, or 7 percent.

Unclassified and new dyes also show increased output, the total recorded in 1935 being 11,622,503 pounds, or 20 percent higher than the corresponding output in 1934. Sales increased 21 percent by volume and 25 percent by value. Particularly notable in this group were the dyes for acetate silk which gained 65 percent in output, 44 percent in sales volume, and 87 percent in sales value.

Sales of all dyes as a group were 16 percent greater in 1935 by volume and 19 percent by value than in the preceding year. The value per pound of sales averaged 53 cents in 1935 as against 51 cents in 1934.

Intermediates in 1935 showed an increase comparable to that of dyes. The total production was 436,656,139 pounds, and sales were 190,917,172 pounds, valued at \$26,074,279. The output exceeds 1934 by more than 10 percent and 1929 by 23 percent. In making the comparison with 1934, certain adjustment of the figures was necessary, because of the rubber chemicals being differently classified in the 2 years. In 1934 they were reported as intermediates and in 1935 as finished coal-tar products. By deducting the figures for rubber chemicals from the 1934 total for intermediates, comparable figures for 1935 were obtained.

Among the finished coal-tar products, medicinals, as a group, showed increased sales in 1935 of 9 percent by volume and 6 percent by value over the preceding year. Perfume materials, on the whole, showed a decline in production of 5 percent in 1935. Sales volume declined 1 percent and sales value 2 percent. Photographic chemicals continued to increase, with production and sales 16 percent higher in 1935 than in 1934. Practically all of the increase was accounted for by hydroquinol and metol. Production of the former increased 19 percent in 1935.

Among the miscellaneous finished coal-tar products, probably the most important group was that of chemicals for rubber. More than 18 million pounds were produced in 1935, compared with 15 million pounds in 1934. Other chemicals in the miscellaneous group showing increased production were diazo salts, rapidogene colors, synthetic tans, and textile assistants.

A more detailed statistical compilation was made of color lakes and toners in 1935 than in previous years. The classifications being different, they cannot be compared with earlier figures. Total production of color lakes and toners in 1935 amounted to 14,181,990 pounds and sales to 12,081,885 pounds, valued at \$8,724,580.

Chemical nitrogen.

The Commission has for some time been collecting data with respect to the chemical-nitrogen industry, and when the survey program, which is discussed elsewhere in this report, was undertaken, both the availability of recent material and the public demand for information of this type placed the chemical-nitrogen survey first on the list of such studies to be completed. When it became known that this report was being prepared, so great was the interest in it that the Commission in May of this year issued preliminary statis-

tics showing the capacity of all countries for producing chemical nitrogen by primary processes, the growth of capacity and production by products and by countries, and similar data.

Chemical nitrogen, as the term is now generally used, is nitrogen obtained from the air, or from coal or other mineral sources, by manufacturing processes. The term thus represents a restriction of the general subject of fixed nitrogen by omitting from consideration all so-called organic nitrogen occurring in vegetable and animal matter and the waste products thereof, as well as nitrogen added to the soil and waters of the earth by specific nitrifying bacteria and micro-organisms. The subject is of importance because of the increasing use of fertilizers in which nitrogen is one of the three major plant foods and because chemical nitrogen is essential to nearly all kinds of explosives, both industrial and military, and to many other products such as certain kinds of dyes, rayon, and medicinals. Approximately 25 products are produced by the industry, chief of which are ammonia, ammonium sulphate, sodium nitrate, calcium cyanamide, nitric acid, ammonium nitrate, and calcium nitrate.

Development of the industry has taken place principally in the twentieth century largely through the perfection of processes for deriving nitrogen from the air. Expansion in all aspects has been especially marked in the post-war period. World capacity increased from 380,000 tons in 1900 to about 1,000,000 tons in 1914. By 1934 it had increased to 5,082,300 tons. The sources of nitrogen for present capacity are 75 percent from air, roughly 12.5 percent from coal, and 12.5 percent as Chilean sodium nitrate. Six countries, namely, Germany, Chile, the United States, Great Britain, France, and Japan, have about 75 percent of the world capacity. The capacity of the United States as of January 1934 was 341,350 tons in plants for synthetic production and 200,000 tons in byproduct plants, a total of 541,350 tons.

World production of chemical nitrogen increased from 330,000 tons in 1900 to 851,400 tons in 1913 and to 1,159,600 tons in 1918. Beginning 1922, production increased rapidly to attain a maximum output in 1929 of 2,404,300 tons. By 1931 production had declined, however, to 1,766,000 tons, or 26.5 percent. The output in 1934 was 2,108,500 tons, or 86 percent of the 1929 output. Germany, Chile, the United States, Great Britain, and France have been the chief producers. Since 1930 Japan, Belgium, Italy, the Netherlands, and the Soviet Union have become of considerable prominence. Production in the United States in 1934 amounted to 256,700 tons.

The consumption of chemical nitrogen by agriculture amounts to about 85 percent or 90 percent of the annual output, and represents about 37 percent of the primary manufactured plant food used for fertilizer. The remainder is used in industry for explosives, refrigeration, water treatment, soda manufacture, etc. Germany has the largest consumption, followed by the United States, Japan, France, the Netherlands, Spain, Belgium, Italy, Poland, and Great Britain.

World trade in the principal chemical nitrogen products reached a peak in 1929 of 1,131,708 tons valued at \$250,000,000. After declining to 565,707 tons valued at \$61,663,527 in 1932, it recovered to 668,943 tons valued at \$91,100,000 in 1934. Since 1929 a cartel of

10 of the chief producing countries, except the United States, has succeeded in limiting expansion of capacity and in controlling production and marketing. Prices of chemical nitrogen have been steadily declining since the war and since 1930 have been below all previous levels. The indications are that the industry is being adjusted and stabilized in most countries to meet home requirements, with moderate surpluses.

REPORTS IN PROGRESS UNDER SECTION 332

Wood pulp and pulpwood.

The Commission's investigation of wood pulp and pulpwood is nearing completion. This investigation was undertaken in response to Senate resolutions which directed the Commission to investigate all facts relating to the competition between foreign and domestic wood pulp and pulpwood in the principal markets of the United States.

Wood pulp and pulpwood are free of duty under the act of 1930. Under the terms of the trade agreements with Sweden, Canada, and Finland various kinds of wood pulp are bound on the free list for the duration of such agreements. By the trade agreement with Canada pulpwood is also bound on the free list as long as that agreement remains in effect.

In the investigation information has been collected from official sources and public records regarding production, sales, imports, exports, prices, and the development of the wood-pulp industry in the United States and in foreign countries. In addition, detailed data not obtainable from such sources were secured by questionnaires and by agents in the field. The information so collected had to do with the kinds and grades of pulp produced in different sections of the United States; with the movement of pulp to different markets within the country; with prices of pulp and pulpwood at different points; with the costs of production of representative operations in different sections of the country; with the relations between wood-pulp manufacturing concerns and pulpwood producers; with the relations between pulp producing and consuming industries; and with other factors relating to the organization of the domestic industry and affecting the competition between imported and domestic wood pulp and pulpwood. Completed questionnaires were returned by mills which accounted for very large percentages of both pulp production and consumption in the United States. The reporting mills represented large proportions of those producing pulp only, of those producing pulp and paper or board in integrated operations, of paper or board mills which produce no wood pulp, and of mills manufacturing synthetic yarns or other compounds of cellulose out of wood pulp. Information was also obtained by questionnaires sent to the importers of wood pulp. Cost data were obtained by agents of the Commission from the records of 39 pulp mills whose operations are representative of the different conditions prevailing in various sections of the United States.

In 1934 (latest available census data) total domestic consumption of wood pulp was about 6,100,000 short tons. About 30 percent of this

total was supplied by imports. United States exports of pulp are relatively small but since 1932 have been increasing.

There are five main classes of wood pulp: Mechanical pulp, or ground wood; three classes of chemical pulp, namely, sulphite, sulphate, and soda; and semichemical pulp. These various kinds are further differentiated into unbleached and bleached pulp and in addition there are grades and subvarieties of the general classes.

The most important kind of pulp, on the basis of quantity consumed, is sulphite. Both domestic production and imports of this kind of pulp are larger than of any other. Imports in 1934 amounted to about 42 percent of total domestic consumption. In the unbleached condition sulphite pulp, frequently in combination with ground wood, repulped wastepaper, and other fibrous material, is used in the production of board and in the cheaper grades of "white" papers. In the bleached condition sulphite pulp is used in the production of higher grade papers and special grades are used in the manufacture of artificial textile fibers and other cellulose compounds. Over half of the domestic production of sulphite pulp is bleached by the producing mills, while over half of the imports are unbleached. Imports of unbleached sulphite come principally from the Baltic countries and imports of bleached sulphite chiefly from Canada.

Sulphate pulp is second in importance on the basis of quantity consumed, but domestic production of ground wood was formerly much greater, and in recent years has been slightly greater, than the domestic production of sulphate. Little sulphate is bleached and the bulk of the unbleached sulphate, which is known as kraft pulp, is used in the manufacture of wrapping paper, bags, and various kinds of board. Imports of sulphate pulp, which come principally from Sweden, have, in recent years, been equivalent to about 30 percent of total domestic consumption.

Ground wood is used in large quantities in the production of newsprint in which it is combined with sulphite pulp in proportions averaging about 80 percent ground wood and 20 percent sulphite. Ground wood is also used in combination with chemical pulps, usually sulphite, in the production of wall, building, wrapping, and low-grade book and tissue paper. Very little ground wood is bleached. Imports of this kind of pulp, principally from Canada, have amounted to about 13 percent of domestic consumption.

Soda and semichemical pulps are much less important on the basis of quantity consumed than the three kinds referred to above, and imports of soda and semichemical pulps are negligible.

The domestic wood-pulp industry developed in different localities of the United States at different times, and the conditions in the different sections differ with respect to the species of wood principally used, the kinds of pulp principally produced, and the marketing and consumption of the pulp output. Four main regions may be distinguished: The Northeastern, comprising New England and the Middle Atlantic States; the Lake Central region; the Southern States; and the Pacific coast area. In the Northeastern and Lake Central regions substantial quantities of pulpwood imported from Canada are used, although the bulk of the pulpwood originates within each region. In the South and on the Pacific coast practically all the wood used in pulp production is of domestic growth with the

exception of the small imports of Canadian wood, principally Douglas fir mill waste, which is used by Pacific coast pulp mills.

Some of all of the main classes of pulp except semichemical, which is produced only in the South, are produced in all four regions. However, ground wood constitutes the largest tonnage of the output of the Northeastern pulp industry, and sulphite makes up the bulk of the remainder. Most of the United States output of sulphate is produced in the South. Production of other kinds of pulp in that section is small. Sulphite is the most important item of pulp production in the Lake Central and Pacific coast regions, although ground wood and sulphate pulp are also produced in substantial quantities there.

In the Northeastern and Lake Central regions there are a few mills that produce pulp entirely or primarily for shipment as pulp to converting mills, but the great bulk of the production of these regions is for use in paper or board mills integrated with the pulp mills. Both regions use pulp in their paper and board industries far in excess of the quantities of their own pulp production. Most of the imported pulp, as well as the bulk of the surplus pulp of the Pacific coast section, is brought into the Northeastern and Lake Central regions. Very little pulp is shipped out of, or brought into, the Southern region. The large sulphate production of that section is used almost entirely in the production of kraft wrapping paper and kraft board in mills integrated with the pulp mills. The Pacific coast section is different from the others in that a large proportion of the sulphite-pulp mills produce pulp primarily for sale. This is the only section that produces pulp in excess of the needs of its local paper industry and which markets substantial quantities, almost entirely of sulphite pulp, in other sections of the country and abroad. The ground wood, sulphate, and soda pulp production of the Pacific coast area, as of other sections of the country, is used largely in integrated pulp and paper operations.

In the past few years there has been developed, chiefly in the Pacific coast section, but to a smaller extent also in the Northeast, the production of grades of bleached sulphite pulp suitable for the manufacture of rayon and other cellulose compounds. In response to an increasing demand for such pulp, production is growing rapidly and although such pulp constitutes but a relatively small part of the total production and consumption of wood pulp, it forms a much more important part of the bleached sulphite production, particularly of the Pacific coast region. Rayon and chemical grades of bleached sulphite also comprise a substantial part of United States exports of wood pulp.

Competition in domestic markets occurs between domestic pulp produced in the several regions of the country as well as between such pulps and imports. Moreover, the situation is considerably complicated by the fact that paper and board produced by integrated pulp and paper mills compete with the products of converting mills using purchased wood pulp. Because of the bulkiness of pulp, transportation has an important influence on the competition between pulps from different sources.

On account of these and other considerations the investigation is one of the most elaborate undertaken by the Commission in recent years.

United States-Philippine trade.

In compliance with a request from the Interdepartmental Committee on the Philippines, the Commission designated two of its senior economists to proceed to the Philippine Islands for the purpose of gathering economic data to be used by our government in preparation for the joint trade conference, provided for in section 13 of the Tydings-McDuffie Act (Philippine Independence Act). These men arrived in Manila on September 9, 1935, where they were joined by the resident American Trade Commissioner, who made up the third member of the survey committee. This committee worked under the general direction of the Governor General (later the High Commissioner) of the Philippines.

The survey committee spent the major portion of its time in Manila, but it also visited most of the important agricultural, shipping, and trade centers throughout the Islands. In the course of its studies it traveled approximately 3,000 miles within the Islands. Throughout its studies, the Committee made every effort to obtain such data as would provide a basis for estimating the effect that the various provisions of the Tydings-McDuffie Act are likely to have on the individual and collective interests of Filipinos and Americans. The Committee interviewed individuals identified with every important agricultural, commercial, or industrial pursuit in the Islands, and it consulted with Government officials, professional men, and educators who by reason of their positions, experience, or private investigations had obtained an intimate knowledge of the Islands' economy. It studied at first hand—so far as time, conditions, and the seasons permitted—the production of sugar cane, coconuts, tobacco, abaca, pineapples, and other crops and the conversion of these products into commercial staples for export, or into finished goods for domestic use. It visited plants or factories producing such articles as raw and refined sugar, cigars and cigarettes, copra, coconut oil, margarine, soaps, desiccated coconut, stripped abaca (hemp), cordage, embroideries, canned fruits and fish, alcohol and distilled spirits, pearl buttons, and cotton piece goods. In addition the Committee inspected the Philippine gold-mining operations.

After completing their work in the Philippines, the Tariff Commission's representatives spent several weeks in Japan making inquiries regarding several Japanese products whose importation into the United States was then being studied by the Commission. Among these commodities were cotton cloth, slide fasteners, wool knit gloves, and wool felt hat bodies.

The Commission's experts returned to Washington on March 1, 1936, and began preparation of a full report upon the trade between the Philippines and the United States. The report under the title of "United States-Philippine Trade" is now in preparation.

Extent of equal tariff treatment in foreign countries.

A report under the above title, now nearing completion, covers the 20 Latin American Republics and 22 other countries. Germany, Italy, and the Soviet Union are not included because the Governments' direct control over trade renders the tariff rates of relatively minor significance. For each of the countries covered the report sets forth briefly the type of tariff employed, whether single-column, general-conventional, or maximum-minimum. It states whether any

concessions have been made by trade agreement and whether the concessions have been extended under most-favored-nation treaties, or, irrespective of treaty obligations, have been generalized, i. e. conceded freely to all countries. If the country enforces exchange control, quota restrictions, or other devices which tend to lessen the importance of equality of tariff treatment, these facts are mentioned.

Preceding the descriptions of the tariff policies of the various countries relating to equality of tariff treatment is an introduction and summary. This section defines the chief types of tariff policy, explains the difference between conditional and unconditional most-favored-nation treatment, briefly describes the development of the policy of equal treatment, discusses the chief exceptions to and limitations upon equality of tariff treatment, and summarizes the findings concerning the extent to which the countries covered by the report apply equality of tariff treatment in practice.

The report brings out the fact that the other methods of controlling trade—quota systems, licensing systems, exchange controls, clearing and compensation agreements—are all in addition to tariffs and are not substituted for them. It shows that countries which have half of the import trade of the world make no use, or very little use, of methods other than the tariff to control trade; further, that many of the countries which employ other methods do not apply them to all imports, and that the restrictive effects of some quotas, exchange controls, or other restrictions are slight, so that tariffs remain the chief barrier to the world's trade.

The report shows also that unconditional most-favored-nation treatment in respect of tariff rates is pledged in the greater number of all general commercial agreements now in effect, and that the conditional form of the pledge has all but disappeared from commercial agreements. It indicates that despite the great variety of policies pursued by the different countries nearly one-half of them may be classified as pursuing policies which—except for colonial and regional preferences—give complete or practically complete equality of tariff treatment to imports from all countries. These countries include the United States and others of importance, so that nearly 72 percent of the import trade tabulated in the report belongs to countries pursuing the policy of equal tariff treatment. Moreover, many of the countries having double-column tariffs admit the bulk of imports at the most favorable tariff rates, with the result that the greater part of the import trade of the world is carried on at such rates, if exception be made for colonial preferences.

Other general studies of international tariff problems.

The Commission has in progress reports on several subjects dealing with international tariff problems. These include reports on the organization and functions of tariff boards in foreign countries; a resumé and analysis of French commercial policy; and a study of colonial tariff policies.

Summaries of tariff information.

Part I of Senate Resolution 334 (72d Cong., 2d sess.), passed in January 1933, directed the Tariff Commission to make an analysis of the composition of the import and export trade of the United States with each important foreign country. This analysis for about 25 countries was completed and submitted to the Senate in the spring

of 1934. The trade data contained in the analysis have since been brought up to date.

Part II of the resolution called for a revision of the individual commodity summaries of tariff information originally prepared and printed for the use of the Congress in framing the Tariff Act of 1922 and subsequently rewritten when the act of 1930 was under consideration. Revision in a greatly expanded form was begun soon after the passage of the resolution. Over 1,800 separate documents had to be prepared, varying in length from a few pages each to over 100 and covering from one to a dozen related commodities. Approximately 1,600 summaries have been completed in preliminary draft (September 1936) of which about 1,200 have been mimeographed for the use of the Commission and other governmental agencies. To a large extent the summaries first revised have been kept up to date as new and more complete information has been obtained by the Commission.

The resolution directed that the Commission ascertain the character of production, imports, and exports of the United States; production in foreign countries of commodities not exported to the United States and the reasons why this country is not a market; advantages and disadvantages affecting the sale of both foreign and domestic products in the domestic market and in foreign markets; concentration of control of industry here and abroad; and other tariff problems, such as those arising from the use of substitute articles. Obviously a vast amount of new and more complete information had to be obtained by the Commission's experts through field work, correspondence, and official contacts. In addition, the growing network of restrictions upon international trade since 1930 has made it necessary to evaluate the effects of exchange control, currency devaluation, preferential tariffs, and other measures upon the flow of each important commodity.

Revision of the summaries of tariff information has been one of the largest and most useful undertakings of the Commission in recent years. This revision was well under way when the Trade Agreements Act of 1934 directed the Tariff Commission among other agencies of the Government to supply information for the use of the President in negotiating reciprocal agreements. From this time on emphasis was placed upon the completion of summaries on commodities imported from countries in the order with which negotiations were contemplated.

These summaries were invaluable in supplying factual data nowhere else available in so complete and accessible a form. Careful scrutiny of each item during the progress of the trade agreement negotiations has brought to light further information which has been and will be incorporated in the summaries. The Commission, therefore has available for the use of the Congress a more comprehensive body of information than ever before in its history.

The following skeleton outline of a typical summary is indicative of its scope and content:

1. Quotation of the tariff paragraph, act of 1930.
2. Comparison of rates of duty under the acts of 1913, 1922, and 1930.
3. Changes in rates of duty since the act of 1930.
4. Description of the commodity and its uses.
5. Summary of statistics of production, imports, and exports.

6. Domestic production—volume, number of producing units, concentration of control, etc.
7. Foreign production.
8. International trade.
9. Imports into the United States—statistics by countries, customs districts, and months when significant; reasons for trends; grades imported; etc.
10. Exports from the United States.
11. Transportation and marketing.
12. Costs of production in the United States and abroad.
13. Competitive conditions.
14. Treasury and court decisions.

Steady progress is being made in the work of modernizing the complete series of summaries. Although they have not been printed as such, the summaries have provided much of the basic information contained in the digests issued by the Commission on commodities imported from countries with which trade agreements have been concluded. These digests, relating to commodities on which the United States has granted concessions, have been completed for Belgium, Sweden, Brazil, the Netherlands, Canada, Switzerland, and Finland. Thus much of the summary material has already been made available to the public.

Many more of the summaries will become available to the industries and to the public generally as parts of a series of broad surveys now being prepared for publication by the Commission on a considerable number of important commodities or commodity groups.

Commodity surveys and reports.

The summaries of tariff information referred to above relate for the most part to individual products and place emphasis upon the tariff problem and competitive conditions with respect to each such product. On some commodities, however, where the industry is international in scope or where closely related groups of products must be considered collectively from a tariff viewpoint, it has been found necessary to prepare more exhaustive statements of the information available. These surveys while incorporating the information contained in tariff summaries contain a great deal more detail, many of them incorporating not only information gathered from public sources but also data obtained in extensive field studies not usually undertaken when summaries are being prepared.

The information contained in these surveys is of interest to importers and exporters, as well as to domestic producers.

The Commission plans to print several of these surveys, and a few of them have progressed to the final stages. In press at the moment is the report on Chemical Nitrogen, a summary of which is given elsewhere. Other important subjects upon which investigations are under way and for which reports will be issued during the next several months include flat glass, synthetic resins, grape and wine industry, cutlery, rayon and rayon manufactures, sodium sulphate (salt cake), glue and gelatin, starches and dextrines, edible nuts, cherries, mica, electric-light bulbs, textile machinery, petroleum and petroleum products, iron and steel, and alloys.

Salmon and other fish.

The investigation with respect to salmon and other fish ordered in response to Senate Resolution 165, Seventy-third Congress, second session, has been delayed because of the pressure of other work.

The study is now being carried on and will be completed early in 1937. The report will be divided into three parts as follows: Part I will be a general statement summarizing information on the domestic and foreign trade in fish; part II will discuss the effect of imports on domestic production; and part III will give detailed information with respect to the various species.

Nets, netting, and other fishing gear.

The investigation with respect to nets, netting, and other fishing gear was undertaken in response to Senate Resolution 165, Seventy-third Congress, second session. The inquiry, as instituted, covered nets and nettings of cotton, linen, and manila, used in commercial fishing. In other items of fishing gear the volume of trade is small, and competition between imports and domestic production is relatively unimportant. Information obtained in the investigation indicates that the impact of competition is chiefly between imports and domestic production of cotton fish netting and is confined largely to the Pacific coast area. Imports of cotton fish netting in recent years have come principally from Japan.

The investigation is in an advanced stage, and the report to the Senate is nearing completion.

WORK UNDER SECTION 336—RATE-ADJUSTMENT PROVISIONS

Section 336 of the Tariff Act of 1930 affords means of adjusting tariff duties, without action by the Congress, to equalize foreign and domestic costs of production. This was the only means provided for making adjustments until, under the Trade Agreements Act passed in June 1934, the President was authorized to adjust tariff rates in return for concessions by foreign countries. The purpose of this act was to bring about mutual reductions in trade barriers on the part of the United States and foreign countries. Some of the items upon which our duties have been reduced under this law might otherwise have been made the subject of decreases in duties under section 336. Naturally with the prospect of reductions by this method, there has been little demand for investigations under section 336 looking toward decreases in the tariff. Of the applications filed during this year under that section, 4 have asked for decreases and 14 for increases in rates of duty. In the past year five investigations under this section were instituted. Those with respect to slide fasteners (zippers), cotton hosiery, and cotton velveteens and corduroys were ordered on application of interested parties. The other two, concerning certain furs and embroidered wool knit gloves, were ordered in response to Senate resolutions directing the Commission to institute investigations. The slide fastener investigation is completed, and work is in progress on the others.

Reports were sent to the President on four investigations under section 336 and resulted in increases in duties on frozen swordfish, unembroidered wool knit gloves, cotton cloth, and slide fasteners. Summaries of each of these reports appear later in this section of the report.

During the year the Commission made a complete review of all the work pending on its docket under section 336 as a result of which a number of applications were denied and a number of investigations were dismissed without prejudice. Many of these had been before

the Commission for some time, and in most instances the conditions which prevailed at the time the applications were filed or the investigations ordered had materially changed. Some of them also related to products included in trade agreements, and under the Trade Agreements Act such products are not subject to action under section 336. The information obtained in the dismissed investigations is being used in special studies. In the case of plate glass, which is one of the investigations dismissed, the Commission has published a report summarized later in this section. More recent data are being incorporated in the survey of flat glass now in course of preparation.

REPORTS COMPLETED DURING THE YEAR UNDER SECTION 336

Cotton cloth.

The Commission instituted an investigation of cotton cloth on April 2, 1935, in response to Senate Resolution 104, Seventy-fourth Congress. On May 14, 1935, a public hearing was held in Washington, D. C. The report on the investigation, somewhat delayed by the time spent in assisting the Cabinet Committee in its study of the cotton textile industry, was sent to the President on April 17, 1936. The President, by a proclamation effective June 20, 1936, increased the duties on bleached, printed, dyed, or colored cotton cloths containing yarns the average number of which exceeds number 30 but does not exceed number 50.

The duties on cotton cloth in paragraph 904 of the Tariff Act of 1930 are progressive on the basis of the yarn number; the finer the yarn the higher the duty. On the cloths affected by the proclamation the old rates ranged from 23.85 to 33.50 percent ad valorem; the new rates from 34 to 47.50 percent ad valorem. The proclaimed duties represent an increase over the existing duties of about 42 percent. The cloths on which duties were increased constituted about 58 percent, on the square yard basis, of the total cotton cloths imported in 1935, and about 90 percent of the cotton cloths imported from Japan in that year.

The basis of the investigation and of the resultant increase in duties on cotton cloth was a recent change in the character of the competition from abroad. Prior to 1931 the United Kingdom had supplied the bulk, in most years over three-fourths, of the cotton cloths imported, and from 1931 to 1934 Switzerland had ranked first, in square yards imported; these imports from Europe were mostly fine or special cloths fairly high in price. Imports from Japan of medium-yarn plain-woven staples, beginning in 1934, predominated in 1935 and early 1936. The competition from these imports was due not so much to their quantity, although this tended to increase, as to their unusually low price and their concentration in a limited sector.

In the 45 years from October 6, 1890 (the beginning of the Tariff Act of 1890) to December 31, 1935 (under the Tariff Act of 1930), imports for consumption of countable cotton cloths averaged 63,997,000 square yards per annum. In quantity, imports in the calendar year 1935, amounting to 62,108,000 square yards, were therefore not abnormal. In value, they were much less than normal, since the bulk, coming from Japan in that year, consisted of coarser yarn numbers, disproportionately low in unit prices.

Imports of cotton cloth from all countries in 1935 constituted less than 1 percent in quantity and in value of the total cotton cloths produced in the United States, and were also much less than domestic exports. The imports from Japan in that year, practically all in the finished state, constituted about 1 percent of the total cotton cloths reported as finished by bleaching, printing, or dyeing, in the United States. The impact of the competition from Japan was most strongly felt in a limited range of finished cloths, mostly bleached cloths, used in the manufacture of nightgowns, underwear, and handkerchiefs; in this restricted range the imports from Japan amounted to about 12.6 percent of the domestic supply in 1935 and were increasing in early 1936.

The cotton cloths imported from Japan in the years 1934-36 were mainly mulls and shirtings, plain-woven of gray yarns (about 40s to 46s) and finished by bleaching or, to a lesser extent, by piece-dyeing in light shades. In addition there was a small amount of gingham and other miscellaneous fabrics.

The domestic cloths with which the Japanese mulls and shirtings compete most directly are nainsooks and muslins similarly finished, by bleaching or dyeing, from print cloths plain-woven of gray yarns (about 28s to 40s or a little above). Gray print cloths constitute the largest group of cotton fabrics woven in the United States and are used for many purposes; part is used in the gray and part is finished by bleaching, dyeing, or printing. Of the domestic print cloths, over 95 percent are now woven in the Southern States; very little is woven in New England.

The imported mulls and shirtings are finer in yarn number and lighter in weight per square yard than the domestic nainsooks and muslins, but they are very similar in total threads per square inch, are finished in the same manner, and are alike in appearance. The difference in weight was taken into consideration by using the pound rather than the yard as the basis of cost comparisons for duty-changing purposes.

On the pound basis the net excess of domestic over foreign costs, for comparable cloths delivered at New York, was found to be 13.03, 12.10, 9.75, and 10.27 cents, equivalent to 44, 39, 32, and 33 percent ad valorem, respectively, with a weighted average of 39 percent ad valorem, in the case of bleached cloths, and to be 13.61 cents per pound, equivalent to 43 percent ad valorem, in the case of the dyed. These cloths averaged 41 in statutory yarn number, and under the act of 1930 were dutiable, if bleached, at 27.35 percent ad valorem, and if printed, dyed, or colored at 30.35 percent ad valorem. The investigation, therefore, showed that an increase of about 42 percent over the existing rates was required to equalize costs for cloths falling within the competitive range.

The United States is the world's largest producer of cotton cloth; Japan in recent years has supplanted the United Kingdom as the largest exporter. The United States regularly exports more cotton cloth than it imports, but in recent years its export trade has fallen off sharply, the decline being due in large part to the competition in neutral markets of cheaper fabrics from Japan. Exports of cotton cloth from Japan are most largely to British India, the Netherlands Indies, China, and Egypt; less than 2 percent of the total in 1935 were sent to the United States.

Wool knit gloves and mittens.

In accordance with Senate Resolution 178, Seventy-fourth Congress, the Commission on August 20, 1935, instituted an investigation of the costs of production of wool knit gloves and mittens (unembroidered).

As a result of the report of the Tariff Commission upon this investigation the President issued a proclamation effective March 22, 1936, changing the duty under paragraph 1114 (b) on wool knit gloves and mittens valued at not more than \$1.75 per dozen pairs from 40 cents per pound and 35 percent ad valorem based on the foreign value to 40 cents per pound and 35 percent ad valorem based on the selling price of similar domestic articles.

Japan was the chief competing country on wool gloves valued at not more than \$1.75 per dozen pairs. The Commission's investigation indicated that the excess of the domestic over the foreign costs of these gloves and mittens could not be equalized by increasing the ad valorem part of the duty, when calculated on the foreign value, to the maximum extent permitted by the statute, namely by 50 percent of the existing rate. It was therefore necessary to change the base for the ad valorem duty from foreign value to the selling price of similar domestic articles. In the case of such a change in base the statute limits the rate applicable on such selling price to not more than the rate originally enacted in the act of 1930 on foreign value, and the investigation showed this maximum increase to be warranted by the difference in costs.

No imported gloves valued at more than \$1.75 per dozen pairs were found to be like or similar to the products of the domestic industry. Therefore, no cost comparison could be made on gloves or mittens in the higher value bracket and the results of the Commission's investigation are limited to gloves and mittens valued at not more than \$1.75 per dozen pairs. If, under changed conditions, imports of gloves like or similar to domestic gloves coming within the higher value bracket should become substantial, the Commission may find it necessary to investigate further under section 336 regarding wool knit gloves valued at more than \$1.75 per dozen pairs.

In the report to the President the Commission called attention to the fact that, by the addition of embroidery, wool gloves and mittens would become dutiable under paragraph 1529 (a) at 90 percent which would probably be considerably less than the rate under paragraph 1114 (b) based on the selling price of domestic gloves. However, the Commission did not extend the scope of the investigation to include embroidered gloves as only 40 dozen pairs, mostly specialties from Austria, were imported during the calendar year 1935.¹

Demand for wool gloves changes greatly over a period of years. Recent cold winters and style trends have brought wool gloves into greater favor for two or three seasons than at any time since 1923.

During the 10 years, 1923 to 1932, imports, chiefly from Germany and Czechoslovakia, averaged about 133,000 dozen pairs annually, representing a substantial part of the average annual consumption in the United States of between 400,000 and 500,000 dozen pairs. Demand probably reached a low point in 1932 when domestic production and imports combined were not over 300,000 dozen pairs. A

¹ In response to S. Res. 270, 74th Cong., the Commission on Oct. 1, 1936, ordered an investigation of embroidered wool knit gloves.

marked upturn began in the domestic industry in 1933 and continued to a new high in 1934. Imports, though slower than domestic production to show the effects of re-awakened demand, increased at a more rapid rate when they did respond. While domestic production in 1935 of 715,000 dozen pairs was about the same as in 1934, imports increased from 63,000 dozen pairs in 1934 to 527,000 dozen pairs in 1935. Of the total imports in 1935, 95 percent came from Japan.

The Commission found that for the year 1935 the average domestic costs of production, including transportation and other delivery charges from the centers of domestic production to the principal market in the United States for the representative grade of wristlet-type worsted gloves during the representative cost period were \$4.36 per dozen pairs in women's sizes and \$3.98 per dozen pairs in misses' sizes. The corresponding costs of the representative grade from the principal competing country as evidenced by weighted average invoice prices plus transportation and other delivery charges from the centers of foreign production to the principal market in the United States were \$1.75 and \$1.48, respectively. The excess of domestic over the foreign costs was \$2.61 and \$2.50 per dozen pairs of women's and misses' gloves, respectively.

Slide fasteners and parts.

The investigation of the cost of production of slide fasteners (zippers) and parts thereof was instituted by the Commission on December 20, 1935, in response to an application submitted by 5 domestic producers who in 1935 accounted for practically all of the domestic output. Pursuant to the report on this investigation, the President issued a proclamation increasing the rate of duty on these products from 45 to 66 percent ad valorem, effective July 31, 1936.

Imports of slide fasteners were important for the first time in about 1931, and in 1932 became the subject of an investigation by the Commission, under section 337 of the Tariff Act of 1930, of unfair methods of competition. As a result of the investigation, an exclusion order was issued by the Secretary of the Treasury forbidding the entry of most types of slide fasteners, except under bond, and imports were negligible until late in 1934 when the so-called "pioneer" patents and sections of the exclusion order predicated thereon expired. Imports of slide fasteners entered in large volume for the first time in 1935, when they amounted to about 13,000,000, valued at about \$463,000. In the early part of 1935, Czechoslovakia was the principal supplier, but by the end of the year Japan had become by far the most important source. Japan was, therefore, found to be the principal competing country for the purposes of section 336. Imports from all sources in the second half of 1935 numbered about 9,675,000 fasteners; in the first 5 months of 1936 approximately 12,339,000.

Although the pioneer patents on slide fasteners formerly held by the leading domestic manufacturer have expired, there are still patents covering certain types of slide fasteners and parts. Of these types, constituting over three-fourths of the domestic production in 1935, there have, of course, been no imports. Imports in 1935 of the fasteners on which the patents have expired were equal in number to about 12 percent of total domestic production, but to a substantially greater proportion of the domestic output of the types with

which they were in direct competition. The total output of fasteners by the domestic industry was 13,100,000 in 1928, 35,500,000 in 1933, 67,100,000 in 1934, and 109,350,000 in 1935. The increase in production in 1935 was greater than the increase in sales, as the domestic producers introduced the practice of building up stocks in order to fill orders more promptly.

The Commission selected as a basis of cost comparisons six fasteners which were representative of all fasteners imported from Japan. Differences in the cost of production of the samples used in the cost comparison were found to be representative of the difference in costs of production in the United States and Japan of all types of slide fasteners, and the change in the rate of duty applies to all slide fasteners and parts thereof in chief value of base metal.

Frozen swordfish.

The Commission instituted an investigation of frozen swordfish on December 12, 1932, at the request of the President, but work on the investigation was not undertaken at that time. On July 29, 1935, the Senate, under Resolution No. 100, requested the Tariff Commission to complete the investigation as soon as practicable. In December 1935 the Commission reported the results of its investigation to the President, who thereupon proclaimed an increase in duty from 2 to 3 cents per pound, effective February 22, 1936. The change in duty was based on differences in costs of production of the domestic product and imports from Japan, the chief foreign source of frozen swordfish.

The Commission's report shows that for the 2-year period June 1, 1933, to May 31, 1935, the domestic cost of production of frozen swordfish delivered at the principal market, Boston, was 13.9 cents per pound, and that the cost of Japanese frozen swordfish, as evidenced by invoice prices, delivered to the same market was 10.1 cents per pound, the latter figure including a charge of 1.2 cents per pound made by the United States commission merchants handling the imported fish. The excess of domestic costs over foreign costs was 3.8 cents per pound, as compared with the duty under the Tariff Act of 1930 of 2 cents per pound, indicating the need of the maximum increase in duty permitted by section 336, which in this case is 1 cent per pound.

The swordfish is one of the largest of food fishes, sometimes weighing 800 pounds, but averaging about 200 pounds. At the fishing ports most of the catch is packed in crushed ice and sold fresh for immediate consumption. The surplus is frozen and kept in cold storage for use during periods when few swordfish are caught.

The swordfish is one of the highest-priced fish. In 1934 the selling price ex vessel at the principal New England ports was 18.2 cents per pound as compared with 2.6 cents per pound for fresh cod. Almost the entire catch of the Atlantic coast is sold in the New England and Middle Atlantic States. The Pacific coast catch is sold in California, relatively small quantities being shipped to eastern markets.

More than four-fifths of the domestic production of frozen swordfish is at Boston, Mass., most of the remainder being prepared at plants in Maine and California. Production at Boston varies widely from year to year; in recent years it has shown a downward tendency, declining from 1,337,000 pounds in 1929 to 395,000 pounds in 1934.

Up to 1930 practically all imports of swordfish consisted of the fresh product and came from Canada. Most of the Japanese catch up to 1931 was consumed fresh in the home market. But following the development of a freezing industry in Japan in 1931, the Japanese catch practically doubled; since then about one-fourth of the catch has been frozen, practically all for export to the United States. The imports into the United States from Japan amounted to 1,561,000 pounds in 1934 as against 305,000 pounds in 1930. About 60 percent of the total imports into the United States are entered at Boston; the remainder chiefly at New York and Los Angeles. In the winter of 1934-35 imports supplied about 70 percent of the total domestic consumption of frozen swordfish.

Plate glass.

In compliance with Senate Resolution No. 242, dated June 20, 1932, the Commission on June 22, 1932, instituted an investigation for the purposes of section 336 of the Tariff Act of 1930, with respect to plate glass. A hearing was held in the offices of the Commission in Washington on May 22, 1933.

For the purposes of this investigation, the comparison of costs in the United States and in Belgium, the chief competing country, was made for the 3 years 1929, 1930, and 1931, which were taken as a representative period for domestic and foreign costs. The comparison was based on the average costs of all sizes of plate glass under one-half inch in thickness, imports of which from Belgium are like or similar to plate glass of the same thicknesses produced in the United States.

Under date of October 20, 1933, the Commission submitted to the President a report on the investigation which showed that, in order to equalize such costs, the duty on plate glass should be reduced to the maximum extent permitted by statute. On November 11, 1933, the President returned the report with a memorandum requesting the Commission to consider whether, since the period covered by the cost comparison, changes had taken place which would alter the conclusion as to the rate of duty. Further consideration was given to the subject but no final report was issued until 1935 after the Belgian trade agreement, effective May 1, reduced the specific rates approximately $33\frac{1}{3}$ percent, to 8.3, 11.3, 11.7, and 13.2 cents per square foot according to area of glass. Imports have continued to be very small even under the reduced rates.

Competitive conditions with respect to plate glass have changed materially in the last decade. Prior to 1923 the United States produced annually from 50 to 60 million square feet and imported about 2 million square feet. The rise of the American industry to world leadership since that time may be attributed largely to the growth and expansion of two of the country's leading industries—automobile production and building. The unusual activity in these industries at that time created demands for plate glass far in excess of the American productive capacity. Imports which had never before exceeded 3 million square feet a year increased to about 26 million square feet in 1923, an amount equivalent to nearly 30 percent of domestic production. Prices rose to new levels, and plate glass entered a seller's market commanding premium prices for prompt

delivery, regardless of source. The average value of domestic sales in 1923 was 70 cents per square foot.

During the succeeding period of industrial activity which lasted through 1929, there was a general expansion throughout the plate glass industry, particularly in America. Old plants were enlarged and new ones built in an effort to keep pace with increasing demands. New and improved methods of manufacturing were developed on the principal of large-scale continuous operations and for the purpose of producing a more standard product. As a result of this development, costs of production were lowered and capacities greatly increased.

From 1923 to 1929 domestic production increased from 94 to 150 million square feet. Imports during this period averaged nearly 19 million square feet a year, or 16 percent of the average annual production. Since 1929, however, the recession in general business resulted in a decrease in domestic output to 87 million square feet in 1931 and to 52 million square feet in 1932, a drop of over 65 percent from 1929 to 1932. Imports decreased during that period from 11 million square feet in 1929 to 5 million in 1931 and to slightly more than 1 million in 1932, a drop of nearly 90 percent from 1929 to 1932.

Average wholesale prices of domestic plate glass fell from a high of 70 cents per square foot in 1923 to 34 cents in 1929, and to 30 cents in 1932; the average foreign invoice price of the imported glass fell from 62 cents per square foot in 1923 to 21 cents in 1929 and to 20 cents in 1932.

The average cost of production as previously ascertained by the Commission for 1923-25 was 46.7 cents per square foot at plant in the United States and 24.5 cents per square foot at plant in Belgium, the principal source of imports. In both countries plate glass was produced at this time largely by one process, the old-style casting process.

Notwithstanding low production and relatively high overhead costs in 1930 and 1931, the average cost of producing plate glass in the United States as determined by the Commission in this investigation for the 3-year period 1929 to 1931 was 30.8 cents per square foot at plant, nearly 35 percent lower than for the period 1923 to 1925, as a result of more efficient methods of manufacturing. In Belgium, on the other hand, where relatively few changes had been made in processes of manufacturing during this period, costs of production for 1929 to 1931 were 20.8 cents per square foot, only about 15 percent below the earlier period.

The supplemental investigation, made at the request of the President, did not disclose any data which would substantially alter the findings of its report to the President October 20, 1933. It showed that domestic production was much less in 1932 than in 1931, but increased in 1933 to about the same amount as in 1931. The fact, however, that the output in 1933 was still about 23 percent less than the average for the 1929-31 period resulted in higher overhead costs per unit of product. Certain factors of costs also increased during the period in which the National Industrial Recovery Act was operating. Costs of materials were somewhat higher in 1933 than in the 1929-31 period. More important was the increase of about one-third in wage rates as compared with the period immediately preceding. This in-

crease brought wage rates back to about the average for the 1929-31 period. Wages, however, represented a smaller proportion of the total costs of production in 1933 than in the earlier period.

Factors tending toward higher domestic costs in 1933 than in 1929-31 were, however, offset by factors tending in the opposite direction. There had been further expansion of the use of improved methods of casting and of grinding and polishing, and the longer experience of the domestic concerns with these new methods had enabled them to increase the efficiency of operation.

As regards Belgian costs the Commission's supplementary study showed that certain important factors of cost in Belgium, when expressed in terms of Belgian currency, were lower in 1933 than in the period 1929-31 covered by the original cost investigation.

These factors tending to reduce costs in Belgium (in terms of Belgian currency), as compared with 1929-31, were at least partly offset by the increased overhead expenses per unit resulting from reduced production, from necessary allowances for obsolescence, and from other causes.

Furthermore, in the competition of the Belgian with the domestic glass industry, any reduction in costs in 1933 compared with 1929-31, in terms of Belgian francs, was much more than counterbalanced by the appreciation of the dollar value of Belgian currency which had increased from about 2.78 cents in 1930 to nearly 4.50 cents during the last six months of 1933. This advance in franc exchange increased correspondingly the cost of Belgian plate glass in terms of dollars, thus making the excess of domestic over Belgian costs of production at present much less than if the exchange rate had remained the same.

Imports continued the decline which began in 1927; from over a million square feet in 1932 they declined to about 560,000 in 1933, 213,000 in 1934, and 59,000 in 1935. They were equivalent to less than 1 percent of domestic production in 1933, to less than one-half of 1 percent in 1934, and to less than one-tenth of 1 percent in 1935.

Under conditions prevailing in the last few years, domestic producers of plate glass have a special advantage over importers in the sale of glass used in automobiles. The three largest companies producing automobiles have close relations with the producers of automobile glass. Moreover, practically all such glass is cut to specifications at the glass factory. In the case of laminated glass, two thin sheets are first cut to accurate dimensions before a plastic material is put between them and they are pressed together. Under these conditions, it is not to be expected that much, if any, imported plate glass will be used in the automobile industry, which has accounted for from 50 to 70 percent of the domestic consumption of plate glass in recent years.

INVESTIGATIONS IN PROGRESS UNDER SECTION 336

Seven investigations instituted under section 336 have not been completed. Three of these—china and earthenware, fluorspar, and cork insulation—were ordered by the Commission some time ago. Two of the remaining four, those on furs and embroidered wool knit gloves, were instituted by the Commission in response to resolutions of the Senate at the last session of Congress. The other two, one respecting cotton hosiery and the other cotton velveteens and corduroys have lately been ordered at the request of interested parties.

APPLICATIONS AND INVESTMENTS UNDER SECTION 336 DISMISSED

As previously mentioned, the Commission this year made a complete review of all the work under section 336 pending on its docket. As a result, it denied a number of applications and dismissed a number of investigations previously instituted. The products covered by some of the denied applications had been made the subject of action under the Trade Agreements Act and thus could not be dealt with under section 336. Moreover, some of the applications denied and most of the investigations dismissed had been before the Commission for a considerable period of time and the conditions, particularly the conditions in foreign exchange, existing when the work was originally undertaken had, in many instances, changed materially. These changes relate to investigations ordered at the request of the Congress and the President, as well as in response to applications from interested parties. In several instances, the results indicated by the facts which the Commission obtained in the investigation were accomplished through action under the Trade Agreements Act. In the remaining cases, the Commission decided that it was not in the public interest to pursue the investigations farther.

The subjects covered by the applications dismissed during the year were as follows:

Formic and oxalic acids.	Clothing, not knit or crocheted.
Artificially activated clays.	Umbrella fabrics of rayon.
Bicycles and parts.	Brushes of all kinds.
Tungsten and ferro-tungsten.	Handles and backs for tooth and other
Umbrella frames and hardware.	toilet brushes made of cellulose com-
Cattle.	pounds.
Fruit peel, candied or otherwise pre-	Dolls and toys and parts thereof made
pared or preserved.	of cellulose compounds.
Lemons.	Combs.
Hemp yarn.	Rubber erasers.

The investigations under section 336 which were dismissed by the Commission during the year are shown in the list below. The list also indicates whether these investigations were instituted at the request of the Congress, the President, or upon application by interested parties.

Investigation :	<i>Basis for investigation</i>
Linseed oil.....	Senate resolution.
Casein.....	Application.
Plate glass.....	Senate resolution.
Quarries or quarry tiles.....	Application.
Electric-light bulbs.....	President
Cast-iron pipe.....	Senate resolution.
Rye.....	President.
Alfalfa seed.....	President.
Cocoa and chocolate.....	Senate resolution.
Mackerel.....	Application
Tomatoes, prepared or preserved.....	President.
Cherries, sulphured or in brine.....	President.
Cotton rag rugs.....	President.
Wool-felt hat bodies and hats.....	Application.
Rayon filaments and yarns.....	Application.
Leather gloves.....	Senate resolution.
Matches.....	Application.
Calf or kip leather.....	Senate resolution.
Goat, kid, and cabretta leather.....	Senate resolution.

WORK UNDER SECTION 337—UNFAIR PRACTICES IN IMPORT TRADE

During the past year there has been an increase in the number of complaints filed under section 337, many of the complaints being informal in nature and not complying with the Commission's rules of practice and procedure. Most of them concerned alleged patent infringement and the copying of domestic articles by importers. This is especially true with respect to importations of novelty and toy articles, concerning which domestic producers have claimed that as soon as they have developed a new design or type of article it has been sent to Japan and there duplicated, the copies later being shipped to the United States and sold at prices below those of the domestic producers. Several of the complaints filed did not justify proceedings under section 337 and of those that seemed to indicate violations of the statute, some were handled informally and, in accordance with the Tariff Commission's policy, no public information was made available on them.

INVESTIGATIONS COMPLETED UNDER SECTION 337**Coilable metal rules.**

The investigation with respect to coilable metal rules involved unfair methods of competition in their importation and sale. The prior history of the investigation has been recounted on page 41 of the Eighteenth Annual Report (1934) and on pages 11 and 12 of the Nineteenth Annual Report (1935). After investigating the matter, the Commission found that most of the coilable metal rules which had been imported infringed patents owned by domestic manufacturers and that there had been instances of improper labeling of imported rules to give the impression that they were made in the United States. No appeal having been taken from the Commission's findings in the time prescribed by law, the Commission reported such final findings to the President and recommended the exclusion from entry of the rules infringing the complainants' patents. On December 24, 1935, the President issued an order excluding such articles from entry into the United States in accordance with the Commission's recommendations.

Cigar lighters (Docket no. 9).

After the hearing in the case of cigar lighters and while the findings were in course of preparation, the Commission ascertained that the market for the domestic articles had greatly diminished even while the temporary exclusion order was in effect, and that domestic production of the lighters in question had practically ceased. The decrease in domestic demand was due principally to local police measures which greatly curtailed the operation of so-called claw machines, through which most of the lighters reached the purchasing public. Another contributing factor was the shift in consumer preference to a different type of lighter. The Commission accordingly recommended to the President that the existing temporary order of exclusion, except under bond, issued on February 7, 1935, be rescinded, and that the President approve the dismissal of the investigation. On September 30, 1936, the President rescinded the exclusion order, and on October 1, 1936, the Commission dis-

missed the investigation. This action rendered unnecessary any formal findings or report.

Oxides of iron.

Pursuant to the rehearing mentioned on page 12 of the Nineteenth Annual Report (1935) in the matter of oxides of iron, the Tariff Commission recommended to the President the modification of the order of exclusion to remove therefrom all parts which were predicated upon process patents. This action was taken in accordance with a decision of the Court of Customs and Patent Appeals in the *Amtorg case* referred to on pages 12 and 24 of the Nineteenth Annual Report. The President, on January 6, 1936, issued an order modifying the order of exclusion in accordance with the Commission's recommendations.

INVESTIGATIONS IN PROGRESS

Two new formal investigations were ordered, one with respect to cigar lighters (the third under sec. 337 concerning this commodity), and the other with respect to cigarette-making machines.

A temporary order of exclusion was entered in the investigation concerning cigar lighters.

JURISDICTION UNDER SECTION 337; TRANSFER TO OTHER AGENCIES

In its Nineteenth Annual Report, on pages 13 and 14, the Tariff Commission recommended that jurisdiction under section 337, so far as it concerned cases of unfair competition other than patent cases, be transferred to the Federal Trade Commission, and that all cases involving violation of patent rights be under the exclusive jurisdiction of the Federal courts. The experience of the Commission during the last year with section 337 has confirmed and strengthened its views. The matter is of sufficient importance to require a restatement of the arguments in favor of this course.

The functions and duties of the Tariff Commission under section 337 differ fundamentally from its general duties and functions. The Commission is primarily an agency to collect complete and scientific information concerning tariffs for the purpose of aiding the President and the Congress. It is a fact-finding body and its functions are purely economic.

Whether a certain practice or method of competition is "unfair" under section 337 is a legal question, and the decisions of the Commission are subject to legal review in the Court of Customs and Patent Appeals. Neither the members of the Commission nor its staff are selected for the purpose of dealing with technical patent questions or of exercising quasijudicial functions.

At present the Tariff Commission and the Federal Trade Commission have concurrent jurisdiction in all import cases other than those involving patents. The Federal Trade Commission was created in 1914 and a large part of its activities have been concerned with the enforcement of the law against unfair methods of competition. It has a large legal staff and has had 22 years of experience in dealing with this difficult subject. Clearly, the Federal Trade Commission is in a position to deal more adequately with the few cases of unfair

competition that arise under section 337 than is the Tariff Commission.

The remedy under the Federal Trade Commission is an order to cease and desist, and this order is directed against individuals or companies. Such an order is not in some cases as adequate a remedy as the order excluding from importation the articles or commodities in question. However, there is no legal or practical difficulty in providing that an Executive order of exclusion from entry may be issued on a finding or recommendation of the Federal Trade Commission.

The reasons in favor of removing from the jurisdiction of the Tariff Commission any cases involving the infringement of patents are even stronger than those with regard to other unfair methods of competition. Patent law is both difficult and technical, and any governmental agency which deals with such questions should employ special patent experts. At present the Federal courts and the Tariff Commission have concurrent jurisdiction over cases regarding the infringement of patents respecting imported merchandise. Obviously, the Federal courts are much more competent to deal with such questions. And, furthermore, in the courts the fundamental question of the validity of a patent may be raised—a question which may not be raised in the proceedings before the Tariff Commission under section 337. The Commission must assume that any patent issued is valid until it has been declared invalid by a competent Federal court. A large percentage of all patents which are adjudicated in the Federal courts on the question of validity are finally held to be invalid. There is not only a possibility but a probability that in some cases commodities may be excluded from entry where there is no violation of section 337 because the patent was in fact invalid and subsequently so decided. This has been so in one actual investigation under section 337. In such cases serious damage would be done to imports without any possibility of reparation. Obviously, in a proceeding which may result in so drastic an order as a total exclusion from entry, the interested parties ought to be able to raise a fundamental issue as to whether the patent is valid, as well as the issue of whether the patent has been infringed.

At present, under the patent law, the only remedy is an action in personam. Here, again, an order of exclusion from importation is in some cases a more effective remedy. However, the law might be amended to provide that a Presidential order of exclusion be issued upon a finding or recommendation of the Federal courts, as is now done upon a finding and recommendation of the Tariff Commission. The Commission believes that a procedure which will furnish complete protection for American patents can be worked out.

If these recommendations are acceptable, the Tariff Commission will be relieved of a class of work that is not in line with its primary function, and for which neither it nor its staff is especially fitted. This course will prevent overlapping of jurisdiction and will center enforcement of the provisions about unfair methods of competition in the import trade in those governmental bodies best equipped to deal therewith.

The Commission again desires to call attention to the situation which has resulted from the decision of the United States Court of Customs and Patent Appeals in the case of the *Amtorg Trading*

Corporation, decided on February 25, 1935. In this case the Court held that section 337 did not apply to the importation of goods or commodities made abroad in accordance with a process patent issued in the United States. As a result, the owner of a process patent issued in the United States has no remedy against the importation and sale within the United States of articles made by the use of that process abroad and without his consent. This is a serious defect in the present patent law. So far as the Commission has been able to investigate the practices of other countries, it finds that they do protect the owners of a process patent from importations of goods made abroad.

If section 337 of the Tariff Act is not amended in accordance with these recommendations, the Commission repeats its recommendation made in its last four annual reports concerning subpenas and premiums on bonds.

WORK UNDER SECTION 338—DISCRIMINATION BY FOREIGN COUNTRIES

Section 338 of the Tariff Act of 1930 provides for the imposition by proclamation of the President, whenever he finds that the public interest will be served thereby, of new or additional rates of duty not to exceed 50 percent ad valorem or its equivalent on any or all products of any foreign country which discriminates against the commerce of this country "in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country." If, after such proclamation, the foreign country maintains or increases its discrimination against the commerce of the United States, the President is further empowered, if he deems it consistent with the interests of the United States, to exclude any products of such country from importation into the United States.

The Commission studies acts of foreign countries which affect the commerce of the United States to determine whether they result in discrimination against our commerce. In addition to this current general study, the Commission investigates any act or practice, involving alleged discrimination, which may be called to its attention. The President has taken no action directly under this section; he has, however, found, under the authority contained in the Trade Agreements Act, that Germany and Australia discriminate against the commerce of the United States and has withdrawn from them the benefits of the concessions granted to other countries.

TRADE AGREEMENTS PROGRAM

The Tariff Commission has been represented on all interdepartmental subcommittees concerned with the reciprocal trade agreements program and has continued to furnish these committees, especially the committee for each country with which a trade agreement is being negotiated, with specialized studies dealing with all phases of the trade between the United States and the respective countries. These studies, the joint work of the commodity and economic experts of the Commission's staff, furnish information not only for each article which finally appears in the trade agreement with a particular

country, but for hundreds of others which are potential subjects of concessions to that country. These studies are in great detail and show for each type, style, and kind of each particular commodity all of the available information. The committees and subcommittees thus have at hand a sufficient body of data to enable them to examine and appraise the probable economic effects of each degree of concession that may be made.

Elaborate statistical and economic analyses are required in this work, as well as expert knowledge concerning all phases of the trade between the two countries negotiating an agreement. In each particular instance an effort has been made to bring all of the data up to date.

During the year the Tariff Commission instituted a special statistical service to decode current statistics of the Department of Commerce relating to the import items covered in each trade agreement. This service makes available for each item the most recent import statistics, and where available, import data for a period of years preceding the effective date of each trade agreement. During the year these records have been consulted by a large number of Government bureaus and by many outside agencies.

ASSISTANCE TO COMMITTEE FOR RECIPROCITY INFORMATION

The Tariff Commission has cooperated fully with the Committee for Reciprocity Information, whose chairman, Thomas Walker Page, is Vice Chairman of the Tariff Commission, and whose offices are located in the Tariff Commission.

The Committee for Reciprocity Information, which is made up of representatives from the Departments of State, Commerce, Agriculture, and the Tariff Commission, was designated by the President to receive the views, both written and oral, of interested parties who wish to present pertinent information. The rules of the committee provide that after the intention to negotiate a reciprocal trade agreement has been announced, interested parties may file with the committee sworn statements setting forth their views, and may also present at the public hearing any further information supplementing that contained in their written statement. The announcement of the intention to negotiate agreements is made by the State Department and is accompanied by detailed presentations of the import and export trade of the United States with the country announced. The commodities of particular importance are mentioned in detail, and in some cases a comparison covering a period of years is given. The plan of permitting interested parties to file immediately written statements of their views is time saving both for the public and the committee and offers an opportunity for placing before the committee information which they might not want to present at a public hearing. It likewise gives the committee, usually in concise and well organized form, material which is of immediate value in the negotiations under way. The committee also holds a public hearing of which full advance notice is given, and at which interested parties may supplement orally the information contained in their written statements.

The statements received by the committee are digested, with the aid of the staff of the Tariff Commission, and the digests, together

with copies of the original statements, are supplied to each member of the committee in order that the Government department or agency which he represents may be fully advised of the views of interested parties and may have this information available as a basis for decision in regard to concessions which will be asked for or granted in the trade agreement. Similarly, the testimony presented at the hearing and any other material received in the way of written statements or exhibits is summarized. This, together with the complete transcript of the hearing, the statements received, and the digests thereof, forms the basis also for a comprehensive report on all information received. Sufficient copies of this report are reproduced to permit distribution to all members of the Committee for Reciprocity Information, who, in turn, make the data available to those in their respective departments who are concerned with the negotiations.

Some 6,000 pieces of mail have been received by the committee, most of which required acknowledgment.

The testimony given at the hearings covered 2,685 pages.

Statements filed with and appearances before the Committee for Reciprocity Information

Country	Approximate number of formal statements filed	Appearances at hearings	Country	Approximate number of formal statements filed	Appearances at hearings
Belgium.....	145	28	Haiti.....	58	5
Brazil.....	139	18	Honduras.....	61	(1)
Canada.....	350	90	Italy.....	200	40
Colombia.....	100	10	Netherlands.....	150	37
Costa Rica.....	67	(1)	Nicaragua.....	59	(1)
Cuba.....	85	23	Spain.....	102	7
El Salvador.....	58	(1)	Sweden.....	91	16
Finland.....	50	8	Switzerland.....	170	27
France.....	470	66	Total.....	2,422	365
Guatemala.....	67	(1)			

¹ The appearances noted under Brazil also include those for Guatemala, Nicaragua, El Salvador, Honduras, and Costa Rica, which were covered in the same hearing.

Since the Congress in June 1934 authorized the negotiation of reciprocal trade agreements, 18 agreements have been undertaken; of these, 15 have been concluded and 14 are now in operation. Negotiations with El Salvador, Spain, and Italy, are pending. The agreement with Costa Rica was signed November 28, 1936, but has not yet been proclaimed.

With the exception of the agreement with Belgium, each agreement specifically provides that it may be terminated at the end of a fixed period (varying from 1 to 3 years) by 6 months' prior notice, and, if not so terminated, may be terminated thereafter on the giving of 6 months' notice. The Belgian agreement provides that it may be terminated on 6 months' notice, without reference to any particular date.

In addition, the various agreements provide that they may be terminated in the event of specified contingencies, such as a wide variation in the rates of exchange of the currencies of the United States and the particular foreign country concerned. They further provide that changes may be made therein by joint action, as, for example, where a third country actually benefits from a specific

concession more than the party to the agreement in whose interest the concession was made. The period of notice for such interim termination of the agreements and for such changes in the agreements has been fixed at 30 days in most cases.

Trade agreements in force Dec. 1, 1936

Country	Date of hearing	Date effective
Cuba.....	July 23, 1934	Sept. 3, 1934
Belgium.....	Oct. 29, 1934	May 1, 1935
Haiti.....	Oct. 15, 1934	June 3, 1935
Sweden.....	Nov. 5, 1934	Aug. 5, 1935
Brazil.....	Oct. 22, 1934	Jan. 1, 1936
Canada.....	Mar. 18, 1935	Do.
The Netherlands, including Netherlands Indies, Surinam, and Curaçao..	Feb. 4, 1935	Feb. 1, 1936
Switzerland.....	Dec. 17, 1934	Feb. 15, 1936
Honduras.....	Oct. 22, 1934	Mar. 2, 1936
Colombia.....	Oct. 15, 1934	May 20, 1936
France and its colonies, dependencies, and protectorates, other than Morocco..	June 24, 1935	June 15, 1936
Guatemala.....	Oct. 22, 1934	Do
Nicaragua.....	do.....	Oct. 1, 1936
Finland.....	Feb. 11, 1935	Nov. 2, 1936

COOPERATION WITH OTHER GOVERNMENT DEPARTMENTS

During the past year there has been a continuation of the cooperation with other Government departments required by section 334 of the Tariff Act of 1930. The Commission desires particularly to acknowledge with appreciation the valuable assistance given by—

The Department of State, through amplification of the regular service of consular and diplomatic reports and the furnishing of special information on many occasions.

The Department of the Treasury, through the Bureau of Customs and the Collectors of Customs; the loan of original documents and assistance on many special occasions, special cooperation on the part of the statistical and legal divisions; through the Procurement Division, by the furnishing of transportation rates on numerous commodities between various points of origin and other data respecting distribution; through the Bureau of Internal Revenue, by the furnishing of data required by Senate Resolution 265 and other information of value to the Commission.

The Department of Agriculture, by giving continuously information on cotton, and information on agricultural products under special investigation by the Tariff Commission.

The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, by continuously furnishing detailed information relating to imports, foreign tariffs, statistics, and special information on foreign commerce; and by the amplification of the service of foreign trade reports furnished by Trade Commissioners and other representatives abroad; through the Bureau of the Census, in consulting us and including our recommendations in the revision of the schedules for the Census of Manufactures for the purpose of better coordinating the final statistics of domestic production with the official statistics of foreign trade; through the Bureau of Fisheries, by special information and assistance in the Commission's survey of fishery products; through the office of the Administrative Assistant to the Secretary

for full use of the economic materials on file in the archives of the National Recovery Administration now in the custody of the Department of Commerce.

The Works Progress Administration, for providing the means for statistical and indexing projects of direct and permanent value.

On the other hand the Commission has cooperated with the departments in many matters. The service of furnishing tariff reports to foreign representatives of the Department of State, of the Department of Agriculture, and of the Department of Commerce has been reorganized and extended. At the request of the Department of State the Commission is furnishing elaborate up-to-date statistical data showing the imports under the trade agreements concluded. The Commission continues to provide extensive material to all interested departments in negotiating trade agreements with other countries.

Specific assignments.

The Department of Justice, wishing to organize certain economic research, sought assistance from the Commission, and Mr. George P. Comer, Assistant Director of Research, was detailed to that Department under a special and continuing arrangement between the two agencies.

The Commission has also prepared extensive detailed material for the Coordinator of Transportation dealing with the transportation and distribution aspects of a number of commodities which the Commission had already investigated under the rate-adjustment provision.

The Commission has cooperated with the Social Security Board in compiling lists of employers and in offering numerous suggestions as to other general sources of information of a type believed to be of value in the organization work of that agency.

The Commission maintains close working relations with the Central Statistical Board and with the Committee for Reciprocity Information and makes informal contacts with the Department of Agriculture which is the agency charged with the administration in the initial stages of the provisions in the Soil Conservation and Domestic Allotment Act looking to the protection of certain agricultural products against undue foreign imports.

DUTIES OF THE COMMISSION UNDER THE SOIL CONSERVATION ACT

The Soil Conservation Act amended the section of the Agricultural Adjustment Act which authorized the President to have the Tariff Commission make an investigation when he had reason to believe that articles were being imported into the United States under such conditions and in such quantities as to render ineffective or materially interfere with any program to reduce the amount of any product processed in the United States from a product subject to an adjustment program.

If, after the Commission's investigation, the President finds it necessary, he is empowered to impose such limitations as may be necessary, provided, however, that the limitations imposed on imports from any country shall not be reduced to less than 50 percent of the average annual quantity of such articles coming from such

country during the period July 1, 1928, to June 30, 1933. Reprint of the section will be found in appendix III.

No cases have come before the Commission for formal action under this law.

WORKS PROGRESS ADMINISTRATION PROJECT UNDER SUPERVISION OF THE TARIFF COMMISSION

With the assistance of the Works Progress Administration, workers at Richmond, Va., under the supervision of the Tariff Commission have been employed on a series of useful projects in reorganizing statistical material, indexing and reclassifying a great body of tariff data, and in other ways making promptly available to those interested in the tariff, valuable materials that have existed hitherto only as uncoded statistics. These data were originally compiled in code by the Department of Commerce. The Tariff Commission possesses the only available copies of the coded material, which have been decoded and tabulated in a form to furnish a readily usable and accurate comparison of the statistics of imports for consumption, by countries, for the past 5 years (1931-35). Basic figures for 1929, the last full year under the Tariff Act of 1922, are receiving similar treatment in order that direct comparisons may be made between the figures for the depression period and those for a full year preceding.

The force at Richmond is also engaged in producing a complete revised classification of imports. The need for this has been sorely felt because of the many changes in classifications that have been brought about by shifts in the relative importance of commercial items, the introduction of new products, particularly in chemicals, the reclassifications imposed by the reciprocal trade agreements, and the numerous changes resulting from the work of the Tariff Commission, the Customs Service, the Department of Commerce, and other branches of the Government.

Special units are also cataloging tariff publications, indexing all speeches and other references in the Congressional Record to the tariff and closely related subjects, and are putting in the most modern form the very extensive indexes and general literature now extant on the tariff, reciprocity, quotas, trade restrictive measures generally, and international affairs so far as they relate to foreign trade and Government controls. Other work of the same character and value is also being organized.

The work at Richmond began in December 1935. At one time the employees numbered as many as 170; there are now 126. Expert supervision has been furnished from the Tariff Commission's staff in Washington by from two to eight persons, the number now being three. Representatives of the Commission who organized the project selected personnel from the classification of professional and clerical workers. With the exception of a few stenographers, none of the group had any training for the jobs other than that gained at commercial office work and a few professional vocations. Rather amazing success has attended the enterprise, the workers proving themselves very quickly to be not only willing workers but intelligent and capable to a high degree. As a result of 10 months' work,

part of which must be charged necessarily to training, this group has produced through all operations, from the decoding of intricate technical import data through office duplicating processes, stitching and mailing, 9 volumes of the 5-year comparison of imports out of the 11 volumes constituting the whole series. They will undoubtedly complete the full series as well as other valuable work by March 31, 1937, to which time the present allotment of funds runs.

LITIGATION

UNDER SECTION 316 OF THE TARIFF ACT OF 1922

Articles of synthetic phenolic resin.

Specialty Trading Co. v. United States, T. D. 48385: During the investigation under section 316 concerning synthetic phenolic resin and articles made therefrom, the President issued a temporary order of exclusion from entry, except under bond. While this order was in effect certain smokers' articles of synthetic phenolic resin were imported subject to a bond in which the importer agreed to export the merchandise in the event that a final exclusion order should be entered. The merchandise then was entered into the commerce of the United States. After the investigation was completed, a final exclusion order was entered and the merchandise was not exported as required by the bond. The collector of customs thereupon enforced the penalty of the bond and assessed duties on the merchandise as required by the Tariff Act of 1922. The importer protested the assessment of duty, claiming that forfeiture of the bond was the only remedy available to the Government, the contention being that duties do not apply to prohibited merchandise. The Customs Court held, however, that duties did apply because of section 401 (c) of the Tariff Act of 1922.

UNDER SECTION 336 OF THE TARIFF ACT OF 1930

Canvas-topped rubber-soled footwear.

Japan Import Co. v. United States (reappraisal decision 3825): By virtue of the President's proclamation of February 1, 1933 (T. D. 46158), under section 336 of the Tariff Act of 1930, certain canvas-topped rubber-soled footwear was appraised on the basis of the American selling price of the domestic footwear. The importer appealed for reappraisal, claiming that section 336 (b) was unconstitutional on the ground that it was indefinite and that it proposed to place a tax on one person's property dependent on the value of another's property. Importer also contended that the goods were not "like or similar" to the domestic footwear which formed the basis of the appraisal. The Customs Court overruled the importer's contentions and sustained the appraisal, holding that the statute was sufficiently definite and that the fact that one person's property formed the basis of valuation of another's property for purposes of taxation did not render the statute unconstitutional. The court further held that the record did not sustain the importer's contention that the appraiser erred in selecting the like or similar domestic footwear for purposes of valuation. On November 2, 1936,

this decision was affirmed by the Court of Customs and Patent Appeals. (T. D. 48642.)

Green or unripe peas.

American Fruit Growers et al. v. United States (T. D. 48001): Importers of green peas protested the assessment of 3.9 cents per pound under the President's proclamation of December 2, 1931 (T. D. 45314) increasing the duty from 3 cents per pound. The contention was made that section 336 was unconstitutional and that the specific duty applied only to the weight of the pea seeds and did not include the weight of the pods in which the seeds were imported. The Customs Court overruled the claim respecting constitutionality on the authority of the *Sears Roebuck case*, which is referred to on page 17 of the Commission's seventeenth annual report. The court also overruled the claim respecting weight, holding that the specific duty applied to the combined weight of the pea seeds and pods. On November 2, 1936, this decision was affirmed by the Court of Customs and Patent Appeals. (T. D. 48643.)

Infants' wool knit outerwear.

Best & Co., Inc., et al. v. United States (T. D. 48124): In this case the Customs Court held that the President's proclamation of June 11, 1932 (T. D. 45756), changing the duty on certain infants' outerwear of wool, applied to outerwear for infants under the age of 2 and did not include all such outerwear for children up to and including the age of 6. The Government appealed from this decision and on November 9, 1936, the Court of Customs and Patent Appeals reversed the ruling of the lower court. The appellate court took judicial notice of the Tariff Commission's report to the President pursuant to which the duty was changed, and noted the language in the report respecting the scope of the word "infants" as referring to children of 6 years of age and under. The court presumed that the Commission's cost comparisons were made on the basis of garments for such children and concluded that the President's proclamation should be construed on that basis. (T. D. 48667.)

Hay and manure fork heads.

Union Fork & Hoe Co. v. United States.—The decision of the Customs Court referred to on page 24 of the Nineteenth Annual Report overruling a protest by domestic manufacturers against the decreased duties proclaimed by the President on certain hay and manure fork heads was affirmed by the Court of Customs and Patent Appeals on November 9, 1936. The domestic producers had contended that the Commission made various errors in its investigation, but the court held that the Commission's investigation had been in compliance with the statutory requirements and that the facts in the investigation were for the President and were not matters for consideration by the court. The court further held that any views which might be communicated to the President by Tariff Commissioners outside of the report were not matters of public record and were not subject to judicial investigation. (T. D. 48656.)

Other pending cases.

Protests against assessment of proclaimed duties on other articles are pending before the Customs Court.

UNDER THE TRADE AGREEMENTS ACT

Corn—trade agreement with Cuba.

F. H. Von Damm v. United States (T. D. 48485): Pursuant to the Trade Agreement with Cuba, effective September 3, 1934, under the Trade Agreements Act of June 12, 1934, the duty on corn produced in Cuba was reduced from 20 cents per bushel to 10 cents per bushel. Importers of corn from Argentina claimed that the effect of that trade agreement was to make a 50 percent reduction in the duty theretofore effective on such Argentine corn, pointing out that the United States has a most-favored-nation treaty with Argentina. The Customs Court overruled the protest, holding that the Cuban trade agreement applied only to produce of Cuba and that the duties on products of other countries were not affected by the agreement. An appeal is now pending in the Court of Customs and Patent Appeals.

Pineapples—trade agreement with Cuba.

George S. Fletcher v. United States (protest 795983-G): In this case Mr. Fletcher, as an importer of pineapples, claimed that the reduction in the duty on Cuban pineapples from 40 cents to 20 cents per crate under the Cuban trade agreement above referred to was invalid; that the Trade Agreements Act is unconstitutional and void and that the Cuban trade agreement is without basis in law, void, and of no effect. The protest (under sec. 514 of the Tariff Act of 1930) claimed that the pineapples should have been assessed with duty at 40 cents per crate, the rate in effect prior to the trade agreement. When the case was heard by the Customs Court, the Government filed a motion to dismiss the protest on the ground that section 514 does not authorize a protest claiming a higher duty than that assessed by the collector. The Government asked the court to take the procedural question under advisement and to withhold any action on the substantive question of constitutionality until after deciding the procedural question. The Government also asked permission to file a brief on the constitutional question after the decision on the procedural question, if the motion to dismiss should be overruled. These requests of the Government were granted by the court. On December 2, 1936, the Customs Court dismissed the protest as not being authorized by section 514.

Files—trade agreement with Sweden.

George G. Wislar v. United States: Under the trade agreement with Sweden, effective August 5, 1935, the rate of duty on files 7 inches in length and over was reduced from 77½ cents per dozen to 45 cents per dozen. Subsequently the President informed the Secretary of the Treasury that, effective October 15, 1935, the trade agreement rates should not be applied to products of Germany. Early in 1936, an importation of files 7 inches in length and over was entered from Germany and assessed with duty at 77½ cents per dozen. The importer protested, claiming that the proviso of the Trade Agreements Act authorizing the President to suspend trade agreement rates as to products of particular countries was in violation of the United States Constitution, article I, sections 1, 7, and 8, and article II, sections 1 and 2; that the President was without authority to suspend the lower rates of duty and that the rate pro-

claimed under the Swedish trade agreement should be applied to the files in question. This case is now pending before the Customs Court.

George G. Wislar v. United States: Early in 1936, an importation of files 7 inches in length and over was entered from England and assessed with duty at the rate of 45 cents per dozen, in accordance with the President's proclamation of the Swedish trade agreement. The importer protested, claiming that the rate of duty originally enacted in the Tariff Act of 1930, namely, 77½ cents per dozen, should be imposed on the merchandise on the ground that the provisions of the Trade Agreements Act authorizing changes in rates of duty are in violation of the United States Constitution, article I, sections 1, 7, and 8, and article II, sections 1 and 2. The importer claims that no valid change in the rate of duty enacted by the Congress has been effected and accordingly that the original rate should be applied. This case is now pending before the Customs Court.

Other pending cases.

Many other protests based wholly or primarily on most-favored-nation clauses in treaties have been filed in connection with the Cuban trade agreement.

Part III. ADMINISTRATIVE PHASES

MEMBERSHIP OF THE COMMISSION

Mr. Robert L. O'Brien, of Massachusetts, has been chairman of the Tariff Commission since December 1, 1931, having been designated annually as chairman by the President since the beginning of his service. His present designation as chairman runs until December 1, 1936. Mr. O'Brien was appointed a commissioner on November 24, 1931, to serve the unexpired 6-year term of Mr. Henry P. Fletcher who resigned November 30, 1931. Mr. O'Brien's original term as commissioner expired on June 16 of 1936. He was renominated by the President on May 30, 1936, and confirmed by the Senate on June 5, thus beginning another term for the period ending June 16, 1942.

Mr. Thomas Walker Page, of Virginia, was appointed vice chairman of the Commission in 1930 and has been serving continuously in that capacity since that time.

The other members of the Commission are: Edgar B. Brossard, of Utah; Oscar B. Ryder, of Virginia; Raymond B. Stevens, of New Hampshire; and E. Dana Durand, of Minnesota.

With the recess appointment on December 8, 1935, of Mr. E. Dana Durand, the Commission was restored to its full membership of six commissioners. Mr. Durand has been Director of the Census, statistical assistant to the Secretary of Commerce, Chief of the Division of Statistics and Research of the Department of Commerce, and, at the time of his appointment, chief economist of the Tariff Commission, in which position he had served since October 1930. His appointment, confirmed by the Senate on February 13, is for the term ending June 16, 1940.

THE STAFF

The Commission and its staff, as organized at the close of the fiscal year 1936, consisted of 305 persons, a net decrease of 4 from last year. This total comprised 6 commissioners and 299 employees, 192 of whom were men and 113 were women. Sixty-two members of the staff have rendered military or naval service. The total number within the civil-service retirement law was 196. The amount of money deducted from their salaries under the retirement law during the fiscal year 1936 was \$15,066.

The following changes in personnel occurred during the fiscal year ended June 30, 1936:

Appointments:	
Permanent employees.....	31
Temporary employees.....	9
Total	40

Separations:	
Resignations.....	24
Deaths.....	2
Retirements.....	3
Temporary appointments completed.....	15
Total.....	44

A comparison of the staff as of June 30, 1935, with that of June 30, 1936, and of October 31, 1936, follows.

Departmental and field services

Title	June 30, 1935	June 30, 1936	Oct. 31, 1936
Commissioners.....	14	6	6
Chief economist.....	1		
Director of research.....	1	1	1
Assistant directors of research.....	3	4	4
General counsel.....	1	1	1
Secretary.....	1	1	1
Executive secretary, Committee for Reciprocity Information.....	1	(?)	(?)
Administrative officer.....	1	1	1
Chiefs of divisions.....	7	7	7
Chiefs of sections.....	8	7	7
Acting chiefs of sections.....	3	3	3
Librarian.....	1	1	1
Special experts.....	126	124	125
Clerks, including stenographers.....	120	116	112
Secretaries and stenographers assigned to commissioners.....	4	6	6
Operators, office devices.....	8	9	10
Telephone operators and stock clerks.....	2	3	3
Messengers.....	14	13	12
Skilled laborer.....	1	1	1
European representative.....	1		
Chief, New York office.....	1	1	1
Total.....	309	305	302

¹ 2 vacancies.

² Filled by an Assistant Director of Research.

With the confirmation by the Senate of the appointment of Dr. E. Dana Durand, then chief economist, as commissioner on February 13, 1936, the special position of chief economist was abolished and the duties pertaining to that office were transferred to the director of research.

FINANCES AND APPROPRIATIONS

1. *Salaries and expenses.*—The appropriation for salaries and expenses for the fiscal year ended June 30, 1936, was \$955,000. This sum was increased by \$19,000 of the unobligated balance of the appropriation for 1935, making a total of \$974,000 available for expenditure during 1936. An unobligated balance of \$28,075 remained on June 30, 1936.

2. *Printing and binding.*—The appropriation for all printing and binding for the fiscal year ended June 30, 1936, was \$15,000. This sum was increased by \$1,000 of the unobligated balance of the appropriation for 1935, and a supplemental appropriation of \$4,000, making a total of \$20,000. An unobligated balance of \$662 remained on June 30, 1936.

3. *Expenditures and obligations.*—Expenditures for the fiscal year ended June 30, 1936, and the outstanding obligations as of that date were as follows:

Salaries: Commissioners.....	\$57, 088
Employees:	
Departmental service.....	765, 021
Field service.....	23, 141
Travel expenses:	
In the United States.....	33, 513
In foreign countries.....	4, 032
Books of reference and publications.....	4, 263
Printing and binding.....	19, 338
Telephone and telegraph.....	3, 445
Repairs and alterations.....	1, 207
Office equipment, supplies, miscellaneous expenses.....	54, 182
 Total	 965, 230

SERVICE PUBLICATIONS

Changes in rates of duty since the passage of the Tariff Act of 1930.

Two editions of the pamphlet listing changes in import duties provided for in the Tariff Act of 1930 and two supplements have been issued during the year. The changes include those brought about by administrative action either under the provisions of section 336 of the Tariff Act of 1930 or through reciprocal trade agreements authorized by section 350, which is an amendment to the tariff law. Taxes imposed as duties under revenue acts are also included, as well as provisions of law relating to effective changes in tariff respecting Philippine merchandise.

Reciprocal trade—A current bibliography.

Because of frequent requests for information regarding reciprocal trade agreements and the present program of the United States concerning this type of tariff bargaining, the Tariff Commission issued a bibliography on the subject. The bibliography includes primarily references to the subject as it relates to the United States, but references to foreign countries and foreign authorities on the subject are also included. The period covered, with some exceptions, extends from March 4, 1933, the beginning of the Roosevelt administration, to the early part of 1936. The references to the Congressional Record, however, do not go beyond August 1935.

List of United States treaties in force.

The Commission has tabulated a list of all treaties and agreements containing provisions relating to customs tariffs in force September 15, 1936, between the United States and other countries. These international contracts are classified as treaties when they are ratified with the consent of the Senate; as Executive agreements when they are acts of the Executive without reference to the Senate.

Part IV.—APPENDIXES

APPENDIX I. APPLICATIONS AND INVESTIGATIONS

**APPENDIX II.—PUBLICATIONS ISSUED BY THE TARIFF COMMISSION
SINCE THE PASSAGE OF THE TARIFF ACT OF 1930**

**APPENDIX III.—REPRINT OF SECTION OF ADMENDMENT TO SOIL
CONSERVATION ACT PERTAINING TO CONTROL OF IMPORTS**

APPENDIX I. APPLICATIONS AND INVESTIGATIONS

CUMULATIVE STATISTICAL SUMMARY FOR THE PERIOD JUNE 18, 1930 TO NOVEMBER 30, 1936

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

Number of investigations or surveys undertaken.....	65
Number dismissed.....	3
Number completed.....	34

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

Applications:

Total number received.....	281
Number pending before the Commission.....	16
Number withdrawn.....	15
Number denied and dismissed without prejudice.....	133

Investigations:

Total number ordered.....	113
Ordered at request of Senate.....	65
Ordered by the President.....	10
Ordered by application from parties interested.....	38
Discontinued.....	32
Completed.....	74

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

Complaints:

Total number received.....	25
Denied and dismissed without prejudice.....	10

Investigations ordered.....	11
Investigations completed.....	8
Investigations dismissed.....	1

TABLE 1.—Applications for investigation received since Dec. 1, 1935

UNDER SEC. 336

[For a list of other applications received prior to Dec. 1, 1935, see the sixteenth, seventeenth, eighteenth, and nineteenth annual reports]

Para-graph no.	Commodity	Date applica-tion received	Nature of request	Applicant	Status
	<i>SCHEDULE 1.—Chemicals, oils, and paints</i>				
5	Calcium hypochlorite.....	Sept. 1, 1936	Increase...	Mathieson Alkali Works, Inc.; Fen-Chlor, Inc.	Pending.
49	Magnesium oxide.....	June 15, 1936	Decrease..	Schofield-Donald Co., Inc.	Do.
	<i>SCHEDULE 3.—Metals and manufactures of</i>				
342	{ Umbrella frames..... Umbrella skeletons..... Umbrella hardware..... }	Apr. 23, 1936	Increase...	Fretz Gross & Co.; Finkle Umbrella Frame Co., Inc.; Newark Rivet Works, Inc.; Newark Umbrella Frame Co.; S. W. Evans & Son.	Dismissed.
	Forged steel grinding balls.	Nov. 3, 1936	...do.....	American Forge Co.....	Pending.
	<i>SCHEDULE 7.—Agricultural products and provisions</i>				
706	Meats provided for in par. 706 of the Tariff Act of 1930.	Sept. 19, 1936	...do.....	American Farm Bureau Federation.	Do.
	Canned beef.....	Sept. 22, 1936	...do.....	The National Grange.....	Do.

TABLE 1.—Applications for investigation received since Dec. 1, 1935—Continued

UNDER SEC. 336—Continued

Para- graph no.	Commodity	Date applica- tion received	Nature of request	Applicant	Status
	Canned meats.....	Sept. 24, 1936	Increase...	American National Live Stock Association; National Wool Growers Association; National Live Stock Marketing Association; Texas and Southwestern Cattle Raisers Association.	Pending.
		Oct. 5, 1936	...do.....	The National Cooperative Milk Producers Federation.	Do.
	SCHEDULE 9.— <i>Cotton manufactures</i>				
916	Men's half hose, "cotton and/or random celanese rayon, and cotton."	May 12, 1936	...do.....	Golden City Hosiery Mills Inc.	Investigation ordered.
916	Cotton hosiery.....	July 2, 1936	...do.....	National Association of Hosiery Manufacturers.	Do.
	SCHEDULE 10.— <i>Flax, hemp, jute, and manufactures of</i>				
1004	Hemp yarn not finer than 60 lea.	Jan. 16, 1936	Decrease..	Mittet Line & Net Co....	Dismissed.
	Hemp yarn not finer than 60 lea.	Jan. 17, 1936	...do.....	Harams & Wicks Line Co.	Do.
	SCHEDULE 11.— <i>Wool and manufactures of</i>				
1115	Clothing, not knit or crocheted.	Feb. 4, 1936	Increase...	Committee on wool and woollens, Clothing Manufacturers Association of the United States of America.	Do.
1115 (b)	Bodies, hoods, forms, and shapes for hats, bonnets, caps, bérêts, and similar articles, manufactured wholly or in part of wool felt, whether or not pulled, stamped, blocked, or trimmed (including finished hats, bonnets, caps, bérêts, and similar articles).	July 17, 1936	...do.....	Merrimac Hat Corporation, Mohn Bros. Co.; F. & M. Hat Co.; Geo. W. Bollman & Co.; Neumann-Endler, Inc.; Beebe Manufacturing Corporation.	Pending.
116 (a)	Oriental, Axminster, Savonnerie, Aubusson, and other carpets, rugs, and mats, not made on a power-driven loom, plain or figured, whether woven as separate carpets, rugs, or mats, or in rolls of any width.	Mar. 19, 1936	Differential in duty.	The Rug Chemical Processing Association.	Do.
	SCHEDULE 13.— <i>Manufactures of rayon or other synthetic textile</i>				
1306	Woven fabrics in the piece, wholly or in chief value of rayon or other synthetic textile for use in the manufacture of umbrellas and parasols.	Apr. 10, 1936	Decrease..	Polan, Katz & Co.....	Dismissed.
	SCHEDULE 15.— <i>Sundries</i>				
1519 (a)	Dressed and dyed Persian lamb pelts, krimmer pelts, karakul pelts, Russian pony pelts, squirrel pelts, and mole pelts.	Apr. 25, 1936	Investigation.	S. Res. 250.....	Investigation ordered.
1529 (a)	Knit gloves and mittens wholly or in chief value of wool, dutiable under paragraph 1529 (a).	May 29, 1936	...do.....	S. Res. 270.....	Do.

TABLE 2.—Commodities upon which applications are pending

UNDER SEC. 336

[List includes all pending applications as of Nov. 15, 1936]

Schedule	Paragraph no.	Commodity	Nature of request
Schedule 1: Chemicals, oils, and paints.	5	Calcium hypochlorite.....	Increase in duty.
Schedule 3: Metals and manufactures of.	49	Magnesium oxide.....	Decrease in duty.
Schedule 4: Wood and manufactures of.	372	Forged steel grinding balls.....	Increase in duty.
Schedule 7: Agricultural products and provisions.	412	Bentwood chairs.....	Do.
Schedule 9: Cotton manufactures.	706	Meats prepared or preserved.....	Do.
Schedule 10: Flax, hemp, jute, and manufactures of.	709	Butter.....	Do.
Schedule 11: Wool and manufactures of.	923, 924	Cotton nettings and fishing nets, and long-staple cotton nettings and fishing nets.	Do.
	1015	Jute webbing not exceeding 12 inches in width.	Do.
	1115 (b)	Bodies, hoods, forms, and shapes for hats, bonnets, caps, bérêts, and similar articles, manufactured wholly or in part of wool felt, whether or not pulled, stamped, blocked, or trimmed (including finished hats, bonnets, caps, bérêts, and similar articles).	Do.
	1116 (a)	Oriental, Axminster, Savonnerie, Aubusson, and other carpets, rugs, and mats, not made on a power-driven loom, plain or figured, whether woven as separate carpets, rugs, or mats, or in rolls of any width.	Differential in duty.
Schedule 15: Sundries.....	1518	Badminton shuttlecock.....	Increase in duty.

TABLE 3.—Commodities covered by applications which were denied and dismissed without prejudice during the past year

UNDER SEC. 336

Paragraph no.	Name of article	Purpose of request
	SCHEDULE 1.—Chemicals, oils, and paints	
1	Formic acid and oxalic acid.....	Decrease in duty.
	SCHEDULE 2.—Earths, earthenware, and glassware	
207	Clays artificially activated.....	Do.
	SCHEDULE 3.—Metals and manufactures of	
302 (c) (g)	Tungsten and ferrotungsten.....	Do.
371, 397, 329, 1537 (h)	Bicycles and parts thereof and accessories.....	Increase in duty.
342 (b)	Umbrella frames, skeletons, and hardware	Do.
	SCHEDULE 7.—Agricultural products and provisions	
701	Cattle, weighing less than 700 pounds each, and cattle, weighing 700 pounds or more each.	Decrease in duty.
739	Orange, grapefruit, lemon, and other fruit peel, candied, crystallized, or glacé, or otherwise prepared or preserved; citron or citron peel, candied, crystallized, or glacé, or otherwise prepared or preserved.	Increase in duty.
743	Lemons.....	Decrease in duty.
	SCHEDULE 10.—Flax, hemp, jute, and manufactures of	
1004	Hemp yarn not finer than 60 lea.....	Do.
	SCHEDULE 11.—Wool and manufactures of	
1115	Clothing, not knit or crocheted.....	Increase in duty.

TABLE 3.—Commodities covered by applications which were denied and dismissed without prejudice during the past year—Continued

UNDER SEC 336—Continued

Para-graph no.	Name of article	Purpose of request
	SCHEDULE 13.—Manufactures of rayon or other synthetic textile	
1306	Woven fabrics in the piece, wholly or in chief value of rayon or other synthetic textile, for use in the manufacture of umbrellas and parasols.	Decrease in duty.
	SCHEDULE 15.—Sundries	
1506	Tooth brushes and other toilet brushes, the handles or backs of which are composed wholly or in chief value of any product provided for in par. 31 of the Tariff Act of 1930. Handles and backs for tooth brushes and other toilet brushes, composed wholly or in chief value of any product provided for in par. 31 of the Tariff Act of 1930. Toilet brushes ornamented, mounted, or fitted with gold, silver, or platinum, or wholly or partly plated with gold, silver, or platinum, whether or not enameled. Other tooth brushes and other toilet brushes..... Paint and artists' brushes, and hair pencils..... All other brushes not especially provided for, such brushes including household and industrial brushes, and scrub brushes.	Increase in duty.
1513	Dolls and toys composed wholly or in chief value of any product provided for in par. 31 of the Tariff Act of 1930, having any movable member or part. Dolls and toys composed wholly or in chief value of any product provided for in par. 31 of the Tariff Act of 1930, not having any movable member or part.	
1513	Parts of dolls or toys, composed wholly or in chief value of any product provided for in par. 31 of the Tariff Act of 1930.	Do.
1537 (b)	Rubber erasers.....	Do.
1537 (c)	Combs of whatever material composed, except combs wholly of metal.	Do.

TABLE 4.—Investigations instituted since Dec. 1, 1935

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

UNDER SEC. 336 OF THE TARIFF ACT OF 1930

Para-graph no.	Date ordered	Source of application	Subject of investigation	Status
397	Dec. 20, 1935	G. E. Prentice Mfg. Co.; Shoe Hardware Division, U. S. Rubber Products Co.; Sterling Novelty Co.; Hookless Fastener Co.; Lion Fastener Co.	Slide fasteners and parts thereof.	Completed.
1519 (a)	Apr. 29, 1936	S. Res. 250.....	Dressed or dressed and dyed fur skins.	In progress.
1529 (a)	Oct. 1, 1936	S. Res. 270.....	Embroidered wool knit gloves and mittens.	Do.
916 (a)	Oct. 15, 1936	National Association of Hosiery Manufacturers, Golden City Hosiery Mills, Inc.	Seamless cotton hosiery.....	Do.
909	Nov. 5, 1936	Crompton Co., Merrimack Manufacturing Co., New York Mills, Waterside Mills, Tabarerey Manufacturing Co., Granite Finishing Works, Brookside Mills, Waterhead Mills, Hoekmeyer Bros., Inc., Highland Mills.	Cotton velveteens and cotton corduroys.	Do.

UNDER SEC. 337 OF THE TARIFF ACT OF 1930

372	July 17, 1936	American Machine & Foundry Co.	Cigarette-making machines and parts.	In progress.
1527 (c)	Aug. 14, 1936	Art Metal Works, Inc.....	Cigar lighters.....	Do.

APPENDIX II. PUBLICATIONS ISSUED BY THE TARIFF COMMISSION SINCE THE PASSAGE OF THE TARIFF ACT OF 1930

Since December 1, 1935, the following printed publications have been issued by the Commission :

- Changes in Import Duties Since the Passage of the Tariff Act of 1930 (first edition).
- Changes in Import Duties Since the Passage of the Tariff Act of 1930 (second edition).
- *Chemical Nitrogen.
- Coilable Metal Rules.
- Cotton Cloth.
- Dyes and Other Synthetic Organic Chemicals in the United States, 1935.
- Frozen Swordfish.
- Plate Glass.
- Recent Developments in the Foreign Trade of Japan.
- Slide Fasteners and Parts, Cost of Production of.
- *Subsidies and Bounties to Fisheries Enterprises by Foreign Governments.
- Trade Agreement with Canada.
- Tuna Fish.
- Twentieth Annual Report.
- Wool Knit Gloves and Mittens.

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

- Annual reports :
 - Fourteenth.
 - Fifteenth.
 - Sixteenth.
 - Seventeenth.
 - Eighteenth.
 - Nineteenth.
- Agricultural Hand Tools.
- Alcoholic Beverages.
- **Anthracite Coal Industry of Soviet Russia.
- Barley Malt.
- Bases of Value for Assessment of Ad Valorem Duties in Foreign Countries.
- Beer.
- Bells, Chimes, and Carillons.
- Bent-Wood Furniture.
- Blown-Glass Tableware.
- Boots and Shoes.
- Candied, Crystallized, or Glacé Fruits.
- Canned Clams.
- **Cement.
- **Certain Vegetable Oils, Whale Oil, and Copra.
- Cheese.
- Cigar Lighters.
- Cigar-Wrapper Tobacco.
- Cocoa-Fiber Mats.
- Comparison of Tariff Acts of 1922 and 1930 (by items).
- Comparison of Tariff Acts of 1922 and 1930 (by paragraphs).
- Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States, 1929.
- **Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States, 1929 and 1931.

*In press.

** Out of print.

- Copper.
- Cotton Fishing Nets and Nettings.
- Cotton, Long-Staple.
- Cotton Rugs.
- Cotton Ties of Iron or Steel.
- Cotton Velveteens and Velvets.
- Crab Meat.
- Crin Vegetal, Flax Upholstery Tow, and Spanish Moss.
- **Crude Petroleum and Its Liquid Refined Products.
- **Crude Petroleum, Cost of.
- Cut Flowers.
- Cylinder, Crown, and Sheet Glass.
- Dead or Creosote Oil.
- Depreciated Exchange.
- **Differential between Raw and Refined Sugar.
- Domestic Value—Conversion of Rates.
- Dried Beans and Black-Eye Cowpeas.
- **Dried Egg Products.
- Drive Springs.
- **Dyes and Other Synthetic Organic Chemicals, Census of 1930.¹
- Dyes and Other Synthetic Organic Chemicals, Production and Sales of, 1933.
- Dyes and Other Synthetic Organic Chemicals in the United States, 1934.
- Economic Analysis of Foreign Trade of the United States in Relation to the Tariff:
 - Part I. Imports.
 - Part II. Exports.
 - Part III. Range and Variety of Costs.
- Edible Gelatin.
- Employment of Non-Resident Fishermen in United States Fisheries.
- Feldspar.
- Fish and Other Marine Products.
- Fish Packed in Oil.
- Fishery Products.
- Folding Rules, Aluminum and Wooden.
- Fourdrinier Wires, Woven Wire Cloth, and Cylinder Wires.
- Fresh Vegetables:
 - Beans, Snap or String, Green or Unripe.
 - Cucumbers in Their Natural State.
 - Eggplant in Its Natural State.
 - Lima Beans, Green or Unripe.
 - Okra.
 - Peas, Green or Unripe.
 - Peppers in Their Natural State.
 - Tomatoes in Their Natural State.
- **Furniture of Wood.
- Gage Glass Tubes.
- Graphic Analysis of the International Trade of the United States in 1932.
- Grass and Straw Rugs.
- Hats, Bonnets, and Hoods, of Straw.
- Hat Braids and Bodies Containing Synthetic Textile.
- Hemp Cordage.
- Hides and Skin of Cattle of the Bovine Species.
- Imports and Duties, 1933.
- Inedible Gelatin, Glue, Glue Size, and Fish Glue.
- Infants' Wool Knit Outerwear.
- Iron in Pigs and Iron Kentledge.
- **Laces and Lace Articles.
- Laminated Products.
- Lumber.
- **Maple Sugar and Maple Syrup.
- Matches.
- Meat and Food Choppers.
- Methods of Valuation.

¹ Summaries of statistics relating to these commodities for the years 1931 and 1932 were issued in mimeographed form.

**Out of print.

- Olive Oil.
- Optical Fire-Control Instruments.
- Oxides of Iron Suitable for Pigment Purposes.
- Pens.
- Phosphates, Crude and Superphosphates.
- Pigskin Leather.
- Pineapples.
- Pins.
- Pipe Organs.
- Pottery, Household, Table, and Kitchen Articles.
- Precision Drawing Instruments.
- Quicksilver.
- Red Cedar Shingles.
- Regulation of Tariffs in Foreign Countries by Administrative Action, 1932.
- Regulation of Tariffs in Foreign Countries by Administrative Action, 1934.
- Relation of Duties to Value of Imports.
- Rubber-Soled Footwear.
- Rules of Practice and Procedure (fifth revision).
- Russian Asbestos.
- Silicon Aluminum, etc.
- Slide Fasteners and Parts.
- Smokers' Articles.
- Sperm Oil and Spermaceti Wax.
- **Sponges.
- Subject Index of Tariff Commission Publications (December 1935).
- Sugar.
- Sun Glasses or Sun Goggles.
- Synthetic Camphor.
- Synthetic Phenolic Resin.
- **Tariff Bargaining Under Most-Favored-Nation Treaties.
- The Cigar Industry and the Tariff.
- The Tariff—A Bibliography.
- The Tariff and Its History.
- Tooth and Other Toilet Brushes.
- **Ultramarine Blue.
- Umbrellas and Umbrella Frames and Skeletons.
- United States-Philippine Tariff and Trade Relations.
- Upholsterers' Nails, Chair Gliders, Thumb Tacks.
- Whisky, Wine, Beer, and Other Alcoholic Beverages and the Tariff.
- Wood-Cased Lead Pencils.
- **Wood Flour.
- Wood Pulp and Pulpwood, Effect of Depreciated Currency on Imports of.
- Wool-Felt Hat Bodies. (1935.)
- Wool-Felt Hat Bodies and Hats. (1931).
- **Wool Floor Coverings.
- Work of the Tariff Commission Since Its Reorganization in 1930.
- **Woven-Wire Fencing and Netting.

The Commission has distributed during the current year 24,059 copies of its publications. The Superintendent of Documents reports that during the fiscal year 1935, the latest year for which information is available, over 4,256 copies of reports of the Tariff Commission were sold. The receipts from this sale were \$1,006.65.

** Out of print.

APPENDIX III. REPRINT OF SECTION OF AMENDMENT TO AGRICULTURAL ADJUSTMENT ACT PERTAINING TO CONTROL OF IMPORTS

SECTION 31 OF PUBLIC, No. 320 (74TH CONG.), APPROVED AUGUST 24, 1935, ADDING A NEW ACTION AS AMENDED BY SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, SECTION 5 OF PUBLIC, No. 461 (74TH CONG.), APPROVED FEBRUARY 29, 1936

IMPORTS

SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or The Soil Conservation and Domestic Allotment Act, as amended, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such limitations on the total quantities of any article or articles which may be imported as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken, or will not reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 per centum of the average annual quantity of such article which was imported from such country during the period from July 1, 1928, to June 30, 1933, both dates inclusive.

(c) No import restriction proclaimed by the President under this section nor any revocation, suspension, or modification thereof shall become effective until fifteen days after the date of such proclamation, revocation, suspension, or modification.

(d) Any decision of the President as to facts under this section shall be final.

(e) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended by the President whenever he finds that the circumstances requiring the proclamation or provision thereof no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the purposes of this section.

(Regulations for carrying out the provisions of this section are the same as those for the section in the Agricultural Adjustment Act and are printed in the appendix of the Commission's Nineteenth Annual Report.)