

Twenty-first Annual Report
of
**The United States
Tariff Commission**



1937



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION

WASHINGTON, D. C.

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, December 1, 1937.

SIR: I have the honor to transmit to you the Twenty-first 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,

RAYMOND B. STEVENS, *Chairman.*

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

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TWENTY-FIRST ANNUAL REPORT OF THE UNITED STATES TARIFF COMMISSION

GENERAL ASPECTS

SUMMARY OF ACTIVITIES

During the past year the Tariff Commission has exercised all its prescribed functions. It has prepared (under the authority of sec. 332 of the Tariff Act of 1930) factual material for the use of the Congress, the Executive, and the public on tariff and international trade matters; done work under the provision (sec. 336) for duty adjustments, under the provision (sec. 337) prohibiting unfair practices in the importation of goods, and under the provision (sec. 338) covering discriminations by foreign countries against the trade of the United States; and has cooperated in the trade agreements program by supplying information regarding commodities imported from the countries with which agreements have been, or may be, negotiated. In addition, it has cooperated in other ways with various agencies of the Government concerned with foreign trade.

The data accumulated in recent years on many commodities have also been the basis of a number of comprehensive industrial surveys. Among the surveys which have been published are Chemical Nitrogen, Flat Glass and Related Glass Products, Sodium Sulphate, and Wool Prices. Other industry surveys are in preparation and will be published shortly.

In response to Congressional resolutions the Commission has completed reports on Wood Pulp and Pulpwood; Salmon and Other Fish; and Nets and Netting and Other Fishing Gear.

The Commission has also made studies of international trade policies, foreign-trade barriers, and international commercial agreements. As a result of its work in these fields it has published a report on the Extent of Equal Tariff Treatment in Foreign Countries.

A special report regarding Excise Taxes on the importation or on the first domestic processing of imported goods was prepared for the use of the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate.

Throughout the year the Commission has participated in the work of the Interdepartmental Committee on Philippine Affairs and of the Joint Preparatory Committee on Philippine Affairs. It also published as a result of extensive investigation by its experts, including field work in the Philippines, a report on The United States-Philippine Trade.

Under the duty-adjustment provision, the Commission has done work on investigations with respect to dressed or dyed furs, seamless cotton hosiery, cotton velveteens and corduroys, embroidered wool-knit gloves and mittens, and women's and misses' cemented boots and shoes. A report on the investigation of dressed or dyed furs has been completed. Work on the investigations concerning embroidered wool-knit gloves and mittens, seamless cotton hosiery, and cotton velveteens and corduroys has been suspended. The investigation of women's and misses' cemented boots and shoes was ordered by the Commission on August 28 in response to a Senate resolution, and is still under way.

The investigation on embroidered wool-knit gloves and mittens has been inactive because of pending litigation regarding the classification of the imports concerned. The work on cotton hosiery and cotton velveteens and corduroys was suspended because, while the investigations were in progress, agreements were entered into between the American and Japanese interests limiting exports from Japan to this country.

Two investigations under section 337, with regard to unfair practices in the importation and sale of goods, were dismissed during the year. Statements concerning them appear hereinafter. No investigations under this section are pending before the Commission.

Transportation is an important element in cost of production and marketing, and in competition. For this reason the Commission has undertaken studies relating to weights, densities, stowage factors, and containers of a long list of trade items, the results of which will be published.

The Commission has continued its practice of publishing an annual census of domestic production and sales of dyes and other synthetic organic chemicals, and, in conjunction with this, detailed statistics and analyses of imports of such commodities. It has also issued a statistical analysis of the imports through the New York customs district of the chemicals dutiable under paragraphs 5 and 23 of the tariff act, and of acids not specially provided for, dutiable under paragraph 1 of the tariff act.

The Commission has given considerable assistance to the Committee for Reciprocity Information. This Committee is made up of representatives of the Departments of State, Treasury, Agriculture, and Commerce, and of the Tariff Commission, and has been designated by the President to receive the statements and views, both written and oral, of interested parties relative to any proposed or concluded trade agreement with a foreign country. With the aid of the staff of the Tariff Commission, this Committee makes digests of the statements and views submitted, and these are supplied to members of the interdepartmental trade agreements organization.

The practice has been continued of publishing a list, kept current by supplements, of all the changes made in the rates of duty in the Tariff Act of 1930, by action under either the rate adjustment provision of the tariff act or the Trade Agreements Act. Two new editions of this list were published in the past year.

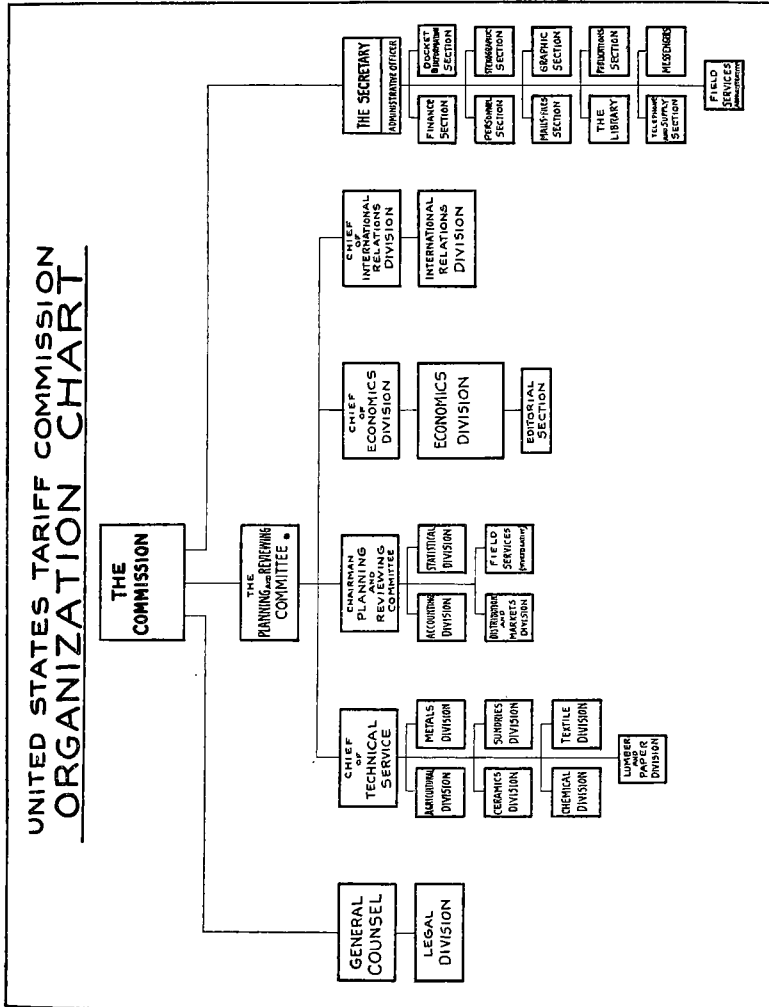
The Commission has also continued its direction of a series of projects under the Works Progress Administration. These have

been useful in assembling data regarding foreign trade both for immediate and future use.

The Commission's rules of practice and procedure in the administration of sections 332, 336, 337, and 338 of the Tariff Act of 1930 have been revised, and appear in appendix IV of this report.

In the past year the positions of director of research and assistant directors were abolished and the functions of coordination and direction previously exercised by that group were transferred to the Planning and Reviewing Committee.

A chart of the present organization of the Commission follows.



CURRENT WORK

As required by law, the Commission presents herewith a summary of the reports completed during the year and in addition describes its work in progress.

WORK UNDER SECTION 332—GENERAL POWERS OF THE COMMISSION

SUMMARY OF REPORTS COMPLETED DURING THE YEAR

Wood pulp and pulpwood.

A report on wood pulp and pulpwood was completed in response to Senate Resolutions 365 of the Seventy-second Congress and 200 of the Seventy-fourth Congress. For this report, the Commission collected from official sources extensive data on the wood-pulp industry and trade of the United States and of foreign countries. In addition, it obtained from pulp-producing concerns in all sections of the country data regarding output, sales, transportation, costs of production, and other matters. Importers and paper manufacturers and other pulp-using industries were also drawn upon for material needed in a study of the industry.

The United States production of wood pulp is one-fifth of the world total and greater than that of any other country. Canada, Sweden, Germany, Finland, and Norway, in the order named, are the other most important producing countries.

Although there was a substantial fall in world production of wood pulp during the depression, the upward trend in post-war years has been marked. The output in the United States in 1936, over 5½ million tons, was about one-sixth more than in 1929, and there were comparable percentage increases in the production of other countries.

The paper industry of the United States uses, in addition to the bulk of the domestic pulp output, large amounts of foreign wood pulp; in fact, the United States is the largest market for the wood pulp entering international trade; in 1936 its imports amounted to about 2¼ million tons.

The following table compares domestic production, imports, and exports of each of the main kinds of wood pulp in 1935, the latest year for which the value figures on domestic production are available. The quantity figures for 1936 show no great change in ratios as compared with 1935. The approximate quantities of the domestic output not converted into paper or board by the producing concerns, but sold as pulp, are also shown. Imports of pulp compete more directly with pulp sold by domestic mills than with that used by the producing concerns in their own paper manufacture.

Wood pulp: United States production, imports, and exports in 1935

[Quantities in thousands of tons of 2,000 pounds; values in thousands of dollars]

	Total	Sulphite	Sulphate	Ground wood	Soda, semi-chemical, and screenings
Production:					
Quantity.....	4,944	1,595	1,468	1,356	526
Value.....	151,003	71,416	36,009	24,972	18,606
Imports:					
Quantity.....	1,933	1,123	611	190	9
Value.....	70,735	45,960	21,087	3,277	410
Exports:					
Quantity.....	171	170	None	None	2
Value.....	8,633	8,528			105
Apparent consumption:					
Quantity.....	6,706	2,548	2,079	1,546	533
Value.....	213,105	108,848	57,096	28,249	18,911
Ratio of imports to apparent consumption by quantity, percent.....	28.8	44.1	29.4	12.3	1.7
Approximate sales by domestic mills including exports, quantity.....	673	556	15	18	84

Imports of wood pulp in 1935 accounted for about 29 percent of consumption, the proportion being highest in the case of sulphite pulp.

Exports of wood pulp, chiefly from the Pacific coast mills, have increased greatly in recent years but are still small in relation to domestic production or imports; in 1935 and 1936 they amounted to less than 4 percent of production. Most of the exports are of sulphite pulp. Japan, taking the bulk of the exports from the west coast, has become by far the most important export market.

Notwithstanding the large domestic production and imports of wood pulp for use in the domestic paper industry, the United States is a far larger consumer than producer of paper. In 1936, imports of newsprint, the only kind of paper imported in great volume, amounted to about 2¾ million tons.

Wood pulp and pulpwood: Contributions of domestic and foreign pulp and pulpwood to total United States requirements, 1936

WOOD PULP

	Production	Imported in the form of—		Total requirements
		Pulp	Newsprint paper	
Quantities in thousands of tons of 2,000 pounds				
Sulphite.....	1,830	1,299	578	3,707
Sulphate.....	1,802	738		2,540
Ground wood.....	1,496	228	2,311	4,035
Soda.....	403	13		416
Semichemical.....	95			95
Total.....	5,626	2,278	2,889	10,793
Ratio to total wood pulp requirements, percent				
Sulphite.....	49.4	35.0	15.6	100.0
Sulphate.....	70.9	29.1		100.0
Ground wood.....	37.1	5.6	57.3	100.0
Soda.....	96.9	3.1		100.0
Semichemical.....	100.0			100.0
Total.....	52.1	21.1	26.8	100.0

Wood pulp and pulpwood: Contributions of domestic and foreign pulp and pulpwood to total United States requirements, 1936—Continued

PULPWOOD

Consumption of—		Wood equivalent of imported pulp	Wood equivalent of imported newsprint	Total requirements
Domestic wood	Imported wood			
Quantities in thousands of cords				
8,271	899	4,116	3,384	16,670
Ratio to total pulpwood requirements, percent				
49.6	5.4	24.7	20.3	100.0

If imports in the form of pulp and in the further advanced form of newsprint paper are taken together, almost as much wood pulp has been imported in recent years as has been produced in this country. In addition to the imports of pulp and paper, 10 to 15 percent of the domestic production of wood pulp has been made from imported pulpwood.

By reason of the large expansion of pulp production in the South and on the Pacific coast, the dependence of the United States on imports of paper and materials therefor has not changed materially in the last 10 years, but is much greater than before or immediately after the World War. The large importation is explained by the depletion of the stands of spruce and balsam fir in the Northeastern and North Central regions of the country in areas close to established mills.

An important feature of the situation is the regional distribution of the domestic pulp industry in relation to paper consumption. The areas of large paper consumption are in the northeastern quarter of the country. The Northeastern and North Central States produce much less of all three products—pulpwood, wood pulp, and paper—than they consume. The upward trend of United States pulpwood and pulp production in the last decade is accounted for by increases in the Southern and Pacific coast regions, which produce pulpwood and wood pulp greatly in excess of their paper requirements. Pulpwood and pulp production in the Northeastern and North Central regions has in the past decade shown a downward trend; these two areas take the bulk of the imports of pulpwood, almost entirely from eastern Canada; of wood pulp, chiefly from Europe but also in large amounts from Canada; and of newsprint paper, chiefly from Canada. In addition, they draw large quantities of kraft wrapping paper and container board from the South and considerable pulp from the Pacific coast.

Ground wood, a kind of pulp used principally in the production of newsprint and other of the cheaper "white" papers, is produced in large quantities in the New England, Middle Atlantic, and Lake States, and also in considerable quantities in the Pacific coast region.

The production of sulphite pulp in the United States is distributed in much the same way as that of ground wood, except that a larger proportion is produced in the Pacific Northwest. The marked expansion of pulp production in the Pacific coast region in recent

years has been principally in sulphite, which is used in admixture with ground wood and other materials in making many kinds of white papers.

Pulp production in the South is confined almost entirely to sulphate (kraft) pulp, used principally in brown wrapping paper and container board. Sulphate pulp is also produced in substantial quantities in Michigan, Wisconsin, and Minnesota, and in the Pacific Northwest, but the great increase in sulphate production in recent years is accounted for by the expansion of the southern industry. In spite of this expansion of domestic production, increasing quantities of sulphate pulp have been imported. The increase in the United States consumption of such pulp is due mainly to the increased demand for fiberboard containers.

Wood pulp is produced in the United States principally by integrated departments of pulp-paper mills. Nearly all the domestic output of kraft pulp and of ground wood is produced in such integrated establishments, and little of these kinds is sold in the form of pulp by domestic mills. The larger part of the domestic production of sulphite pulp is also made in integrated establishments, but there is a substantial production for sale, particularly on the Pacific coast, and to a smaller extent also in the Northeastern and Lake States. A considerable export trade in sulphite has developed from the Pacific coast. Most of the pulp sold by Pacific coast mills in domestic markets goes to converters in the eastern part of the United States.

In spite of the considerable sales of sulphite by domestic pulp mills, those paper mills which do not produce their own supplies of sulphite are dependent to a very large extent on imports. The same is true in much greater degree of sulphate and of ground wood; however, such nonintegrated paper mills use relatively little ground wood.

The large and expanding kraft pulp industry in the South is conducted almost entirely in integrated pulp-paper establishments. The South ships little sulphate pulp to the Northeastern and North Central States but supplies them instead with large quantities of kraft wrapping paper and container board.

The competition of imported pulp with domestic pulp made for sale is more direct than with the pulp made for conversion in integrated pulp-paper mills, although imported pulp after conversion into paper competes indirectly with the latter also. Direct competition is therefore most conspicuous with respect to sulphite pulp, particularly bleached sulphite; in other words, the sales of sulphite by Pacific coast mills and the smaller sales by mills in the Northeastern and Lake States are especially subject to competition from imports in the form of pulp.

The prices of all kinds of pulp in the United States fell sharply after 1929, recovered somewhat in 1933 and 1934 with the decline in the foreign exchange value of the dollar, weakened in 1935, and after the middle of 1936 rose markedly. Prices in the middle of 1937 were higher.

The Commission's investigation discloses that costs of producing wood pulp are generally considerably lower in the Pacific Northwest than in the Northeastern or Lake States because of the much lower costs of pulpwood there. In the case of ground wood, how-

ever, costs averaged little lower on the Pacific coast than in the Northeastern section of the country. In the South the costs of producing sulphate pulp are even lower than in the Pacific coast region, chiefly by reason of the extremely low prices of yellow pine pulpwood.

Average costs at producing mill of unbleached sulphite, sulphate, and mechanical pulp in slush form, January-September, 1935

[Per ton of 2,000 pounds]

	Northeastern region	Lake and Central region	Southern region	Pacific coast region
Sulphite:				
Wood.....	\$20.30	\$19.68	-----	\$10.91
Conversion (net).....	16.14	17.22	-----	14.78
Total.....	36.44	36.90	-----	25.69
Total including interest.....	38.86	39.41	-----	28.07
Sulphate:				
Wood.....	-----	14.89	\$6.71	7.93
Conversion (net).....	-----	19.31	14.64	15.26
Total.....	-----	34.20	21.35	23.19
Total including interest.....	-----	36.59	22.64	26.16
Ground wood:				
Wood.....	10.11	8.94	-----	6.39
Conversion (net).....	8.27	12.27	-----	11.83
Total.....	18.38	21.21	-----	18.22
Total including interest.....	20.04	24.67	-----	20.61

The costs of production shown above are exclusive of transportation on such pulp as is shipped to separate converting mills. On the part shipped as pulp or paper to Northeastern and North Central markets the advantages of lower costs of production in the Pacific Northwest and Southern regions are offset to some extent by transportation charges.

So far southern pine has been used in large quantities only in making kraft pulp for the manufacture of brown wrapping papers, container board, and similar products. The rapid expansion of the southern kraft industry has in part, though not entirely, taken care of the great increase in the demand for these products in the United States. With the expansion of the pulp industry now taking place in the South, the dependence of the Northeastern and Lake and Central States on imports of kraft pulp may be lessened, although consumption continues to increase.

The Pacific coast may for some time continue to increase its shipments of sulphite pulp to the consuming regions of the East, but probably not enough to lessen greatly their dependence on imports of sulphite pulp and of paper made from sulphite and ground wood.

The situation with regard to white papers may be completely changed if a large production of pulp suitable for making such papers should develop in the South. Many people in the industry are of the opinion that southern pine can be economically used for the production of white pulps. If the large and fast-growing stands of southern pine come to be used in this way, a great reduction in the imports of sulphite pulp and of newsprint paper may occur.

United States-Philippine trade.

A report on "United States - Philippine Trade Relations, with Special Reference to the Philippine Independence Act and Other

Recent Legislation," was issued by the Commission in February of this year. It was prepared primarily to supply basic data on the trade relations between the United States and the Islands, and to appraise the economic effects of carrying out the provisions of the Independence Act, also known as the Tydings-McDuffie Act. The report does not undertake to analyze problems arising out of political and military considerations which likewise must be reckoned with in appraising fully the effects and implications of Philippine independence.

Since the American occupation of the Philippines, the trade between the United States and the Islands has increased rapidly. At the beginning of the present century, it amounted to approximately \$6,000,000 and accounted for 9 percent of Philippine imports and 13 percent of Philippine exports. By 1929 it had grown to \$217,000,000 and accounted for 63 percent of the imports and 76 percent of the exports of the Islands. Although the value of total Philippine trade declined in the years of depression, the proportion of the total carried on with the United States increased. In 1935 the trade with the United States amounted to \$129,000,000 and accounted for about 64 percent of all Philippine imports and about 80 percent of all Philippine exports. The very large share of the United States in both the exports and the imports of the Philippine Islands has been chiefly due to the free entry of goods from each into the other, as contrasted with the dutiable status of much of the goods imported from foreign countries.

The value of Philippine exports to the United States has in almost every year exceeded the value of Philippine imports from the United States.

The Philippine Independence Act, though not likely to change the economic life of the United States, will undoubtedly play a major part in altering the economy of the Philippines by changing the duty-free status of trade between the two. In fact, it has already begun to do so, but to a less extent than more recent legislation—to be specific, the Jones-Costigan Act, the Revenue Acts of 1934, 1935, and 1936, and the Cordage Act.

The Independence Act provides for a 10-year Commonwealth, or transition period, before the Philippines become independent on July 4, 1946. In the sixth year of that period, beginning November 15, 1940, exports to the United States are to be subject to progressive Philippine export taxes (the proceeds of which shall be retained by the Philippine Government). These taxes will amount to 5 percent of the prevailing United States duties in the sixth year of the Commonwealth period and will be increased by a like amount each succeeding year until the tenth year, when they will amount to 25 percent of the United States duties. The act provides that when independence is achieved in 1946, the Islands will no longer assess export taxes, but that all Philippine goods arriving in the United States will then be subject to the full United States duties.

However, one of the provisions of the Independence Act stipulates that the President of the United States shall call a joint trade conference at least one year prior to the date of Philippine independence "for the purpose of formulating recommendations as to future trade relations." The conference cannot modify any existing United States

legislation governing trade with the Islands; any change it may recommend will require Congressional action.

It is not certain whether the transition period provided is sufficient to permit adaptation of the Philippine economy to the loss of duty-free entry into United States markets. Certain major industries exporting chiefly to the United States may be obliged to discontinue or to curtail their operations, as will a number of others directly dependent on them. The Islands may not be able to find profitable outlets elsewhere for some of the principal commodities which they now sell in the United States, and they may find it difficult to develop quickly new varieties of exports which they can market, either in the United States or elsewhere, unless they grant subsidies to private producers or obtain tariff concessions from foreign countries. With the loss of preferential treatment for their products in the United States, the Philippines will be obligated to fashion an economy much more self-sufficient than the present.

The important export industries in the Islands will be variously affected by the progressive export taxes during the second half of the Commonwealth period. These taxes when applied to sugar will probably lessen the profitableness, but not the volume, of exports to the United States during that period. When the full United States duties become applicable in 1946, however, the position of the Philippine sugar industry will depend primarily on whether the United States will then be operating under a quota system which will permit the profitable marketing of Philippine sugar in the United States. If such a quota system is not in operation then, it is doubtful that any large proportion of the sugar industry will survive.

It is also likely that, with the loss of preferential treatment in the American market after independence, the Philippines will be obliged either to curtail sharply, or to discontinue altogether exports of coconut oil, cigars, embroideries, pearl buttons, and some minor commodities. It is improbable that by 1946 they will be able to produce such goods at sufficiently low prices to enable them to compete in world markets. Even before the Islands become fully independent, it is reasonably certain that because of the export taxes, they will cease exporting any substantial quantities of these products to the United States.

A number of other Philippine export industries, although likely to be affected by the provision of the Independence Act, probably will not be forced out of existence. Philippine cordage, desiccated coconut, straw hats, and canned pineapples may even be able to enter the United States after the full duties become applicable. The status of copra, so long as it remains on the free list of the United States tariff proper, and so long as present United States excise tax laws regarding copra and coconut oil remain in effect, will not be adversely affected during the Commonwealth period; but it may be adversely affected after independence, should coconut oil derived from Philippine copra no longer be accorded a preferential excise tax treatment in the American market. Abaca, should it remain on the United States free list, will not be adversely affected by any specific provisions of the act; and "Philippine mahogany", on the basis of present United States legislation, will at most become subject to very small export taxes during the second half of the Commonwealth

period, and to a small United States excise tax after independence. Philippine leaf tobacco will probably continue to find its chief market outside the United States; and gold exports will undoubtedly continue to be acceptable without serious restrictions either in the United States or elsewhere. Even these Philippine export industries which do not now depend on preferential tariff treatment from the United States, however, may be seriously affected by the heavier internal taxes which the new Philippine Government may find necessary.

The provisions of the Independence Act make it practically certain that the Philippines will decrease in importance as a market for American goods. Although Philippine tariffs cannot be applied against American goods until after independence, American exports to the Islands will probably decline as soon as Philippine export taxes come into operation and begin to cut down the exports of the Islands. With export credits curtailed, the Islands must, perforce, restrict their imports. When American goods lose their preferential tariff position in the Philippines in 1946, there is likely to be a further and even more pronounced decline in American exports. With a shrinkage in United States-Philippine trade, there will likewise be a lessened demand for services such as those now rendered by American shipping agencies and insurance companies. Moreover, the Islands will become a less attractive field for American investments.

The discontinuance of duty-free trade between the United States and the Philippines will, in some degree, injure private American interests, because of the reduction in United States exports to the Philippines. Nevertheless (1) the whole of the Philippine market will not be lost; (2) a portion of it would likely be lost in any event, because of the increasing competition of other foreign suppliers; and (3) there may be an increase in United States exports to other markets—as a result of the transfer of United States purchases from the Philippines to other foreign suppliers—which will partially compensate for the decline in exports to the Islands.

Certain immediate financial gains to the United States Treasury will probably accrue from the abandonment of free trade between the United States and the Philippines. Duties will be collected on various goods—notably sugar—coming from the Islands, or on similar goods if purchased from alternate foreign suppliers. On the basis of existing United States duties, the Treasury would collect between \$17,460,000 and \$36,375,000 annually on the amount of sugar which the Islands are now permitted to market free of duty in the United States. The smaller sum represents the receipts which could be obtained on Cuban sugar, dutiable at 0.9 cent per pound; and the larger sum, receipts which could be obtained on any other foreign sugar, dutiable at 1.875 cents per pound. Moreover, the increase in revenue occasioned by dutiable foreign sugar supplanting duty-free Philippine sugar would not affect the price to the domestic consumer, so long as it is determined by the quota system.

Extent of equal tariff treatment in foreign countries.

The report on Extent of Equal Tariff Treatment analyzes the tariff policies of 42 countries showing whether they have single-column or multiple-column tariffs, whether they make trade agreements, and whether the concessions made in such agreements are extended freely to all countries, or to those countries with which they have most-

avored-nation treaties, or are given exclusively to the other contracting country.

In 1934 the United States embarked on an active program of tariff bargaining by trade agreements based upon reciprocal unconditional most-favored-nation treatment. The Trade Agreement Act authorizing this program specifically provides that all duty reductions in trade agreements shall be generalized; that is, that the benefit be given to the like products of all foreign countries, though authority is given to suspend this rule in the case of countries discriminating against American commerce. Throughout most of its history the United States has incorporated in its treaties the conditional form of the most-favored-nation pledge, but in practice it has employed predominantly a single set or column of tariff rates applicable to the like products of all countries. In 1923 the practice of making most-favored-nation obligations conditional was discontinued, and all such obligations subsequently incurred have been unconditional, involving a pledge of immediate and unconditional extension, to the countries concerned, of tariff concessions made to any other country except Cuba.

During the world-wide depression many countries not only increased their tariffs but also resorted to exchange controls, quotas, import permit systems, compensation and clearing agreements, and other exclusive trade agreements. As a consequence the impression has become widespread that the policy of equal treatment as typified by the unconditional most-favored-nation clause has been largely discontinued throughout the world. Accordingly the Tariff Commission undertook an inquiry into the various types of prevailing tariff policies, in order to determine the extent to which the principal trading countries follow discriminatory trade policies.

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. Germany, Italy, and the Soviet Union are not included because in each the Government's direct control over trade renders the tariff rates of relatively minor significance.

The report brings out the fact that tariff duties on imports remain the chief barrier to the world's trade. 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 little or no use of quota systems, exchange controls, or any other of the newer forms of trade restrictions; further, that many of the countries which employ these new methods do not apply them to all imports, and that the restrictive effects of some quotas, exchange controls, or other restrictions are slight; moreover, to some extent countries using these newer methods of restriction endeavor in their application to avoid discrimination among the countries supplying imports.

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 42 countries nearly one-half of them—except for colonial and regional preferences—give complete or practically complete equality of tariff treatment to imports from all countries, so that more than half of the world's import trade (nearly 72 per cent of that tabulated in the report) enters the United States and other countries pursuing the policy of equal tariff treatment. Moreover, many countries having double-column tariffs admit the bulk of imports at the most favorable tariff rates, with the result that, outside of preferential colonial trade, much the greater part of the import trade of the world is carried on subject to such nondiscriminatory rates.

Excise taxes.

In May 1937 the Commission published a report entitled "Imports, Exports, Domestic Production, and Prices—Petroleum, Coal, Lumber, Copper, Certain Oils and Fats—Together with Excise Taxes Collected Thereon." This report was prepared especially for the assistance of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

The excise taxes covered by this report are of two kinds, (1) those levied on the importation but not on the domestic production of commodities (import excise taxes) and (2) those levied on the domestic processing of materials, none, or practically none, of which is produced in the continental United States (processing taxes). Excise taxes, of both these types, provided for by the Revenue Acts of 1932, 1934, and 1936, are in their economic effects practically identical with tariff duties.

Import excise taxes are administered by the Treasury Department in the same manner as duties imposed by the Tariff Act of 1930; they are, with certain exceptions, treated as duties for the purposes of all provisions of law relating to the customs revenue. Unlike tariff duties, however, they are not subject to change in accordance with section 336 (the so-called flexible tariff provision) of the Tariff Act of 1930. In negotiating agreements under the Trade Agreements Act, they are regarded as identical with tariff duties.

Processing taxes are administered by the Bureau of Internal Revenue and are collected on the first domestic processing of the taxable materials. Processing taxes are not subject to alteration under the so-called flexible provision of the Tariff Act of 1930. Nor are they subject to changes under the Trade Agreements Act, although they may, under that act, be bound against increases.

The report is largely statistical; it consists of a short general introduction and a separate section devoted to each of the five products or groups of products named in the title. Each section contains a brief introductory statement; summary tables showing on an annual basis domestic production, imports, exports, prices, and revenues collected from excise taxes; and detailed tables showing monthly imports, exports, and computed revenue from excise taxes.

Gross receipts from import excise taxes and processing taxes on imported materials amounted in 1936 to about \$40,600,000, of which \$28,000,000 was from processing taxes (on oils and fats) and slightly less than \$11,800,000 from all import excise taxes. Over 40 percent of the total was from processing taxes on coconut oil derived from materials from the Philippine Islands. Such processing tax revenues are, by statute, collected for the account of the Philippine Government. No remittance of this revenue had been made to the Philippines at the time of printing the report. The accumulation up to the end of 1936 amounted to \$42,940,000. (Following the decision of the Supreme Court in *Vincinnati Soap Co. v. United States*, 301 U. S. 308, decided May 3, 1937, upholding constitutionality of the processing tax law, payments were made.)

The approximate gross revenue yielded in 1936 by import excise taxes on petroleum and petroleum products was \$7,900,000; on coal and related fuels, \$969,000; on lumber, \$946,000; on copper, \$1,247,000; and on oils and fats, \$726,000.

Net receipts from the above sources were somewhat lower than these gross receipts, owing to drawbacks of import excise taxes and refunds of processing taxes. However, the difference between the gross and the net receipts is not very great except with respect to the tax on copper, the net revenue from which is estimated to have been slightly less than \$500,000.

Nets and netting and other fishing gear.

The Commission has completed a report on an investigation concerning nets and netting and other fishing gear, instituted in response to Senate Resolution 165, Seventy-third Congress, second session.

The report is confined to nets and netting of cotton, linen, and manila used in commercial fishing; in other items of fishing gear, as pointed out, the volume of trade is small. The impact of competition is chiefly between domestic and imported cotton fish netting and is confined largely to the Pacific coast area.

Cotton fish netting, by far the most important of the three, is dutiable at 40 percent ad valorem; that made of linen is dutiable at 45 percent ad valorem, while manila netting, of which there is no regular domestic production, is admitted free of duty.

The domestic netting is manufactured chiefly in New York and vicinity, Baltimore, Chicago, and St. Louis, but is distributed in all domestic fishing areas. Until 1932 United States imports of cotton fish netting were much smaller than in later years and came largely from Europe. Since 1932 Japan has been much the most important source of imports and the Japanese imports have been sold chiefly on the Pacific coast. Available production and distribution statistics do not indicate that the increased imports have materially reduced domestic sales on the Pacific coast; the impact of competition is chiefly reflected in the lower prices at which domestic nettings were sold in that area. Imports in part represented sales which at the time of the depressed fish market would not have been made at higher prices, and thus the displacement of domestic netting was not equal to total imports.

In areas other than the Pacific coast, the competition between domestic and imported netting has not attained the extent of that on the Pacific coast.

Salmon and other fish.

In compliance with Senate Resolution 165, dated February 1, 1934, the Commission in June 1937, reported to the Senate on the importation into the United States of salmon and other fish and the effect of such importations on the fishing industry of the United States.

The investigation showed that the United States is on a net import basis for fish. During the 6-year period 1931-36, annual imports averaged 263 million pounds valued at \$19,000,000. Annual exports in the same period were only 92 million pounds, valued at \$9,000,000. The domestic catch of fish ranges from 2½ billion to 3 billion pounds annually.

The outstanding fishery products imported are canned fancy sardines, salted cod, salted herring, fresh lake fish, and canned tuna. The chief domestic products are canned salmon, canned standard sardines, and fresh sea fish for immediate consumption and for the manufacture of meal and oil. The information obtained indicated clearly that imports are for the most part supplemental to domestic production. The data gathered showed also that the impact of imports varies widely with the species or groups of species and with the form in which the fish is marketed, there being relatively little direct competition between unlike forms, such as fresh and canned, or between unlike species, such as mackerel and cod.

The following table summarizes the fish trade of the United States as disclosed in the investigation.

Fish: Percentage of United States consumption supplied by domestic and foreign sources, 1933

Item	Proportion of total consumption			
	Quantity		Value	
	Domestic	Imported	Domestic	Imported
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Fresh and frozen for direct table use.....	92.7	7.3	83.8	16.2
Canned.....	36.5	13.5	88.2	11.8
Salted.....	33.0	67.0	46.2	53.8
Smoked.....	91.2	8.8	96.8	3.2
Other and unspecified (chiefly dried unsalted fish and caviar).....	26.1	73.9	10.7	90.3
Total:				
Actual (without conversion to a common basis of quantity).....	85.7	14.3	84.5	15.5
Converted to a common basis of quantity ¹	82.6	17.4	84.5	15.5

¹ The "actual" proportion of total consumption supplied by domestic sources and by imports was calculated by adding together all kinds of products (fresh, canned, salted, etc.) without converting any of them to a common basis in terms of fresh fish or otherwise. The proportion of total consumption supplied by domestic sources and imports "converted to a common basis of quantity" was calculated by converting all preserved products, such as canned fish, to whole fresh fish and adding the figures obtained to those for fresh fish. This calculation shows a larger proportion of consumption supplied by imports than the calculation based on actual imports because the domestic supplies consist largely of fresh fish and the imports consist largely of preserved fish.

The report to the Senate is in four parts. Part I gives general information regarding domestic and foreign fisheries and inter-

national trade in fish products. Part II, entitled "Effect of Imports on Domestic Production", answers as directly as possible the question raised by the Senate resolution. Detailed statistical and factual information with respect to the various species appears in part III, and a detailed statement of tariff duties and classifications in part IV. The following species or groups of related species are separately treated: Anchovies; cod, haddock, hake, pollock, and cusk taken as a group; fresh-water fish; halibut; mackerel; salmon; sea herring, including sardines and pilchards; smelts; sturgeon; swordfish; and tuna. These totaled in 1936 about 97 percent of the quantity and 96 percent of the value of all imports.

Wool prices.

The Tariff Commission completed during the year a report entitled "Wools—Comparative Prices and Price Differentials of Foreign and Domestic Wools," a study of which has been in progress by the Commission for some time. The purpose of the study was to determine the effect of the basic duty on raw wool (finer than 44s) in raising domestic prices of American wools.

With the aid of wool authorities in the United States and Great Britain, the grades of colonial wools approximately comparable with the four main "blood" groups produced in this country (fine, half-blood, three-eighths-blood, and quarter-blood) were determined. About 96 percent of the American production falls within these four "blood" grades. The rest consists of grades from low-quarter-blood to braid wools, the domestic consumption of which has always been supplied chiefly by imports.

Price quotations not being available for the shorter (or woolen-type) colonial wools, the comparisons were confined to the longer or worsted-type wools, which constitute about 75 percent of the domestic production. These comparisons are on the scoured basis, which closely approximates the absolute clean basis on which the duties are levied. Quotations were taken from the Boston and London markets, which are by far the leading markets for domestic and foreign wools, respectively, and the only markets for which significant prices on the scoured basis are reported over a long period of time.

When the study was begun, prices for "fleeces" or "farm" States (or eastern) wools were not available on the scoured basis. Hence the basic comparison was confined to territory¹ and colonial combing wools. Insofar as the limited data permitted, the effect of the duty on domestic prices for both combing and clothing lengths, and for both territory and fleece descriptions, was considered. In addition, a comparison was made between Boston prices of domestic wools and recorded London prices of colonial wools as cabled to the Department of Agriculture by its representatives in London. These London prices are for all lengths, from stubby woolen to supercombing fiber. Although such prices are an excellent index of the trend of the London wool market, they are not suitable for comparison with prices of American combing wools.

¹ Originally, from the region west of the Missouri River, called the "territories." It now refers to wool grown west of about the one hundred and sixth meridian, but does not include Texas, California, or Oregon wools, which are separately designated. Wools from other States in the territory region also are often quoted separately.

The various factors influencing wool prices are outlined and the more significant are examined in detail—such as the effect on domestic price of (1) differences in preparation for market, (2) differences in methods of selling, (3) variations in moisture content of wool as between London and Boston, (4) transportation, and (5) the nature of the particular price quotations selected for use.

The report points out that the separate effect of most factors influencing wool prices cannot be accurately measured. It was estimated, however, that in the 12-year period 1924–35 the wool duty raised the Boston prices of the four main grades of American wool combined approximately 20 cents per pound of clean content above the prices of comparable Colonial wools in London. The duty on combing and clothing wools from 1924 to June 1930 was 31 cents per pound of clean content; thereafter 34 cents. Allowing for differences in preparation for market, these rates, if fully effective, would have resulted in an average price differential of about 26 cents per pound.

Flat glass and related glass products.

The survey on “Flat Glass and Related Glass Products” covers, under 10 chapters, the various products of the flat-glass industry. The report consists largely of factual data concerning manufacturing, trade, and economic conditions in this industry, and treats only incidentally of glass technology. Use is made of much of the information obtained by the Commission in its several cost investigations both in the United States and abroad. The increasing importance of flat-glass products in modern life, and the revolutionary advances in manufacturing methods, have led to significant changes in competitive conditions with respect to these products in the last two decades.

The flat-glass industry embraces all glass in the form of plates, sheets, or slabs—all formed by rolling, drawing, or pressing molten glass or by flattening and smoothing cylinders of blown glass. The major products of the industry are as follows:

- (a) Cylinder, crown, and sheet glass (window glass).
- (b) Plate glass.
- (c) Rolled and figured glass.
- (d) Wire glass.
- (e) Structural glass and glass masonry.

In addition to these major products, there are numerous related glass products which involve further manufacturing operations. These include safety glass (by far the most important), mirrors (silvered glass), stained and painted glass windows, and products formed from the ordinary types of flat glass by further auxiliary processes, such as bending, beveling, coloring, engraving, etching, ornamenting, and decorating.

The manufacture of flat glass was established on a commercial basis in the United States in the latter half of the nineteenth century. From then on until after the World War the industry continued to expand, except for slight recessions, until in 1919 its output was valued at nearly 85 million dollars. Several developments of major importance occurred during this period and greatly altered the competitive situation of certain products. Chief among these was the invention and popularization of the automobile. The expansion of this new industry created a steadily increasing demand for plate glass

and eventually led to a complete reorganization of the plate-glass industry and to revolutionary changes in methods of manufacture.

Another important development was the invention by Lubbers in 1903 of the cylinder machine for blowing window glass. Up to this time, window glass had been made exclusively by hand, and production depended upon the skill and availability of glass blowers. The process of hand blowing was laborious and dangerous and the product, which was expensive and of inferior quality, was limited in size and thickness by the skill of the worker. The new cylinder blowing machines greatly increased production, made better and cheaper glass, and thereby stimulated more widespread use of window glass. Their adoption eventually eliminated glass blowers from the manufacture of window glass and encouraged concentration of the industry into larger units. For 20 years the cylinder-machine method was the principal one used for making window glass in the United States.

The World War further stimulated the production of flat glass in the United States. Drastic curtailment of exports from European belligerent countries gave to American producers practically the entire home market free from foreign competition, and a wide opening in foreign markets. Millions of square feet of window, plate, and rolled glass were exported during the war years to South and Central American and oriental countries, which had formerly obtained their requirements chiefly from Belgium, Germany, France, and other European countries.

The business depression of 1921 was followed by unusual activity in the glass industry, beginning in the fall of 1922. Building operations, which had been at a low ebb during the war and immediate post-war years, suddenly became very active. Great numbers of new homes, factories, and office buildings were constructed, and many manufacturing plants, which between 1914 and 1920 had been operated almost continuously at full capacity without much repair, were rebuilt and enlarged. This activity in the building industry increased greatly the demand for building glass of all kinds. Furthermore, the rapidly expanding automobile industry and the increasing popularity of the closed type of car at about this time called for unusually large quantities of plate glass.

The increasing demand for flat glass brought about radical changes in its manufacture. Plants of larger capacities were built, old plants were enlarged, and manufacture was placed on a more standardized basis. Although the domestic output was greatly increased as a result of these changes and reached a level in 1923 of over \$120,000,000, it still fell short of consumption. Imports, which had never before exceeded \$5,000,000 a year, were valued in 1923 at almost \$19,000,000.

Expansion of the industry continued, and further technological changes were made so that by 1930 the industry had become almost completely mechanized. The changes in manufacturing processes substantially reduced the cost of production and greatly increased the capacity of plants. Prices declined and foreign producers found it more and more difficult to compete in the American market. Imports consequently declined and constituted a steadily decreasing proportion of our consumption. The years 1923 to 1930 were un-

doubtedly among the most prosperous in the history of the domestic flat-glass industry.

While more or less similar changes in production methods were being made abroad, the transition was not so complete by 1930 as it was in America. The incentive to supplant labor with machines primarily adapted to large-scale production in standard size and quality was not so strong, mainly because of the diversified requirements of world markets supplied by foreign producers.

During the depression years, especially from 1930 to 1933, the world trade in building glass declined to an unusual degree. Building construction in the United States dropped from nearly 6 billion dollars in 1929 to less than 2 billion in 1932. Domestic production of all flat glass fell drastically—to less than 25 percent of capacity. Prices dropped to new low levels and imports practically ceased. While there was a noticeable recovery in demand for most types of flat glass after 1932, production in some branches of the industry was in 1936 still considerably below plant capacity, not only in America, but in all other countries producing flat glass. At the present time (middle of 1937), however, all branches of the domestic industry are operating nearly at capacity.

The recent widespread use of laminated glass in automobiles in the United States has been a boon to American plate-glass producers because of their decidedly favorable position in supplying this market. Their advantage over foreign producers consists in better adaptability to changing market requirements, as well as in their close relation to the large automobile companies. Foreign producers of plate glass in recent years have, therefore, been restricted in the American market substantially to sales of building and furniture glass, and even these sales have been very small because of limited demand, keen competition of American producers, and the comparatively low prices prevailing.

In view of these conditions, the production of plate glass in the United States, except temporarily during the depression, has steadily increased. In 1935 it amounted to over 177 million square feet (valued at nearly 42 million dollars) and in 1936 it reached the unprecedented total of more than 198 million square feet, whereas imports continued negligible until 1937. In 1935 imports amounted to less than 60,000 square feet and in 1936 to 360,000 square feet. In the first 6 months of 1937, largely because of strikes in the domestic industry, imports increased to almost 2,000,000 square feet, an amount equivalent to about 2 percent of domestic production in the same period. In recent years United States exports of plate glass have amounted to more than 3,000,000 square feet annually.

Other branches of the flat-glass industry, of which the window glass branch is the most important, which were more seriously affected by the depression period than the plate-glass industry with its large automobile market, endeavored to develop new products and new markets. Structural glass in the form of tiles, glass bricks or blocks, tempered and "invisible" plate glass, bullet-proof glass, infrared and ultra-violet-ray glass, X-ray protective glass, decorated laminated glass, fluted and other rolled glass products used for illuminating, are among the many new products placed on the market in recent years.

For the period 1930-36 imports of window glass averaged less than 7 million pounds a year, and represented less than 2 percent of domestic consumption. For 8 months of 1937, however, they amounted to over 40 million pounds, or nearly 7 percent of domestic consumption.

The bulk of the world production of flat glass is by the United States, Belgium, Germany, Czechoslovakia, France, the United Kingdom, the Soviet Union, and Japan. Exports from these eight countries represent practically the total international trade in such glass.

Window glass is by far the largest item in the international trade in flat glass. Belgium is the principal exporting country for window glass, followed by Czechoslovakia and Germany. Exports of plate glass are mainly from Belgium, Germany, the United States, and the United Kingdom.

The international trade in flat glass suffered a severe decline after 1929, exports from the foregoing eight countries falling from approximately 1,347 million pounds in that year to a low of 697 million pounds in 1932. By 1935 they had increased to about 820 million pounds. Belgium has always been by far the principal supplier of the exports of flat glass to world markets, although in 1935 her position was not so strong as in 1929 and earlier years. Significant changes since 1929 have been the decline in exports from France, the rise of the Soviet Union and Japan as producing nations, and the shift of these countries and the United States from an import to an export basis.

Sodium sulphate.

In its survey on sodium sulphate, the Commission sets forth in detail the economic and technical changes that have occurred in the production and consumption of this industrial chemical during the past decade.

Sodium sulphate is marketed in three forms: (1) Crude sodium sulphate or salt cake, used chiefly as a raw material in the manufacture of sulphate wood pulp, from which kraft paper is made, in the production of glass, especially plate glass, and as a raw material for other industrial chemicals; (2) anhydrous sodium sulphate, a water-free, refined form used principally in the dye and textile industries; and (3) Glauber salt, a hydrated, refined form used for much the same purposes as the anhydrous product. Because of its greater industrial importance and tariff significance, crude sodium sulphate is considered in more detail in this report than are the refined forms.

As a preliminary to the survey, the Commission obtained, for the first time so far as is known, statistical data as to the quantities of salt cake produced by different methods in the United States; the consumption by different industries; and the consumption, by kinds of cake, in the sulphate pulp industry. This information was obtained through questionnaires to all known producers and importers of sodium sulphate and to all producers of sulphate pulp.

The total domestic production of crude sodium sulphate in 1935 was 200,155 short tons. Of this, about four-fifths was manufactured jointly with other chemicals, chiefly hydrochloric acid. The remainder was mined from natural deposits in the Western States.

The domestic output of "chemical" salt cake (i. e., artificially manufactured) decreased from 209,000 tons in 1927 to 161,000 tons in 1935, chiefly because of increased use of methods for making hydrochloric acid without the incidental production of salt cake, and in part as a result of decreased consumption of those chemicals which are produced jointly with salt cake.

Although immense deposits of natural sodium sulphate are available, no substantial part of the growing American market has been supplied from this source. Development of these deposits has been retarded by a combination of high transportation costs to the consumer and declining prices.

Apparent consumption of salt cake in the United States increased from 177,000 tons in 1925 to 307,000 tons in 1935 largely because of the expanding use in the sulphate pulp industry, which increased its output of pulp more than 100 percent from 1927 to 1935.

By reason of the increased demand and the inability of domestic producers to meet it, imports, largely from Germany, increased from 11,000 tons in 1927 to 110,000 tons in 1935. Virtually all of the imported salt cake is consumed by the sulphate pulp industry, particularly in the Southern and Pacific States. These areas are distant from the centers of production of chemical salt cake in the Middle Atlantic, Northeastern, and North Central States; and the Southern consuming area, especially is far from natural deposits in the West. Some crude sodium sulphate is imported from Canada into the Lake States for use in the sulphate pulp industry in that area.

The average delivered cost of salt cake to the sulphate pulp industry in 1935 ranged from \$12.69 to \$15.39 per ton. Transportation costs from producer to consumer in the same year were from \$3.25 to \$11 a ton.

In the marketing of the refined forms of sodium sulphate, the significant event was the appearance in the East in 1935 of anhydrous sodium sulphate produced from natural deposits in the West, and competing with both domestic chemical production and imports.

Dyes and other synthetic organic chemicals in the United States, 1936.

The report for 1936 on the domestic production and sales of dyes and other synthetic organic chemicals is the Commission's twentieth annual study of coal-tar products and its sixteenth study of synthetic organic chemicals not of coal-tar origin.

Practically all groups of products show substantial gains in production and sales in 1936 over the preceding year. In the groups of intermediates, dyes, synthetic resins, and miscellaneous non-coal-tar products, production in 1936 reached an all-time peak. The output of tar, 560,385,578 gallons, was 25 percent larger than in 1935, while the quantity distilled, 322,284,912 gallons, constituted an increase of 16 percent. The production of all crudes obtained from tar was greater than in the preceding year. Outstanding among the crudes showing increased production was naphthalene, raw material for certain synthetic resins, a serious shortage of which caused much concern early in 1936; the output, 89,536,202 pounds, was 88 percent larger than in 1935.

Intermediates also showed increased output, the 509,705,955 pounds produced in 1936 being a gain of 17 percent over 1935.

The output of dyes in 1936, totaling 119,523,146 pounds, was 17 percent greater than in 1935. New and unclassified dyes accounted for 15,454,217 pounds, or 12.9 percent of this total. Synthetic indigo and sulphur black, with increases of 32 and 21 percent, respectively, were among the dyes showing greatest gain in production.

Sales of all dyes, considered as a group, were 30 percent greater in 1936 by quantity, and 24 percent by value, than in the preceding year.

In 1936 the production of synthetic resins of coal-tar origin was 117,301,780 pounds, with sales of 86,213,735 pounds valued at \$17,056,099. The annual average production of these products in the 1925-30 period was 24,442,000 pounds. The output of resins derived from tar acids (phenol, cresols, and xylenols) amounted to 70,349,328 pounds, an increase of 33 percent over 1935, and that of alkyd resin to 46,952,452 pounds, an increase of 35 percent.

Synthetic resins not of coal-tar origin made in 1936 totaled 15,611,041 pounds, with sales of 14,766,640 pounds, valued at \$3,591,467. This group includes resins derived from acrylic acid esters, vinyl acetate and chloride, urea and thiourea, petroleum, and from other sources. The commercial production of petroleum resins was reported for the first time in 1936.

Synthetic medicinals of coal-tar origin showed an increase of 20 percent in output in 1936 and of 13 percent in sales quantity and 17 percent in sales value.

Synthetic medicinals not of coal-tar origin showed sales in 1936 of 1,205,403 pounds, valued at \$1,878,944, as compared with 568,839 pounds, valued at \$1,343,008, in 1935. Interesting developments in this group include the commercial production of synthetic thymol and the increased output of synthetic menthol and theophylline derivatives. There was a decrease in the sales of barbituric acid derivatives.

Organic color lakes and toners increased 8 percent in output, 12 percent in sales quantity, and 17 percent in sales value over 1935.

Rubber chemicals of coal-tar origin increased 29 percent in output to 30,753,901 pounds, of which 57 percent were accelerators and 43 percent, antioxidants.

For synthetic organic chemicals not of coal-tar origin (including synthetic resins) the output in 1936 totaled 2,041,455,744 pounds, or 28 percent more than in 1935. Sales of 1,034,921,170 pounds valued at \$105,831,590 represent an increase of 30.7 percent by quantity, and 22.6 percent by value, as compared with the preceding year. Individual products for which increased production is noted are methyl and ethyl ketone, more than 100 percent; isopropyl alcohol and methanol, more than 40 percent; formaldehyde, 25 percent; carbon tetrachloride, 23 percent; ethyl acetate, 27 percent; and ethyl alcohol, 20 percent.

Analysis of imports of miscellaneous chemicals.

The Tariff Commission has issued a statistical analysis of the chemicals dutiable under paragraphs 5 and 23 and of "acids not specially provided for," dutiable under paragraph 1, imported through the New York customs district in 1936. The analysis covers imports valued at \$55,319 under paragraph 1, \$1,385,474 under paragraph 5, and \$389,805 under paragraph 23, representing 73 percent,

55 percent, and 64 percent, respectively, of total imports under the "not specially provided for" provision of paragraph 1 and paragraphs 5 and 23 through all customs districts.

The main purpose of this analysis was to obtain an itemization of the chemicals dutiable under paragraph 5, the so-called basket paragraph of the chemical schedule. Under that paragraph are chemicals, medicinals, and elements not more specifically provided for elsewhere in Schedule 1 or on the Free List. Many products when imported in bulk are entered under paragraph 5, but when entered in the form of pills, capsules, or other small units, are entered under paragraph 23. Some of the acids covered are entered under the "acids not specially provided for" provision of paragraph 1 as well as under paragraph 5. The duty on each of the three groups is 25 percent ad valorem except on a few specific commodities on which the rates have been changed under the trade agreements program.

The detail shown in this analysis is not elsewhere available.

Reciprocal trade—A current bibliography.

Because of the current interest in the trade agreements program of the United States, the Tariff Commission compiled and issued in 1936 a bibliography on the subject of reciprocal trade. This bibliography has recently been enlarged and brought up to date. Although it deals primarily with the trade of the United States, it also includes references to foreign countries and to foreign publications. The revised edition includes approximately 850 new entries and a general index has been added which shows authors, subjects, and titles. The bibliography itself is arranged in two alphabetical groups; the first contains titles of books and periodicals; the other, letters, speeches, debates, reports, and other material found in the Congressional Record. The period covered extends from March 4, 1933, to December 1936, and the supplement carries it through the early part of 1937.

REPORTS IN PROGRESS

Summaries of tariff information.

By the terms of part II of Senate Resolution 334 (72d Cong., 2d sess.) the Tariff Commission was directed to revise the summaries of tariff information last published during the consideration of the Tariff Act of 1930 by Congress. At that time short summaries had been prepared on each commodity in the tariff act, in which production, import, and export statistics were presented, together with textual information on uses, competitive conditions, and tariff status.

Of the 2,000 summaries planned in pursuance of Resolution 334, preliminary drafts of about 1,700 are completed. Of this number, nearly 1,400 have been mimeographed for the use of the Commission and other governmental agencies. In addition, as the need has arisen, summaries previously completed have been brought up to date by adding the latest data available, a great deal of which was obtained by field work and correspondence with the trade.

The summaries have been a valuable source of factual information for the interdepartmental committees concerned with trade agreement negotiations. They are drawn upon by the Commission in carrying out its function of supplying information concerning commodities imported from the various countries with which negotiations have been, or may be, undertaken.

Although the summaries thus prepared have not been published as such, much of the material has been made available to the public in the form of digests with respect to commodities on which tariff concessions have been made by the United States in trade agreements. Furthermore, much material from these commodity summaries has been or will be published in general surveys on groups of related products, the character of which, together with the titles of those completed or nearing completion, is given elsewhere in this report.

Fishery treaties.

The Commission has in progress a survey of "Treaties, Conventions, Awards, and Port Privileges Affecting the Fisheries of the United States." Up to the present no agency of the Government has prepared a report on this subject, although from time to time the Tariff Commission has been called on for information on some special phase of the subject. Most of the Commission's surveys of fishery products contain some reference to treaties, awards, and port privileges, and, as occasion has demanded, the Commission has sent special reports on some phases of the subject to Congress and to various Government departments, but at no time has it made any comprehensive report thereon.

In particular, the survey will stress the economic aspects of our fisheries treaties with special reference to provisions of the tariff act applying directly and indirectly to them. Of the treaties now in force, attention will be given to the treaty of 1818 with Great Britain covering our North Atlantic fisheries, referred to in paragraph 1730 of the Tariff Act of 1930, the North Pacific Halibut Treaty with Canada, the Fur Seal Treaty with Great Britain, Japan, and the Soviet Union, and the Sockeye Salmon Treaty with Canada. The more important treaties which have terminated, such as the treaty with Mexico covering Pacific fisheries, will also be discussed in view of their relationship to possible future treaties.

Port privileges accorded foreign fishing vessels in the United States and those accorded our vessels in foreign countries will also comprise a significant part of the report. Many of these grants are closely related to our external trade and have long been important from the standpoint of the tariff.

Because of the broad scope of the survey and the limited personnel devoted to its preparation, considerable time may elapse before its completion.

Commodity packaging.

The Commission is required to take account of transportation costs in determining the costs of goods delivered in particular markets. In order to make transportation data more readily available, the Commission has utilized the Richmond W. P. A. workers to correlate and summarize published information relative to the density (weight per cubic foot) and stowage (cubic feet per long ton) factors of commodities named in the Tariff Act of 1930 which are important in domestic and international trade. Such data, together with unit values and transportation rates, will be useful to the Commission in the absence of more definite knowledge of the delivery costs on specific commodities. The Commission also makes use of density and stowage information in determining the cost of transporting goods by foreign and domestic steamship lines which publish rates on important commodities on the basis of stowage factors.

The commodity packaging study is a natural outgrowth of the density-stowage work. The importance of the container manufacturing industry of the United States may be recognized from the fact that the value of its products in 1935 exceeded a billion dollars. Nevertheless the industry maintains no central clearing house for the collection and dissemination of information.

The primary purpose of the packaging project which has been carried on since June 1937, utilizing Richmond W. P. A. workers, is to compile information, for inclusion in Tariff Commission surveys and summaries of tariff information, on typical containers and packing materials that are currently in use for domestic, import, and export shipments of important commodities. It is contemplated that the material will be reproduced in a single volume, to furnish up-to-date factual information to industry and public agencies.

So far as is known, there is no comprehensive source book extant giving essential information on representative inner and outer containers and packing materials used for commodities that move in domestic and international trade, although several books, some of which are nearly 20 years old, give fragmentary data.

The information to be published will show for individual commodities the tariff paragraph numbers, the kinds of outer containers, the kinds and number of inner containers, and the types of packing materials that are commonly used for domestic shipments and for comparable import or export shipments, as well as the gross weight of packages ready for shipment, net weight of goods, tare weight of outer containers, tare weight of inner containers and packing materials, cubic space occupied by outer containers in a transportation vehicle or storage warehouse, and the density and stowage of each package. In addition, descriptive matter relating to typical containers, too voluminous to publish, has been recorded and will be used subsequently by the Commission in the writing of tariff summaries.

These data will be useful in dealing with various kinds of tariff problems. For example, on some commodities duties are assessed on an ad valorem basis which involves payment not only on the commodity itself, but also on all packing and packaging material. In consequence, identical containers entering the United States packed with different commodities pay varying tariff duties, or pay no duty at all, according to the articles that are contained therein. Again, the present tariff act specifies the duty that is to be paid on certain imports in terms of the types of containers used, so that specific information on packaging is needed by the Commission.

Trade and tariff policies of foreign governments.

The Commission has in progress several projects relating to international tariff problems. These include (a) a report already well advanced on Executive Control of Trade in Foreign Countries, (b) a report also well advanced on Tariff Boards or Commissions in Foreign Countries, (c) studies of colonial tariff policies, and (d) analyses of the commercial policies of certain foreign countries.

The report on Executive Control of Tariffs in Foreign Countries is a revision and extension of work done as a background for the passage of the Trade Agreements Act of 1934 and its reenactment in 1937. The material originally collected was published in 1934

under the title "Regulation of Tariffs in Foreign Countries by Administrative Action." The Commission has collected all available laws and regulations relating to tariff boards and commissions in foreign countries and proposes to publish the text of the laws together with a comparative analysis and summary of the functions, organization, and procedure of these boards.

The Commission is revising general tables from the Introduction to its Colonial Tariff Policies, published in 1922, and it is proposed from time to time to issue studies of the colonial tariff policies of the leading colonial empires which will bring up to date the earlier material. It is proposed to issue summary analyses of the commercial policies of selected foreign countries, and studies of the more important nontariff methods of trade control now employed by a number of foreign countries.

The Commission has prepared for official use lists of commercial treaties of selected countries, chiefly those with which trade agreements were being negotiated.

Commodity surveys.

In 1936 the Commission initiated a series of commodity surveys, which will include about 20 groups of products that are important from a tariff point of view. Three such surveys have been issued, i. e., those on chemical nitrogen, flat glass, and sodium sulphate.

Each survey deals with several related products—related in that the same raw materials are used in their production, that the same industry produces them, or that they are competitive in the same uses. Under such conditions the tariff problems relating to the several products and their raw materials may be analyzed only by group treatment.

Each survey, therefore, incorporates data regarding individual products included in the tariff information summaries, together with data specially gathered for the survey. The material consists of statistical and factual information on individual products and on groups of products as a whole. Such topics as domestic production, imports, exports, world production and trade, and the international competitive situation are covered. In the preparation of these surveys much original research is done by the Commission's staff, including field investigations and the circularization of the various trades by questionnaires.

Besides the three surveys already released, several others are nearing completion. These are on iron and steel, mica, cutlery, and glues, gelatins, and related products.

Another group is well advanced and may be published within the next year. In this group are surveys of the grape industries (grape, raisin, and wine); of synthetic resins and their raw materials; and of incandescent electric lamps.

A substantial amount of work has been done on several other surveys, particularly those dealing with starches and dextrans, cherries and cherry products, edible nuts, rayon, earthen tile, and handkerchiefs.

The scope of the surveys which are expected to be published within the coming year is indicated below.

Iron and steel.—This will be a comprehensive survey of the iron and steel industries of the world. It will cover the production of.

and international trade in, the raw materials and the products of these industries with particular reference to factors essential to tariff consideration. In value of output, employment, and volume of trade the iron and steel industry is one of the most important. The world output of steel ingots and castings in 1936 was about 120 million long tons, of which the United States produced about 39 percent. Before and during the World War the share of the United States in world output was somewhat larger, but in recent years the expansion of the industry in countries not previously important has been significant. For practically all of the tonnage products the United States is on a strong export basis, competition from the relatively small imports being confined largely to the seaboard areas. The domestic demand for some special steel products, however, is supplied largely by imports, and such imports are widely distributed throughout the country.

Since the World War there have been in Europe important shifts in the political control of raw material resources for this industry and of its manufacturing facilities. Noteworthy advances have been made in technology, and the iron and steel industries have expanded greatly in a number of countries which formerly were not important producers. The recent recovery of the industry, resulting in a shortage of raw materials, particularly of scrap iron and steel in certain countries, the increased activity of international trade, followed by the current recession, make this survey of special timeliness.

Beginning with a brief summary of the technology of production, the survey proceeds to a summary of world production and trade. This is followed with facts concerning the position occupied by each important producing country as to raw materials and its production of, and trade in, iron and steel products. It also analyzes the import trade of a number of importing countries which are markets for the products of the iron and steel industry of the United States. Information is given on the more important economic phases of the industry, such as transportation and marketing, price trends and policies, international cartels, and United States tariffs. There is included a comprehensive analysis of measures taken by foreign governments tending to influence international trade, an analysis that covers the development and present status of tariffs, quotas, exchange control measures, import permits, and other governmental measures which affect international trade in the raw materials for, and products of, the iron and steel industries.

Mica.—Mica is indispensable in the construction of certain electrical goods, particularly generators, motors, and spark plugs. It is the only nonmetallic mineral included in the War and Navy Departments' list of "strategic" materials, which means that not only is it a key commodity for some vital military uses but also that the domestic supply of the particular qualities required for these purposes is insufficient. Sheet mica finds many other uses, such as for, electric irons, toasters, and other household articles. In this survey the uses of mica are explained and the known resources, both domestic and foreign, are discussed. Hitherto unpublished data concerning the production of "built-up" mica are given, as well as official statistics of production, imports, and exports. This survey constitutes a reference work concerning a commodity about which little has been pub-

lished. It points out the significance of the international trade in mica and of the effects of the tariff on that trade.

More than 85 percent of the sheet mica used in the United States comes from abroad, chiefly from India. Although deposits of mica in the United States are extensive, certain grades suitable for special purposes are not mined here. There is a large domestic output of mica waste, which is used for other than electrical purposes.

Cutlery.—In response to a Senate resolution, the Commission made an investigation of the cutlery industry and trade, and plans to publish the results as a survey. This survey will have special reference to those aspects of production and trade which relate to international trade barriers, particularly to United States tariffs. It is planned to issue part I in advance of the more detailed parts. It will deal with general phases of the industry and will be followed at intervals by the several parts dealing with groups of products such as pocket cutlery; kitchen and butchers' cutlery, tableware, and artisans' knives; safety razors and blades; and scissors and shears. The survey will contain much original material as the result of extensive field work by the Commission's staff in the United States, Germany, and the United Kingdom.

Although the cutlery industry in the United States is not one of the largest, its products are in daily use in every home. In this country the manufacture of safety razors and blades is the leading branch of the industry, accounting in 1935 for about one-half of the total output of \$42,000,000. There are about 145 concerns engaged in the manufacture of cutlery in the United States, most of which tend to specialize in one or two of the principal lines. Together they employ about 12,000 wage earners, and many of them are located in relatively small communities in New England, New York, and the other Northeastern States, and in Ohio.

Imports of cutlery, amounting to about \$575,000 in 1935, have been declining over a period of years. Although total imports are small in relation to domestic production, imports of some lines supply a considerable share of consumption. The principal foreign producers supplying cutlery to the United States markets are located in Germany, Great Britain, and Sweden. In the last 2 or 3 years, Japan has become an outstanding supplier of low-priced pocketknives.

Exports of cutlery from the United States, amounting to about \$2,000,000 in 1935, find markets principally in the Americas.

The United States tariff structure applicable to cutlery is complicated. The average ad valorem equivalent of the duties collected on all imports of cutlery was about 73 percent in 1936 but on certain lines it was much higher.

Glues, gelatins, and related products.—Beginning with cost-of-production investigations made in 1930 and 1931, the Commission has for some time been collecting data on glues, gelatins, and related products (such as agar-agar, isinglass, and pectin) dutiable under paragraph 41 of the Tariff Act of 1930. Most of the products covered by the survey are produced in the United States in large quantities, and since all of them move actively in international trade, there is considerable competition between the domestic and imported product in certain markets. United States duties on several of these products have been changed since the passage of the Tariff Act of

1930, either as a result of the investigations referred to or by reciprocal trade agreements. Because of these changes and the changing competitive situation in the domestic market, the Commission has undertaken an extensive survey of the industries engaged in the manufacture of these products.

The survey deals with the several aspects of the industries involved, beginning with supplies of raw materials and concluding with problems of marketing and competition. It also gives attention to foreign production and trade.

The industries in the United States engaged in the manufacture of the different kinds of glue—animal, vegetable, casein, and fish—supply most of the requirements of the large domestic market and export a small part of their output. The only imports of importance at the present time are certain animal glues, and these are small in comparison with domestic production.

The United States is a large producer of gelatin, of which the edible variety is by far the most important. Imports of photographic gelatin (for tariff purposes classified as edible) supply a large part of the domestic requirements, but imports of other types are small in relation to production.

The consumption of agar-agar, isinglass, and pectin is small compared with that of glues and gelatins.

The grape industry (grapes, raisins, and wine).—The Commission has for some time been collecting and analyzing data on the major grape products, such as wines and brandy, raisins and currants, and fresh table grapes. All of these products are dutiable in the United States and in most foreign countries.

This survey is to be in five major parts. Part I, the introductory section, will contain a summary of past and present tariffs on each of the products in the United States. This is to be followed by a statement of the changes which have occurred in recent years in the competitive situation, particularly in the domestic market.

Part II deals with grapes in general and provides a background for the other parts. A history of grape culture is followed by an account of present world production and of the normal utilization of grapes produced in the several areas. The domestic market for fresh grapes is treated in detail to show the many changes that came with the introduction and subsequent repeal of prohibition and the effects upon this market of shifts in the utilization of grapes. These effects are reflected in the market prices for grapes. The analysis of prices from the World War to the present time shows the complete cycle through which the prices for all varieties have moved and accounts for changes in the prices for each class of grapes; namely, raisin, wine, and table grapes. The study indicates a return to more stable conditions in the grape industries since repeal but shows that factors making for instability are still present.

Parts III, IV, and V, respectively, are devoted to table grapes, raisins and currants, and wines and brandy. They outline the development of production, consumption, and foreign trade in these products, particularly in the United States. Imports of table grapes are now almost entirely confined to out-of-season grapes from South America; formerly imports from Europe were important. The raisin industry of the United States has developed until it now

leads the world and, except for certain specialties, is now on a substantial export basis. There were marked changes also in the wine industry during the prohibition period, and there have been many changes since repeal. Although imports from Europe, now largely the higher-priced wines, are considerable, competition in the domestic market is chiefly among the various domestic products. Important adjustments were made through the recent trade agreement with France in some of the tariffs on wines and brandies.

Synthetic resins.—In recent years the industries producing the various synthetic resins and their raw materials have expanded rapidly. Their growing importance and the scarcity of published material on the subject make a survey of these industries timely.

The source of supply of the chief raw materials used in making synthetic resins is an important part of the general picture. For the production of certain resins, such as those made from tar acids and naphthalene, imports have supplied a substantial part of the raw materials used. About 1935 the amount of tar acids and naphthalene available in foreign countries for export to the United States was curtailed, and it was feared that scarcity of raw materials might prevent the expansion of the domestic resin industries. In both cases, however, a moderate rise in price has increased the domestic production of the raw materials. Urea, formaldehyde, glycerin, and vinyl compounds are among the other raw materials covered by the survey.

The alkyd resins go chiefly into surface coatings. New types of these resins, such as lacquers, varnishes, and enamels, have been developed to supply a wide variety of uses. In 1936 sales of alkyd resins amounted to 24 million pounds, valued at 5.3 million dollars.

The tar acid-formaldehyde resins reach the market in the form of molded articles, laminated products, cast resins, and surface coatings. In 1936 sales of these resins amounted to 62 million pounds of net resin content, valued at 11.7 million dollars.

Urea-formaldehyde resins are marketed chiefly in the form of molded articles in light colors. Sales in 1935 amounted to 4 million pounds, valued at 1.8 million dollars; figures for 1936 are not published, but sales in that year were larger than in 1935.

Acrylate, coumarone and indene, styrol, petroleum, and vinyl resins are also covered by the survey.

For a number of reasons, the synthetic resins, with the exception of vinyl resins, have been imported into the United States only to a limited extent. In the course of time they may enter international trade to a greater degree, but very probably the United States will be on an export, rather than an import, basis.

Incandescent electric lamps.—In its study of the incandescent electric-lamp industry, the Commission is including the production of and trade in glass bulbs used in the manufacture of electric lamps. The United States is the world's largest producer and consumer of incandescent lamps, the bulk of its consumption being supplied by domestic producers. Lamp production in the United States has increased steadily since 1933, and in 1936 reached a higher level than in any preceding year. Both imports and exports of incandescent lamps, other than miniature lamps, are small relative to domestic production. Imports of lamps are supplied almost entirely by

Japan; domestic exports of lamps go chiefly to Cuba, British India, and the Philippines.

Of special interest is the treatment of certain aspects of competition in the United States market, and of the problems relating to international patent licensing agreements and their effects upon trade.

WORK UNDER SECTION 336—RATE ADJUSTMENT PROVISION

INVESTIGATION COMPLETED DURING THE YEAR

Dressed or dyed furs.

In response to Senate Resolution 250, Seventy-fourth Congress, passed April 24, 1936, the Commission instituted a cost of production investigation of dressed or dyed Persian lamb, krimmer, karakul, Russian pony, squirrel, mole, and certain other furs, including plates, mats, linings, etc.,¹ made of such furs. The Commission decided that the work necessary for ascertaining differences between foreign and domestic costs of production was not warranted. This decision was based on data obtained in a preliminary field study, instituted immediately after the resolution was passed, and upon information subsequently obtained with respect to imports and the situation in foreign producing centers. A report to this effect was submitted to the President on February 2, 1937. The President on March 29 approved the findings of the Commission.

The report indicates that little competition has been offered to the domestic fur dressing and dyeing industry, since imports of dressed or dyed furs have always been small in relation to the quantity or value of furs dressed or dyed in the United States. Imports of undressed furs of all kinds amounted to 128 million pelts valued at \$108,000,000 in 1929, declined to 90 million pelts valued at \$25,000,000 in 1932, and then increased to 166 million pelts valued at \$75,000,000 in 1936. All of these raw or undressed imported furs, together with large quantities of raw furs procured from domestic sources, were dressed or dyed in the United States. Imports of dressed or dyed furs of all kinds amounted to 6 million pelts valued at \$11,000,000 in 1929, to 3½ million pelts valued at \$2,000,000 in 1932, and to about 1½ million pelts valued at \$1,600,000 in 1936.

The Soviet Union was the principal source of imports of all the furs covered by the resolution. Before 1935, imports of dressed or dyed Persian lamb, krimmer, and karakul, by far the most important furs covered by the resolution, were very small and consisted almost entirely of specialty furs of high quality. In the fall of 1935 and the early spring of 1936, there was a sharp increase in imports of these furs. There was also a substantial increase during this period in imports of dressed or dyed squirrel and mole plates, the only other furs named in the resolution which are imported in significant quantities. The upward trend in imports in the second half of 1935 and in the first half of 1936 was reversed following a change in the marketing policy of the Soviet Union which resulted in greatly reduced imports of all kinds of dressed or dyed furs from that country.

¹Two or more dressed or dyed fur skins sewed together are known in the trade as plates, mats, linings, etc.

The Commission found in its investigation that it would be particularly difficult to select comparable dressed or dyed furs, as required by section 336, which would be representative of production in the United States, and in the principal competing foreign country. Chief among the difficulties are the unique characteristics of the different fur skins and the lack of standardization in grading. Climate and natural phenomena affect the texture, luster, thickness, and other physical characteristics of furs. Consequently, pelts, even of the same kind, obtained from the same locality, show wide variation in grade or quality. Moreover, dressing and dyeing frequently change the appearance and quality of fur skins, and the grade of the fur may be raised or lowered by processing. It happens frequently, therefore, that fur skins which are of the same grade in the raw condition are of different grades after they are dressed or dyed.

The Commission also found that, owing to the nature of the economy of the Soviet Union, there is a question whether it would be practicable to ascertain costs of production in that country. Imports of the furs named in the resolution are in large part shipped from the Soviet Union to the United States on consignment. Although section 336 permits the use of invoice values as evidence of foreign costs it is extremely doubtful whether such values are significant for dressed or dyed furs.

INVESTIGATIONS IN PROGRESS

Leather shoes made by the cement process.

In accordance with Senate Resolution 144, Seventy-fifth Congress, the Commission on August 28, 1937, instituted an investigation under section 336 of women's and misses' leather shoes made by the cement process. Field work on this investigation was started on September 8 and is still in progress. The public hearing in this investigation is scheduled for December 14, 1937.

Leather footwear was dutiable in paragraph 1530 (e) of the Tariff Act of 1930 at 20 percent ad valorem. Changes have been made in the rates of duty on certain leather shoes since that time. The rate on McKay-sewed shoes was increased, effective January 1, 1932, by Presidential proclamation, following an investigation by the Tariff Commission under section 336, from 20 to 30 percent ad valorem. At the same time the duty on turned shoes was reduced from 20 to 10 percent ad valorem. The duty on leather shoes other than McKay and turned remains unchanged at 20 percent ad valorem. Women's and misses' leather shoes made by the cement process are dutiable at the 20 percent rate.

The development of pyroxylin cement has resulted in a rapid increase since 1931 in the domestic production of the cemented shoe, in which cement is used to secure the out-sole to the upper. Footwear with cemented soles consists chiefly of women's low-priced shoes. There is also, however, a substantial domestic production of women's better grade shoes with cement soles.

Domestic production of leather shoes of all kinds (other than leather-soled footwear with fabric uppers) amounted to 373 million pairs in 1936, and to about 200 million pairs in the first half of 1937. Imports amounted to 2,200,000 pairs in 1936, and to 1,600,000 pairs

in the first half of 1937. Exports which were 1,600,000 pairs in 1936 were also relatively higher in the first half of 1937, amounting to 900,000 pairs in that period.

Domestic production of cemented shoes, consisting almost entirely of women's and misses' shoes, amounted to 9,700,000 pairs in 1931, and to 49,700,000 pairs in 1935. More recent statistics are not available but it is known that the output was larger in 1936 than in 1935, and is expected to be still larger in 1937. The increase in production of cemented shoes has been accompanied by a substantial decline in the production of shoes made by the McKay process.

Before 1936 imports of leather shoes consisted largely of women's and misses' McKay-sewed shoes and imports of cemented shoes were negligible. During the latter part of 1936 and the first 6 months of 1937, imports of McKay-sewed shoes declined to negligible quantities, while imports of cemented shoes, consisting almost entirely of women's and misses' shoes, increased very substantially. Imports of women's and misses' cemented shoes come almost exclusively from Czechoslovakia. It is estimated that imports of such shoes from that country amounted to around 500,000 pairs in 1936 and to over 1,600,000 pairs in the first 8 months of 1937.

Seamless cotton hosiery.

On October 15, 1936, the Commission instituted an investigation of the costs of production of seamless hosiery, finished or unfinished, wholly or in chief value of cotton. The investigation was made under section 336 of title III of the Tariff Act of 1930, in response to applications from the domestic industry. A public hearing was held in the offices of the Commission in Washington, D. C., on January 26, 1937.

Before the Commission had issued its findings in the investigation, an agreement was reached (on April 16, 1937) between the Japanese Knitted Goods Exporters Association, representing the Japanese hosiery interests, and the National Association of Hosiery Manufacturers, representing the American hosiery interests.

The agreement provides that the Japanese are to limit exports of cotton, rayon, or cotton-and-rayon hosiery to the United States to 1,500,000 dozen pairs annually for 3 years beginning January 1, 1937. Any excess over the first year's quota is to be charged to the second year, and any excess over the second year's quota is to be charged to the third year. The Japanese will be permitted to utilize during a subsequent quota year any unfilled portion of an annual quota up to 150,000 dozen pairs. During the 3-year period, the domestic industry agrees not to seek any increase in the rate of duty or change in the method of appraisement.

In view of the agreement and at the request of the complainants, the results of the investigation of the costs of production of seamless cotton hosiery are being held in abeyance.

Under the Tariff Acts of 1922 and 1930 the rate of duty on seamless hosiery, finished or unfinished, wholly or in chief value of cotton, was 50 percent ad valorem.

Japan is now the principal competing country. Prior to 1933 Germany supplied 85 to 90 percent of the total quantity of cotton hosiery imported. The remainder came principally from the United

Kingdom, France, and Italy. Imports from Japan became important about 1933, increasing from 88,568 dozen pairs in that year to 644,641 dozen pairs in 1935, and to 2,144,455 dozen pairs in 1936. Total imports in 1936 amounted to 2,303,712 dozen pairs, of which 93.1 percent came from Japan. The cotton hosiery imported from Germany consisted mainly of men's full-fashioned half-hose, while those from Japan were mainly men's seamless half-hose and anklets and children's socks in medium and low qualities.

Imports from Japan during the first 9 months (January–September) of the agreement amounted to 1,234,350 dozen pairs.

There are more than 400 companies in the domestic seamless hosiery industry, employing more than 60,000 workers. Their annual production of hosiery is about 75 million dozen pairs valued at about \$100,000,000. Seamless hosiery constitutes more than two-thirds of the total quantity of hosiery produced annually in the United States and a little more than one-third the total value. The part of domestic production comparable with imports from Japan consists mainly of the types and qualities retailing for 10 cents or less a pair. In this class, it is estimated from data obtained in the Commission's investigation, there are produced annually approximately 10 million dozen pairs of men's seamless half-hose of cotton or cotton and rayon combined, and about $4\frac{1}{2}$ million dozen pairs of seamless cotton anklets and children's socks.

Cotton velveteens and corduroys.

The Commission instituted an investigation of the costs of production of cotton velveteens and corduroys on November 5, 1936, in response to an application submitted by the domestic producers, under section 336 of the Tariff Act of 1930. A public hearing was held in the offices of the Commission in Washington, D. C., on December 15, 1936.

While the findings of the Commission were in course of preparation, domestic producers and Japanese exporters entered into negotiations looking toward the limitation of exports of velveteens and corduroys from Japan to the United States. As a result of these negotiations an agreement was signed on February 15, 1937, whereby the exports of velveteens from Japan to the United States would be restricted to a quota of 2,000,000 square yards and corduroys to 700,000 square yards per year for two 12-month periods beginning March 1, 1937. In view of the agreement and at the request of the applicants, the results of the investigation have been held in abeyance.

Under the act of 1930 the rate of duty on both plain-back and twill-back velveteens was $62\frac{1}{2}$ percent ad valorem, and on corduroys 50 percent ad valorem, under paragraph 909. As the result of an investigation of velveteens in 1931–32, the rate of duty was reduced, by Presidential proclamation, to $31\frac{1}{4}$ percent ad valorem on plain-back velveteens and to 44 percent ad valorem on twill-back velveteens. The new rates became effective July 24, 1933.

Imports of velveteens into the United States averaged about 2,500,000 square yards in the years 1928 and 1929, declined to less than 60,000 square yards in 1932 and 1933, and then increased to 1,912,000 square yards in 1935 and to 5,174,000 square yards in 1936. Imports in 1928–29 were mainly high-priced twill-back velveteens from Europe, whereas those in 1935–36 were almost entirely (98

percent) low-priced plain-back velveteens from Japan. Imports of corduroys averaged about 53,000 square yards annually during the years 1931-34, amounted to 13,000 square yards in 1935, and increased to 488,100 square yards in 1936. Prior to 1935 imports were largely from Italy and Germany; in 1935 Japan supplied about 67 percent and in 1936 increased the proportion to 98 percent.

Imports (general) of velveteens from Japan during the first 7 months (Mch.-Sept., 1937) of the agreement amounted to 3,433,828 square yards. Imports of corduroys during the same period amounted to 406,652 square yards.

The domestic production of velveteens amounted to 8,225,358 square yards in 1929, declined to 1,710,339 square yards in 1931, and increased to 3,795,392 square yards in 1935. The total production of corduroys averaged about 23,000,000 square yards annually from 1919 to 1935. During this period production varied from a low of 15,701,000 square yards in 1931 to a high of 31,773,000 square yards in 1935.

Embroidered wool knit gloves.

On February 11, 1936, the Commission transmitted to the President a report on differences in costs of production of unembroidered wool knit gloves and mittens dutiable under paragraph 1114 (b). This investigation had been instituted on August 20, 1935, in response to Senate Resolution 178, Seventy-fourth Congress. The report showed that the rate of duty necessary to equalize the differences in domestic and foreign costs on gloves and mittens (unembroidered) valued at less than \$1.75 per dozen pairs was 40 cents per pound and 35 percent ad valorem based upon the American selling price; and that no imported gloves valued at more than \$1.75 per dozen pairs were like or similar to the products of the domestic industry, and, therefore, no change in duty on such gloves was specified by the Commission. The Presidential proclamation changing the duty basis as specified in the Commission's report became effective March 22, 1936. The report to the President pointed out that by the addition of embroidery the gloves and mittens covered by the investigation would be dutiable under paragraph 1529 (a) and that when the rate of duty was lower on the embroidered glove or mitten there would be an incentive to import the embroidered rather than the unembroidered article. Additional details concerning this investigation will be found on page 57 of the Commission's Twentieth Annual Report.

Shortly after the publication of the report on unembroidered wool knit gloves and mittens the domestic industry became concerned about this possible shift of imports to the embroidered classification. Senate Resolution 270, Seventy-fourth Congress, directed the Commission to investigate costs of production of embroidered wool knit gloves and mittens. The Commission ordered the investigation on October 1, 1936. In 1936 a substantial proportion of the imports of wool knit gloves was entered under paragraph 1529 (a) but the customs officers held that many of these gloves were not embroidered articles within the meaning of that paragraph but instead were dutiable under paragraph 1114 (b).

APPLICATIONS RECEIVED

Within the period covered by this report the Commission received seven applications for investigations under the provisions of section 336 of the Tariff Act of 1930. These applications requested investigations looking toward increases in duty on imports of all-wool blankets and steamer rugs, opera-hat springs, soybean oil cake, soybean oil-cake meal, vermilion red containing quicksilver, women's and misses' leather shoes made by the cement process, and song birds.

An investigation with respect to leather shoes made by the cement process was ordered in response to a Senate resolution and an application from domestic producers. The other applications are pending. A list of subjects covered by applications now on the Commission's docket follows.

Subject	Nature of request
Magnesium oxide.....	Decrease of duty.
Vermilion red containing quicksilver.....	Increase of duty.
Forged steel grinding balls.....	Do.
Opera hat springs.....	Do.
Bentwood chairs.....	Do.
Butter.....	Do.
Soybean oil cake.....	Do.
Soybean oil-cake meal.....	Do.
Cotton nettings and fish nets.....	Do.
All-wool blankets and steamer rugs.....	Do.
Wool felt hat bodies and hats.....	Do.
Carpets and rugs not made on a power-driven loom.....	Increase in differential between duty on chemically washed and unwashed carpets and rugs.
Badminton shuttlecocks.....	Increase of duty.
Song birds.....	Do.

An application asking a decrease in the duty on cotton nettings and fish nets was withdrawn, and applications for investigations respecting prepared or preserved meats, jute webbing not exceeding 12 inches in width, and calcium hypochlorite were denied and dismissed.

WORK UNDER SECTION 337—UNFAIR PRACTICES IN IMPORT TRADE

During the past year the Commission has handled a number of inquiries and complaints concerning the violation of section 337. The original correspondence in the greater number of these complaints indicated that there was no violation of section 337. Several cases warranted preliminary inquiry, but in none of these was the institution of a formal investigation found necessary. Some of the complaints were taken up informally with importers, who thereupon agreed to desist from the practices complained of, thus obviating the need for formal investigation; in other cases that were taken up with importers the facts disclosed indicated no basis for proceeding under section 337.

Patent infringement was the principal ground of complaint and in practically all cases neither the validity nor the scope of the patents had been adjudicated. In such cases the Commission has declined to order formal investigations under section 337, and in two cases principally involving patents (discussed more fully hereafter) it has dismissed investigations which had been previously ordered.

No formal investigations under section 337 are now pending before the Commission.

INVESTIGATIONS CONCLUDED

Cigar lighters.

The third formal investigation under section 337 respecting cigar lighters (Docket No. 11), instituted on August 14, 1936, was concerned principally with alleged violation by importers of certain patents owned by a domestic manufacturer and alleged simulation of cigar lighters produced by that concern. On November 9, 1936, a temporary order of exclusion from entry under subdivision (f) of section 337 was entered, and the Commission subsequently held a public hearing in the investigation. None of the patents involved had at the time of the investigation been adjudicated.

During the investigation a United States District Court declined to enter a temporary injunction on two of the patents and expressed doubt as to their validity. The Commission decided that simulation had not been established by the evidence in the investigation and that in the absence of adjudication of the patents the maintenance of an order of exclusion was not warranted. Pursuant to recommendation of the Commission, the President, on July 22, 1937, terminated the temporary order of exclusion, and, on July 27, 1937, the Commission dismissed the investigation without the promulgation of formal findings.

Cigarette-making machines.

The investigation concerning cigarette-making machines and parts was ordered by the Commission on August 4, 1936, pursuant to the complaint of an American manufacturer. The principal unfair competition claimed was the infringement by importers of certain patents owned by the complainant, although other unfair methods of competition were also charged. In publishing notice of the investigation the Commission announced that a hearing would be held in October 1936. The patents relied on by the complainant were involved in an infringement suit by the complainant against the same importer in the United States District Court in New York. The Commission postponed the hearing until the middle of November 1936; prior to that time both parties to the investigation requested the Commission to suspend the investigation pending the settlement of the litigation in the district court. The investigation was suspended and in October 1937, the Commission received a stipulation from the parties to the effect that the existing controversies between them had been adjusted on a mutually satisfactory basis. The parties requested that the investigation be discontinued and, on October 21, 1937, the Commission dismissed the investigation.

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. In the past year, the Commission conducted one preliminary inquiry pursuant to application, but concluded that the institution of a formal investigation in the case was not warranted.

TRADE AGREEMENTS PROGRAM

The period during which the President is authorized to negotiate foreign trade agreements under the Trade Agreements Act was extended to June 12, 1940, by a joint resolution of the Congress approved March 1, 1937.

The trade agreement with El Salvador was signed February 19, 1937, and became effective on May 31; the Costa Rican agreement was signed November 28, 1936, but was not finally effective until August 2, 1937.

Notices of intention to negotiate agreements with Ecuador and Czechoslovakia, and preliminary announcements with respect to Venezuela and Turkey were issued by the Department of State during the current year.

Work of the Tariff Commission.

Although formal action has been taken during the year only on the trade agreements mentioned above, basic trade data are being assembled and analyzed by the Commission's staff regarding matters pertaining to other prospective agreements.

The Tariff Commission has been represented on all interdepartmental committees 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 of importation which finally appears in the trade agreement with a particular country, but for all other articles which might be subjects of concessions to that country. The committees and subcommittees thus have at hand a sufficient body of data to enable them to appraise the probable economic effects of any concession that might be made on a commodity by the United States.

The work of the Commission's staff in analyzing the results of duty changes under agreements already in effect has increased with the accumulation of experience under those agreements, more than 3 years having now elapsed since the first agreement under the present program became effective. The Commission's statistical services are maintaining special up-to-date files of monthly imports

of all products included in existing trade agreements. This material has been consulted freely by other Government departments and by outside agencies and will prove invaluable in appraising the effects of duty reductions and in the work of the interdepartmental trade-agreement organization in revision or extension of existing agreements.

Assistance to the Committee for Reciprocity Information.

As in past years since the passage of the Trade Agreements Act, the Tariff Commission has taken a very considerable part in the work of the Committee for Reciprocity Information. Thomas Walker Page, vice chairman of the Tariff Commission and chairman of the Committee, died in January 1937, and in April, Henry F. Grady, vice chairman of the Tariff Commission, was named to fill this vacancy.

Representatives of the Departments of State, Treasury, Agriculture, Commerce, and the Tariff Commission now constitute the membership of the Committee for Reciprocity Information. The Committee was designated by the President under the provisions of the Trade Agreements Act to receive views, both written and oral, of interested parties who wished to present relevant information prior to the conclusion of a trade agreement with any foreign country. The rules of the Committee provide that after the Department of State has announced the intention to negotiate a reciprocal trade agreement, 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 statements. The procedure in negotiating trade agreements and the regulations of the Committee for Reciprocity Information have been expanded and revised during the year to provide greater opportunity for the presentation of views to the Committee on any phase of the whole trade agreements program, and to allow, after preliminary announcement by the Department of State to the effect that a trade agreement is contemplated with a particular country, suggestions to be made to the Committee as to what products shall be considered in the proposed negotiations.

The new procedure followed in announcing trade agreements is such that interested parties are given notice as to possible concessions which may be granted by our Government. Detailed statistics with respect to import and export trade of the United States with the country concerned accompany preliminary announcements, and formal notice of the intention to negotiate includes the precise list of products on which the United States will consider granting concessions to the particular country concerned. The inclusion of an article in the announced list does not necessarily mean, however, that it will be the subject of a concession under the terms of the agreement. On those items which finally are included in the agreement the previously existing duties may be changed or bound against increase, or the continued free entry of articles may be bound.

The sworn statements submitted to the Committee by interested parties make available to the Government information of immediate value in the negotiations under way. An opportunity is thus afforded interested parties to place before the Committee for Reciprocity Information data which they might not care to submit at a public hearing.

The public hearing which the Committee later holds, of which full advance notice is given, enables those concerned to supplement orally the information contained in their written statements.

The Committee, with the aid of the staff of the Tariff Commission, makes digests of the statements received, and these digests, together with copies of the original statements, are supplied to each member of the Committee in order that the Government agency represented may be fully advised of the views of interested parties and may have information on which to base decisions in regard to concessions which might 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, are summarized. A complete transcript of the hearing, the statements received, and the digests thereof, form the basis also for a comprehensive report on all information submitted. A sufficient number of copies of this report are reproduced to permit distribution to all members of the trade agreements organization concerned with the negotiations. Similarly, information contained in letters or otherwise received from interested parties pertaining to any phase of the trade agreements program is summarized and promptly made available to the members of the interdepartmental trade agreements organization.

About 9,000 pieces of mail have been received by the Committee during the past year, most of which required acknowledgment, and weekly reports of this correspondence were sent to the members of the Committee.

The testimony given at the hearings covered approximately 4,000 pages. A summary of the number of statements filed and of appearances at hearings is shown in the following tabulation.

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	Guatemala.....	67	(1)
Brazil.....	139	18	Haiti.....	58	5
Canada.....	350	90	Honduras.....	61	(1)
Colombia.....	100	10	Italy.....	200	4
Costa Rica.....	67	(1)	Netherlands.....	150	37
Czechoslovakia.....	266	100	Nicaragua.....	59	(1)
Cuba.....	85	23	Spain.....	102	7
Ecuador.....	115	5	Sweden.....	91	16
El Salvador.....	58	(1)	Switzerland.....	170	27
Finland.....	50	8	Total.....	2,803	480
France.....	470	66			

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, 20 agreements have been undertaken; of these, 16 have been concluded and are in operation. Statements have been filed and public hearings held as a preliminary to possible agreements with Spain and Italy, but negotiations are now inactive; upon their resumption additional opportunity will be afforded interested parties to submit written statements and oral testimony. Negotiations with Ecuador and Czechoslovakia are under way.

With the exception of the agreement with Belgium which may be ended at any time upon 6 months' notice, each agreement is subject to termination at the end of a fixed period (varying from 1 to 3 years), or at any time thereafter, upon 6 months' notice.

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 changes in the agreements has been fixed in most cases at 30 days.

Trade agreements in force November 1, 1937

Country	Effective date
Cuba.....	Sept. 3, 1934
Belgium.....	May 1, 1935
Haiti.....	June 3, 1935
Sweden.....	Aug. 5, 1935
Brazil.....	Jan. 1, 1936
Canada.....	Do.
The Netherlands, including Netherlands Indies, Surinam, and Curaçao.....	Feb. 1, 1936
Switzerland.....	Feb. 15, 1936
Honduras.....	Mar. 2, 1936
Colombia.....	May 20, 1936
France and its colonies, dependencies, and protectorates, other than Morocco.....	June 15, 1936
Guatemala.....	Do.
Nicaragua.....	Oct. 1, 1936
Finland.....	Nov. 2, 1936
El Salvador.....	May 31, 1937
Costa Rica.....	Aug. 2, 1937

COOPERATION WITH OTHER GOVERNMENT DEPARTMENTS

The Commission continues to cooperate with other Government departments in accordance with section 334 of the Tariff Act of 1930. Service has also been rendered other Government departments under section 601 of the Economy Act, whereby funds in reimbursement for services are exchanged between departments.

The Commission desires to acknowledge with appreciation the valuable assistance given to it by—

The Department of State, through the regular service of consular and diplomatic reports, and the furnishing of special information on many occasions, including reports by consular agents in person to groups of the Commission's staff.

The Department of the Treasury, through the Bureau of Customs, which has loaned original documents and given assistance on many special occasions; special cooperation on the part of the statistical and legal divisions.

The Department of Agriculture, by giving information on cotton and other agricultural products under inquiry by the Tariff Commission.

The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, by furnishing detailed information relating to imports and exports, foreign tariffs, and special information on foreign commerce; and by the foreign trade report service furnished by trade commissioners and other representatives abroad, including reports in person when foreign service officers have been in Washington.

The Works Progress Administration, in providing the means for certain statistical and other projects of permanent value.

The Central Statistical Board, in locating sources of special data and in phrasing inquiries, particularly questionnaires.

The Commission has cooperated with these and other departments throughout the year and has continued to provide extensive material to all departments concerned with the negotiation of trade agreements.

Three members of the Commission's staff are now on duty in the Philippines with the Joint Preparatory Committee, which is studying United States-Philippine trade relations with a view to recommending a program for the adjustment of the Philippine national economy.

Among other services especially performed for the Department of State has been the furnishing of information on imports of certain light and heavy fabrics and apparel, certain foodstuffs, and various other products. The Commission has also furnished data with respect to the present and proposed tariff rates in Guam; special information showing how certain aspects of foreign colonial policy have affected the trade of the United States; and data bringing up to date the essential facts on long-staple cotton on which a special report was rendered to the Department of State 3 years ago. A number of miscellaneous tabulations have been made for the Department on request, and the Commission's stenographic and graphic sections have assisted the Department.

The National Research Project under the Works Progress Administration was furnished tables showing the costs of production in the cement industry for 1929, and cost data on the sugar industry for the years 1919-23 and 1929-31. Data of this type were furnished, as is customary, in such a way as not to disclose any confidential information.

The Commission collaborated in the Tripartite Textile Conference which was held in Washington in April under the auspices of the Bureau of Labor Statistics. This was an international conference in which there was joint representation of the Government, employers and employees of the United States as well as of other countries. Members of the Commission's staff prepared material for the use of government representatives and the committees, attended most of the conferences and a number of committee meetings, and currently reviewed various reports and memoranda in preparation.

The Commission assisted the Treasury Department during the year on various projects upon which it had information and also loaned for a time two of its economists for special duty.

During the year the Commission loaned the services of two of its experts for a period of several months to the Federal Surplus Commodities Corporation for work in Washington and in the field in connection with its purchases of surplus fishery products for relief distribution under authority of Public, No. 15, approved March 5, 1937.

The Commission continues close relations with the Committee for Reciprocity Information. A description of the work of the Committee for Reciprocity Information appears elsewhere in this report.

DUTIES OF THE COMMISSION IN THE AGRICULTURAL PROGRAM

Section 22 of the Agricultural Adjustment Act, as amended, authorizes the President to have the Tariff Commission make an investiga-

tion when he has reason to believe that articles are being imported into the United States under such conditions and in sufficient quantities to render ineffective or to interfere materially with any program under the Agricultural Adjustment Act or under the Soil Conservation and Domestic Allotment Act. If after the Commission's investigation the President finds that imports are entering under such conditions, and in such quantities as to defeat the purpose of either act, he is empowered to impose such quantitative limitations upon imports as may be necessary to prevent the program being materially interfered with or rendered ineffective. He may not impose any quantitative limitation which reduces the permissible amount from any country below 50 percent of the average annual imports of the article in question from such country in the period July 1, 1928 to June 30, 1933.

Several sections of the Agricultural Adjustment Act, as amended, including section 22, which were not intended for the control of the production of agricultural commodities, were expressly affirmed and validated by the Agricultural Marketing Agreement Act of June 3, 1937, Public, No. 137, Seventy-fifth Congress. A reprint of section 22, as amended, will be found in the Twentieth Annual Report of the Commission.

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

WORKS PROGRESS ADMINISTRATION PROJECTS

In December 1935 the Tariff Commission, with the assistance of the Works Progress Administration, started a project in Richmond, Va., the first 10 months' operations of which are described in the Commission's twentieth annual report. The force employed on the project was selected from the Works Progress Administration relief rolls of Richmond, Va., working under the supervision of members of the Tariff Commission's staff detailed from Washington.

Assignments completed.

Assignments completed to October 31, 1937, are as follows:

1. *Imports for consumption by countries, 1931-35.*

This study is a compilation of hitherto unpublished import data for the 5-year period 1931-35 on a comparable basis with the detailed and improved classification instituted in 1934. It consists of 11 volumes.

2. *Imports for consumption by countries, 1936.*

The need for up-to-date import data in the current work on trade agreements led the Commission to ask the consent of the Department of Commerce to compile preliminary statistics for 1936 in advance of the final figures issued in printed form by that Department. This work consists of four volumes.

3. *Imports for consumption by countries, 1929.*

To provide comparable statistics for the last full year prior to the Tariff Act of 1930, imports for consumption by countries for 1929 were compiled in a series of four volumes.

4. *Commodity density-stowage study.*

In connection with the commodity packaging study, described earlier in this report, the W. P. A. force at Richmond assembled data on the density and stowage factors of some 2,000 commodities named in the Tariff Act of 1930 which are important in domestic and international trade. These data were arranged in convenient form for use in matters of transportation.

5. *Computed duties and equivalent ad valorem rates on imports into the United States from principal countries, 1935.*

These data show the value of free and dutiable imports from each of 34 selected countries. The statistics represent 92.7 percent of the total imports into the United States in 1935 and are of value in studies relating to trade agreements and other tariff subjects. The statistics for 1935, compared with statistics for 1929 and 1931, which had been published previously by the Commission, were assembled in a single volume.

6. *Statistical classification of imports into the United States by tariff paragraphs and tariff schedules, effective January 1, 1937.*

The Commission has had the services of the W. P. A. staff in making a rearrangement by tariff paragraphs of the "Statistical Classification of Imports into the United States" from material arranged by commodity groups as used by the Department of Commerce in import statistics. This publication incorporates all changes authorized through April 9, 1937. It is in one volume and is considerably in demand, especially by customs officers.

7. *Invoice analysis of selected commodities imported through certain ports of entry during 1935.*

The Commission in its study of tariff problems makes considerable use of information obtained by analyzing invoices covering imports. These invoice analyses are made by the New York office of the Commission. In order to make this information more readily usable in the Commission's work, the W. P. A. staff has recently summarized the statistics obtained in a number of these analyses.

8. *Library assignments.*

The following library assignments were completed by the Richmond office and produced in permanent form:

- (a) Indexing the hearings in 1934 before the Committee on Ways and Means of the House and the Committee on Finance of the Senate on the reciprocal trade agreements.
- (b) Bringing up to date the bibliography on reciprocal trade agreements by abstracting references from the Congressional Record and adding other entries.
- (c) Cataloging 350 periodicals for permanent records of the library.
- (d) Assembling tariff matter in the daily issues of the Congressional Record and making table of contents for each issue.
- (e) Checking the index in "The Tariff: A Bibliography," and making new entries designed to increase its usefulness.
- (f) Collecting and indexing prints of the various tariff bills from 1922 to date.

Current assignments.

In addition to the above assignments which have been completed, the following are now in progress:

1. Compilation of:
 - (a) Monthly imports for consumption 1929-33;
 - (b) United States imports for consumption from selected countries by economic classes prior to 1934.
 - (c) Imports for consumption of selected articles by countries, by customs districts, calendar years 1931 and 1935.
2. Commodity packaging study.
3. Indexing of selected trade-journal articles.
4. Indexing "Foreign Crops and Markets," 1931-37.

REVISION OF RULES OF PRACTICE AND PROCEDURE

The Commission has recently revised its rules of practice and procedure. In addition to certain changes made in procedure, the provisions of general application, that is, those applying in common to all types of investigations, have been segregated, and those applying specifically to investigations under section 336 or section 337 presented separately, thus avoiding the duplications found in the previous set-up of the rules under those sections.

One new provision in the rules deals with the holding of hearings by agents of the Commission. Since its creation the Commission has had authority to designate agents to hold hearings but has heretofore not exercised that power in the administration of sections 336 and 337 and their predecessor statutes. The rules promulgated concerning hearings under section 3 (e) of the National Industrial Recovery Act and under section 22 of the Agricultural Adjustment Act, as amended (relating to control of imports under the respective laws), contained provisions for the conduct of hearings by agents of the Commission, but in all cases where hearings were held members rather than agents represented the Commission.

Probably the most important change in procedure deals with the question of furnishing interested parties, and the public, information concerning the Commission's activities in matters pending before it. Provision is made in the new rules for giving publicity at the time of filing to applications for investigation under section 336 and to complaints under section 337 and for affording public inspection of such applications and complaints at that time. It is expected that this procedure will facilitate the gathering of information by the Commission and expedite the Commission's decisions concerning applications and complaints.

The Commission has abandoned the practice of setting forth in its rules tentative forms for applications and complaints. In lieu thereof, the rules specify the types of information desired. It is expected that this method will enable persons requesting investigations to supply the Commission with fuller and more accurate information, without complying with any technical forms.

The revised rules are printed in appendix III, p. 65.

LITIGATION

UNDER SECTION 315, TARIFF ACT OF 1922

Colored plate glass.

Wm. A. Foster & Co., Inc., v. United States, T. D. 49232.—Pursuant to investigation under section 315 of the Tariff Act of 1922, the President increased the rates of duty under paragraph 222 of that act on “cast polished plate glass, finished or unfinished, and unsilvered,” effective February 16, 1929 (T. D. 43157). After that date collectors of customs assessed the increased rates on colored cast polished plate glass and in addition 5 percent ad valorem, since paragraph 224 of the Tariff Act of 1922 provided that such glass should be subject to that ad valorem rate “in addition to the rates otherwise chargeable thereon.” The importer protested the assessment at the increased rates on plate glass, on the ground that the President’s proclamation did not apply to colored glass, and introduced in evidence a letter from the Tariff Commission to the effect that colored cast polished plate glass was not included in the Commission’s investigation. The court overruled the protest and held that the President’s proclamation applied to all unsilvered cast polished plate glass, regardless of whether it had been subjected to additional processes such as coloring.

UNDER SECTION 336, TARIFF ACT OF 1930

Infants’ wool knit outerwear.

Lord & Taylor v. United States, T. D. 49024.—Following the decision of the Court of Customs and Patent Appeals in T. D. 48667 (see Twentieth Annual Report, p. 54) that the President’s proclamation changing the duties on infants’ wool knit outerwear, published in T. D. 45756, applied to garments worn by children up to and including the age of 6 years, as against the importers’ contention that the proclamation was limited to garments for children under 2 years, importers again attacked the assessment of duty on garments for children over 2 years on the ground that the Tariff Commission’s notice of investigation covered only “infants’ wear.” Importers contended that this notice was not sufficient if the investigation was to cover garments for children over 2, inasmuch as the word “infants” was commonly understood to include only very young children. The Customs Court, however, followed the decision in T. D. 48667 and held that “infants’ wear” was a proper description of garments worn by children up to and including 6 years of age. This case is now pending on appeal to the Court of Customs and Patent Appeals.

Plain-back cotton velveteens.

Karl Hofer v. United States, T. D. 48636.—In this case the importer claimed that certain cushion covers and scarfs made from plain-back cotton velveteens were dutiable at 31¼ percent under the President’s proclamation decreasing the rate of duty on plain-back cotton velveteens from 62½ percent (T. D. 46511). The Customs Court overruled the protest, holding that although paragraph 909 of the Tariff Act of 1930 as originally enacted applied the same rate of duty to finished articles as to the velveteen from which they were

made, the President's proclamation clearly applied only to fabrics and did not cover such finished articles as were involved in the case. The Commission's report was referred to in order to establish that finished articles were not within the scope of the investigation upon which the proclamation was based.

McKay-sewed leather shoes.

Bata Shoe Co. v. United States, T. D. 48837.—The importer attacked the assessment of the 30-percent rate proclaimed by the President in T. D. 45311 with regard to McKay-sewed leather soles, claiming the President's proclamation to be invalid because the Tariff Commission had not reported all the facts disclosed in the investigation. The Customs Court held that so long as the formal requirements of section 336 were met, the question of whether all of the information was transmitted to the President was not material so far as judicial review is concerned.

Dried egg albumen.

David L. Moss Co., Inc., v. United States, T. D. 48985.—Importers, in this case, attacked the validity of the President's proclamation (T. D. 44997) increasing the rate of duty on dried egg albumen, on the ground that the Tariff Commission's report showed the absence of a dried egg albumen industry in the United States. The Customs Court held that it had no jurisdiction to review the facts disclosed in an investigation under section 336 and overruled the protest. This case is pending on appeal to the Court of Customs and Patent Appeals.

Canned clams.

Geo. S. Bush & Co., Inc., v. United States, Reappr. Dec. 4034.—The importer contended that the proclamation of the President (T. D. 47031) changing the basis of value to American selling price on certain canned clams was invalid on the ground that the Commission did not proceed in accordance with the law and that the facts disclosed in the Commission's investigation were not sufficient to justify the proclamation. The Customs Court held that the investigation was conducted as required by section 336 and that the weight to be given to the facts disclosed was exclusively within the province of the President and that there was no judicial review of the President's discretion in the matter. The court accordingly held the proclamation to be valid.

Other pending cases.

Several hundred protests against assessment of proclaimed duties under section 336 are pending before the Customs Court.

UNDER THE TRADE AGREEMENTS ACT

This section is not intended to set forth the numerous rulings of the courts and Treasury Department with respect to various trade-agreement items; it deals only with such questions of general interest as have been passed upon by the courts.

Corn—Trade agreement with Cuba.

F. H. Von Damm v. United States, T. D. 49094; 90 F. (2d) 263.—The Court of Customs and Patent Appeals affirmed the decision of

the Customs Court referred to on page 55 of the Twentieth Annual Report of the Tariff Commission to the effect that corn from Argentina was not entitled to any decreased rate of duty by virtue of the trade agreement with Cuba effective September 3, 1934. The court held that the Trade Agreements Act of 1934 authorized the making of an exclusive agreement with Cuba modifying the existing preferential treatment accorded to products of that country, and that the trade agreement did not change rates on any articles other than Cuban products. On October 11, 1937, the Supreme Court denied a petition for a writ of certiorari to review this decision.

Pineapples—Trade agreement with Cuba.

George S. Fletcher v. United States, T. D. 48684.—The Customs Court dismissed the protest filed under section 514 of the Tariff Act of 1930 claiming the rate prior to the trade agreement with Cuba should be assessed on pineapples rather than the lower trade agreement rate, on the ground that the Trade Agreements Act is unconstitutional. (A fuller statement concerning the protest appears on p. 55 of the Twentieth Annual Report.) The court held that section 514 when considered in conjunction with section 515 of the tariff act does not authorize a protest against a rate of duty as being too low, and that in the absence of showing an injury resulting to the protestant from the collector's action, the law does not give any right to review such action. Fletcher then filed a motion for rehearing, alleging that he and other fruit and vegetable growers of Florida had been injured as a result of the importations under the low rates established by the trade agreement with Cuba. The court in T. D. 48847 denied the motion on the ground that such injury, even if proved, was not the direct injury required by law as a basis for protest. On November 22, 1937, the Court of Customs and Patent Appeals affirmed the judgment of the Customs Court.

Files—Trade agreement with Sweden.

Geo. G. Wislar v. United States, T. D. 49170.—Acting pursuant to the proviso of section 350 (a) (2) of the Trade Agreements Act, the President suspended the application of trade agreement rates to products of Germany (T. D. 47898), and subsequently an importation of German files was assessed with duty at the rate established in paragraph 362 of the Tariff Act of 1930 rather than at the rate provided in the trade agreement with Sweden. Claiming that the proviso to the Trade Agreements Act was an unconstitutional delegation of legislative power, the importer protested, asserting that the files should have been assessed for duty at the trade agreement rate. The Customs Court overruled the protest on the ground that the proviso in question is an inseparable part of the Trade Agreements Act and that a person may not claim the benefits of a statute and at the same time deny the validity of an inseparable part of the same act. The court held that if the proviso in question should be declared unconstitutional the whole law would be unconstitutional, and the importer would accordingly not be entitled to the rates established under the trade agreement. This case is pending on appeal in the Court of Customs and Patent Appeals.

Another protest by the same importer, claiming that the rates established pursuant to the trade agreement with Sweden were in-

valid on the ground that the Trade Agreements Act was unconstitutional and involving issues similar to those in the *Fletcher* case was abandoned by the importer.

Avocados—Trade agreement with Cuba.

Daniel F. Young, Inc., et al. v. United States, T. D. 48765.—Certain avocados or alligator pears, products of Cuba, imported after the trade agreement of 1934 became effective, were held by the Customs Court to be entitled to free entry into the United States under article I of the agreement as Cuban articles "which would have been admitted free of duty if imported into the United States of America on the day of signature of this agreement." The court referred to the decision of the Court of Customs and Patent Appeals in T. D. 46987, decided March 19, 1934, as evidence of the free-entry status of avocados as of the date of signature of the Cuban agreement.

Cigars—Trade agreement with Cuba.

Faber, Coe & Gregg, Inc., v. United States, T. D. 48882.—The Customs Court held that Cuban cigars were not by virtue of the trade agreement entitled to a reduction of 20 percent in the internal revenue taxes imposed under the Revenue Act of February 26, 1926. The court pointed out that the headnote of schedule II of the agreement, which schedule contains duty commitments by the United States, indicated that the 20 percent preferential reduction applicable to cigars related only to duties imposed under paragraph 605 of the Tariff Act of 1930. The Customs Court denied a rehearing in Abstract 36181, and the case is now pending on appeal in the Court of Customs and Patent Appeals.

Faber, Coe & Gregg, Inc., v. United States, T. D. 48933.—An importer of Cuban cigars claimed that the duty assessable should be determined by deducting 20 percent from the rates of \$2.25 per pound plus 12½ percent ad valorem specified in the trade agreement of 1934, the contention being that such products are entitled by virtue of the convention of 1902 to a reduction of 20 percent below the lowest rates assessable on products of any other foreign country. The Customs Court overruled the protest on the ground that the rates specified in the trade agreement with Cuba apply only to products of Cuba, and the 20-percent reduction is accordingly not applicable to such rates. This case is now pending in the Court of Customs and Patent Appeals.

Lumber—Trade agreement with Canada.

E. C. Miller Cedar Lumber Co. v. United States, T. D. 48701, 86 F. (2d) 429.—Before the consummation of the trade agreement with Canada, a domestic producer of lumber protested under section 516 (b) of the Tariff Act of 1930 against the method of computing the quantity of certain imported lumber for duty purposes and claimed that a higher basis of measurement should be used which would result in the collection of more duty than under the existing customs practice. Section 516 (b) required that liquidations of subsequent entries of the lumber involved should be suspended pending determination of the litigation. Some time after such suspension of liquidation, a trade agreement between the United States and Canada was negotiated. Under this trade agreement the United States made

certain tariff concessions on lumber of the type involved in the litigation. The Treasury Department ruled that the provision of section 2 (a) of the Trade Agreements Act to the effect that the provisions of section 516 (b) "shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this act", suspended the provisions of section 516 with regard to lumber of the type involved in the pending litigation, and directed that importations made after the effective date of the trade agreement should be liquidated without regard to the protest. When the protested case came before the Court of Customs and Patent Appeals, the importer moved to dismiss the appeal on the ground that the language above quoted applied to cases pending on the date of a trade agreement as well as to subsequent cases. The court, however, overruled this contention and held that the language of the Trade Agreements Act in question does not pertain to merchandise imported before a trade agreement but covers only subsequent entries. The court also overruled the protest on the ground that it was not authorized by section 516 (b).

Russian coal—Trade agreement with the Netherlands.

Geo. E. Warren Corp. v. United States, T. D. 49002.—In the trade agreement with the Netherlands the United States made certain unconditional most-favored-nation commitments, as a result of which Netherland coal was exempted from the import excise tax under section 601 (c) (5) of the Revenue Act of 1932. Importers of Russian coal which had been subjected to the tax, relying on the provision of section 350 (a) (2) of the Trade Agreements Act that the "proclaimed duties and other import restrictions" under trade agreements must be applied to articles from all foreign countries except where the President should suspend such application with respect to a particular country, claimed that the coal which had been subjected to the tax was entitled to free entry for the reason that the Netherland coal was accorded free entry. The Customs Court overruled the protest on the ground that the most-favored-nation commitments of the Netherland agreement were not included in the phrase "proclaimed duties and other import restrictions" as used in the Trade Agreements Act. This case is now pending on appeal in the Court of Customs and Patent Appeals. (NOTE.—By virtue of a commercial agreement between the United States and the Union of Soviet Socialist Republics effective August 6, 1937, for a period of 12 months, Russian coal is now accorded unconditional most-favored-nation treatment in the United States. See T. D. 49118.)

Other pending cases.

Over 16 thousand protests, many of which are based primarily on most-favored-nation clauses in treaties, have been filed in the past year at the port of New York alone in connection with trade agreements. About 75 percent of these protests raised questions concerning the effect of the trade agreement with Cuba.

ADMINISTRATIVE PHASES

MEMBERSHIP OF THE COMMISSION

Owing to death and resignations, important changes have been made during the past year in the personnel of the Commission itself.

Mr. Thomas Walker Page, who had served continuously as vice chairman since 1930, after service on the old Tariff Board in 1912 and service on the Tariff Commission from 1918 to 1923, died on January 13, 1937. Mr. Raymond B. Stevens, of New Hampshire, who had been serving as Commissioner since September 1935 was then designated by the President as vice chairman. Mr. Stevens resigned on March 31, 1937, and Mr. William J. Sears, of Florida, was appointed in his place by the President for the term ending June 16, 1937. Mr. Stevens was later reappointed by the President for a new term of 6 years to expire on June 16, 1943.

Mr. Henry F. Grady, of California, was appointed by the President in April to fill the vacancy in the membership of the Commission left by the death of Mr. Page. His term will expire June 16, 1941. Mr. Grady was formerly chief of the Trade Agreements Division of the Department of State. He has also served in the Bureau of Planning and Statistics in the United States Shipping Board, as United States commercial attaché in London and continental Europe, and as dean of the College of Commerce of the University of California.

Mr. Robert Lincoln O'Brien, who had served as chairman of the Commission continuously from December 1931, resigned as a member of the Commission on June 30, 1937. The President then designated Mr. Stevens as chairman and Mr. Grady as vice chairman for the customary period of 1 year.

Mr. A. Manuel Fox of New York was appointed Commissioner in July to succeed Mr. O'Brien, whose term was due to expire on June 16, 1942. Mr. Fox had been serving on the staff of the Tariff Commission since 1923, and since 1924 had been in charge of the Commission's economic staff. During that time he had served as chairman of the original advisory board of staff experts and at the time of his appointment as Commissioner was director of research and chairman of the planning and reviewing committee of the Commission's staff. In addition to extensive business and Government service, Mr. Fox has served on the faculties of the University of Michigan, the College of the City of New York, and the Catholic University of America. At one time he was examiner of the Michigan State Tax Commission and for 4 years was assistant to the general valuation counsel of the New York Central lines.

The other members of the Commission are: Edgar B. Brossard, of Utah, whose term expires June 16, 1938; Oscar B. Ryder, of Virginia, whose term expires June 16, 1939; and E. Dana Durand, of Minnesota, whose term expires June 16, 1940.

CHANGES IN ORGANIZATION

With the appointment of Mr. Fox as Commissioner, the position of director of research was abolished, and a general reorganization of the executive staff followed. In lieu of a director and assistant directors of research, the Planning and Reviewing Committee was charged with the coordinating and supervisory responsibilities. (See chart of the present organization of the Commission on p. 3.)

During the year the Transportation Section was reorganized and designated the Distribution and Markets Division. This Division is responsible for research concerning the geographic distribution, transportation, and marketing of specific articles, with particular reference to the competition between imported and domestic articles. The Accounting and Statistical Sections were changed to divisions.

THE STAFF

The Commission and its staff, as organized at the close of the fiscal year 1937, consisted of 308 persons, a net increase of 3 over last year. This total comprised 5 commissioners and 303 employees, 197 of whom were men and 111 were women. Fifty-nine members of the staff have rendered military or naval service. The total number within the civil-service retirement law was 194. The amount of money deducted from their salaries under the retirement law during the fiscal year 1937 was \$15,264.20.

The following changes in personnel occurred during the fiscal year ended June 30, 1937:

Appointments:	
Permanent employees.....	37
Temporary employees.....	23
Total.....	60
Separations:	
Resignations.....	34
Deaths.....	7
Retirements.....	2
Temporary appointments completed.....	14
Total.....	57

A table showing the staff of the Tariff Commission as of June 30, 1936 and 1937, and as of October 31, 1937, follows.

Departmental and field services

	June 30, 1936	June 30, 1937	October 31, 1937
Commissioners.....	6	5	6
Secretary.....	1	1	1
Director of research.....	1	1	1
Assistant directors of research.....	4	4	4
Chairman, Planning and Reviewing Committee.....			1
Chief, Technical Service.....			1
General counsel.....	1	1	1
Chief, New York office.....	1	1	1
Administrative officer.....	1	1	1
Chiefs of divisions.....	7	7	11
Assistant chiefs of divisions.....			3
Chiefs of sections.....	7	8	6
Acting chiefs of sections.....	3	2	1
Librarian.....	1	1	1
Special experts.....	124	127	125
Clerks, including stenographers.....	116	112	115
Secretaries to Commissioners.....	6	6	6
Operators, office devices.....	9	12	10
Telephone operators and stock clerks.....	3	3	3
Messengers.....	13	15	13
Skilled laborer.....	1	1	1
Total.....	305	308	307

FINANCES AND APPROPRIATIONS

1. *Salaries and expenses.*—The appropriation for salaries and expenses for the fiscal year ended June 30, 1937, was \$941,000, together with \$4,000 of the unexpended balance of the appropriation for 1935, making a total of \$945,000 available for expenditure during the fiscal year 1937. An unobligated balance of \$22,369 was turned back to the Treasury on June 30, 1937.

2. *Printing and binding.*—The appropriation for all printing and binding for the fiscal year ended June 30, 1937, was \$15,000, all of which was expended during the fiscal year.

3. *Expenditures and obligations.*—Expenditures for the fiscal year ended June 30, 1937, and outstanding obligations as of that date were as follows:

Salaries: Commissioners.....	\$56,194
Employees:	
Departmental service.....	779,855
Field service.....	21,350
Travel expenses:	
In the United States.....	17,722
In foreign countries.....	606
Books of reference and publications.....	3,904
Printing and binding.....	15,000
Telephone and telegraph.....	3,196
Repairs and alterations.....	872
Office equipment, supplies, miscellaneous expenses.....	38,932
Total.....	937,631

APPENDIXES

Appendix I. APPLICATIONS AND INVESTIGATIONS

CUMULATIVE STATISTICAL SUMMARY FOR THE PERIOD JUNE 18, 1930, TO NOVEMBER
30, 1937

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

Number of investigations or surveys undertaken.....	65
Number dismissed.....	3
Number completed.....	38

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

Applications:	
Total number received.....	288
Number pending before the Commission.....	13
Number withdrawn.....	16
Number denied and dismissed without prejudice.....	139
Investigations:	
Total number ordered.....	114
Ordered at request of Senate.....	66
Ordered by the President.....	10
Ordered by application from parties interested.....	38
Discontinued.....	35
Completed.....	75

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

Complaints:	
Total number received.....	30
Denied and dismissed.....	16
Investigations ordered.....	11
Investigations completed.....	8
Investigations dismissed.....	3

TABLE 1.—*Applications for investigation received since December 1, 1936*

UNDER SECTION 336 OF THE TARIFF ACT OF 1930

[For a list of other applications received prior to Dec. 1, 1936, see the sixteenth, seventeenth, eighteenth, nineteenth, and twentieth annual reports]

Para- graph No.	Commodity	Date applica- tion received	Nature of re- quest	Applicant	Status
76	SCHEDULE 1.— <i>Chemicals, oils, and paints</i>				
	Vermillion red contain- ing quicksilver.	Apr. 24, 1937	Increase of duty.	Fred L. Lavanburg Co.	Pending.
397	SCHEDULE 3.— <i>Metals and manufactures of</i>				
	Opera-hat springs.....	Jan. 13, 1937	do	Crescent Hill Novel- ty Co.	Do.
711	SCHEDULE 7.— <i>Agricul- tural products and pro- visions</i>				
	Song birds.....	Nov. 13, 1937	do	Foothill Bird Club	Do
730	{Soybean oil cake.....	Oct. 1, 1937	do	{National Soybean Processors Asso- ciation.	Do.
	{Soybean oil cake meal.....				

TABLE 1.—Applications for investigation received since December 1, 1936—Contd.

UNDER SECTION 336 OF THE TARIFF ACT OF 1930—Continued

Para-graph No.	Commodity	Date applica-tion received	Nature of re-quest	Applicant	Status
1111	SCHEDULE 11.—Wool and manufactures of Blankets, and similar articles (including carriage and automobile robes and steamer rugs), all wool, or substantially so.	Feb. 1, 1937	Increase of duty.	National Association of Wool Manufacturers.	Pending.
1530 (e)	SCHEDULE 15.—Sundries Women's and misses' cemented or "Compo" type shoes wholly or in chief value of leather.	June 8, 1937	-----do-----	New England Shoe and Leather Association.	Investigation ordered.
	Women's and misses' leather shoes made by the cement process.	Aug. 20, 1937	Investigation..	S. Res. 144-----	

TABLE 2.—Commodities upon which applications are pending

UNDER SECTION 336

[List includes all pending applications on Oct. 1, 1937]

Schedule	Para-graph No.	Commodity	Nature of request
Schedule 1: Chemicals, oils, and paints.	49	Magnesium oxide-----	Decrease in duty.
Schedule 3: Metals and manufactures of.	76	Vermilion red containing quicksilver-----	Increase in duty.
	372	Forged steel grinding balls-----	Do.
Schedule 4: Wood and manufactures of.	397	Opera-hat springs-----	Do.
	412	Bentwood chairs-----	Do.
Schedule 7: Agricultural products and provisions.	709	Butter-----	Do.
	711	Song birds-----	Do.
	730	Soybean oil cake-----	Do.
Schedule 9: Cotton manufactures.	923 and 924	Cotton nettings and fishing nets, and long staple cotton nettings and fishing nets.	Do.
	1111	Blankets, and similar articles (including carriage and automobile robes and steamer rugs), all-wool, or substantially so.	Do.
Schedule 11: Wool and manufactures of.	1115 (b)	Bodies, hoods, forms and shapes for hats, bonnets, caps, berets, and similar articles, manufactured wholly or in part of wool felt, whether or not pulled, stamped, blocked, or trimmed (including finished hats, bonnets, caps, berets, 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 between washed and unwashed rugs.
Schedule 15: Sundries..	1518	Badminton shuttlecocks-----	Increase in duty.

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

UNDER SECTION 336

Para-graph No.	Name of article	Purpose of request
5	SCHEDULE 1.— <i>Chemicals, oils, and paints</i> Calcium hypochlorite.....	Increase in duty.
	SCHEDULE 7.— <i>Agricultural products and provisions</i> 706 Meats prepared or preserved.....	
1015	SCHEDULE 10.— <i>Flax, hemp, jute, and manufactures of</i> Jute webbing not exceeding 12 inches in width.....	Do.

TABLE 4.—Commodities covered by application which was withdrawn during the past year

UNDER SECTION 336

Para-graph No.	Name of article	Nature of request
923, 924	SCHEDULE 9.— <i>Cotton manufactures</i> Cotton nettings and fishing nets, and long staple cotton nettings and fishing nets.	Decrease in duty.

TABLE 5.—Investigations pending

UNDER SECTION 336

Para-graph No.	Subject of investigation	Date ordered	Source of application	Status
1529	Embroidered wool knit gloves and mittens.	Oct. 1, 1936	S. Res. 270.....	Pending.
916	Seamless cotton hosiery.....	Oct. 15, 1936	National Association of hosiery Manufacturers. Golden City Hosiery Mills, Inc.	Work suspended (see p. 33).
909	Cotton velveteens and cotton corduroys.	Nov. 5, 1936	Crompton Co..... Merrimack Manufacturing Co. New York Mills..... Waterside Mills..... Tabarey Manufacturing Co..... Granite Finishing Works..... Brookside Mills..... Waterhead Mills..... Hockmeyer Bros., Inc..... Highland Mills.....	Work suspended (see p. 34). Do. Do. Do. Do. Do. Do. Do. Do.
1530 (e)	Women's and misses' cemented shoes of leather.	Aug. 28, 1937	S. Res. 144, New England Shoe & Leather Association.	In progress.

TABLE 6.—Investigations dismissed during the past year

Para- graph No.	Subject of investigation	Date ordered	Source of application
UNDER SECTION 336			
211	Table and kitchen earthenware and stoneware, and china, porcelain, and other vitrified table and kitchen wares, and manufactures in chief value of such wares.	Feb. 3, 1933	U. S. Potters Association. The Sebring Pottery Co.
1511	Cork insulation, wholly or in chief value of cork, cork waste, or granulated or ground cork, in blocks, slabs, boards, or planks.	Apr. 19, 1933	Luse-Stevenson Co.
UNDER SECTION 337			
372	Cigarette-making machines and parts.	Aug. 4, 1936	American Machine & Foundry Co.
1527 (e)	Cigar lighters.....	Aug. 14, 1936	Art Metal Works, Inc.

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

Since December 1, 1936, the following printed publications have been issued by the Commission :

- Changes in Import Duties Since the Passage of the Tariff Act of 1930, 3d edition.
- Chemical Nitrogen.
- Dressed or Dyed Furs.
- *Dyes and Other Synthetic Organic Chemicals in the United States, 1936.
- Extent of Equal Tariff Treatment in Foreign Countries.
- Flat Glass and Related Glass Products.
- Nets and Netting and Other Fishing Gear.
- Rules of Practice and Procedure and Laws Relating to the Tariff Commission (6th revision).
- Salmon and Other Fish.
- Sodium Sulphate.
- Twenty-first Annual Report.
- United States-Philippine Trade.
- *Wood Pulp and Pulpwood.
- Wool Prices.

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

- Annual reports :
 - Fourteenth.
 - Fifteenth.
 - Sixteenth.
 - Seventeenth.
 - Eighteenth.
 - Nineteenth.
 - Twentieth.
- 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 Industry and the Tariff.
 - Cigar Lighters.
 - Cigar-Wrapper Tobacco.
 - Cocoa-Fiber Mats.
 - Coilable Metal Rules.
 - 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, from principal countries, 1929.

*In press.

**Out of print.

- **Computed Duties and Equivalent Ad Valorem Rates on Imports into the United States, from principal countries, 1929 and 1931.
- Copper.
- Cotton Cloth.
- 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.
- Dyes and Other Synthetic Organic Chemicals in the United States, 1935.
- 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.
- Frozen Swordfish.
- 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 Skins 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.

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

**Out of print.

- Matches.
- Meat and Food Choppers.
- Methods of Valuation.
- Olive Oil.
- Optical Fire-Control Instruments.
- Oxides of Iron Suitable for Pigment Purposes.
- Pens.
- Phosphates, Crude and Superphosphates.
- Pigskin Leather.
- Pineapples.
- Pins.
- Pipe Organs.
- Plate Glass.
- Pottery, Household, Table, and Kitchen Articles.
- Precision Drawing Instruments.
- Quicksilver.
- Recent Developments in the Foreign Trade of Japan.
- 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.
- Slide Fasteners and Parts, Cost of Production of.
- Smokers' Articles.
- Sperm Oil and Spermaceti Wax.
- **Sponges.
- Subject Index of Tariff Commission Publications (December 1935).
- Subsidies and Bounties to Fisheries Enterprises by Foreign Governments.
- Sugar.
- Sun Glasses or Sun Goggles.
- Synthetic Camphor.
- Synthetic Phenolic Resin.
- **Tariff Bargaining Under Most-Favored-Nation Treaties.
- The Tariff—A Bibliography.
- The Tariff and Its History.
- Tooth and Other Toilet Brushes.
- Trade Agreement with Canada.
- Tuna Fish.
- **Ultramarine Blue.
- Umbrellas and Umbrella Frames and Skeletons.
- United States-Philippine Tariff and Trade Relations.
- Upholsterers' Nails, Chair Glides, 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.
- Wool Knit Gloves and Mittens.
- Work of the Tariff Commission Since Its Reorganization in 1930.
- **Woven-Wire Fencing and Netting.

The Commission has distributed during the current year 15,934 copies of its publications. The Superintendent of Documents reports that during the fiscal year 1936, the latest year for which information is available, about 9,000 copies of reports of the Tariff Commission were sold. The receipts from these sales amounted to \$835.

**Out of print.

Appendix III. RULES OF PRACTICE AND PROCEDURE AND LAWS RELATING TO THE TARIFF COMMISSION

1. RULES OF PRACTICE AND PROCEDURE

RULES OF GENERAL APPLICATION

The Tariff Commission's rules of general application apply (except for a few details, which are indicated) to investigations under the provisions of sections 332, 336, and 337 of title III, part II, of the Tariff Act of 1930. In addition to the rules of general application, rules having specific application to investigations under sections 336 and 337 appear separately hereinafter. It is not feasible to promulgate rules for investigations under section 338. Attention is called to the fact that the law does not require hearings in general investigations under section 332; however, when it is decided to hold hearings in such investigations, notice will be given and the hearings conducted so far as feasible in the same manner as under section 336.

The principal office of the Commission, at Washington, D. C., is open each business day from 9 a.m. to 4:30 p.m., except on Saturday, when the office hours are 9 a.m. to 1 p.m. The Commission may meet and exercise all its powers at any place and may designate one or more of its members or any duly authorized agent or agents to hold hearings or to prosecute any inquiry necessary to its duties. A majority of the Commissioners in office shall constitute a quorum.

Suspension of Rules

In an emergency or when in the judgment of the Commission the public interest requires it, the Commission may modify or suspend any of its rules of practice and procedure except such details of procedure as are expressly required by law. Whenever feasible, public notice of such suspension will be given.

United States Publications as Evidence

Publications of the United States Government, particularly reports of the Tariff Commission, need not be offered in evidence because the Commission will notice them as public documents. Reference may be made to a document by its title and particular page.

Confidential Information not to be Disclosed

Trade secrets and processes within the meaning of section 335 of the Tariff Act of 1930 (see p. 83) will not be made public. Furthermore, individual business data which the Commission considers to

be of a confidential nature will be withheld from disclosure. All data which persons wish to have considered confidential should be submitted on separate pages, clearly marked "Confidential." The acceptance of any particular information in confidence is within the discretion of the Commission.

Action Upon Receipt of Application or Complaint

Receipt of an application for investigation under section 336 or of a complaint under section 337 will be acknowledged by the Secretary of the Commission, and public notice of such receipt will be posted at least 10 days at the principal office of the Commission in Washington, D. C., and at its office in New York City, and published in Treasury Decisions of the Treasury Department, and in Commerce Reports of the Department of Commerce. This public notice will set forth the name or description of the commodity concerned, the date of receipt and the purpose of the application or complaint, and the name of the applicant or complainant. Similar public notice will be given of applications or complaints withdrawn or dismissed. Copies of notices referred to in this paragraph will be mailed to all persons named in the application or complaint concerned.

At the time of posting notice of the receipt of an application or of a complaint, such application or complaint, except for confidential material, will be made available for public inspection at the office of the Commission in Washington, D. C., where it may be read and copied by persons interested.

Applications and complaints may be withdrawn as a matter of course at any time before an investigation pursuant thereto has been ordered by the Commission, but, whether or not an application or complaint shall have been withdrawn, the Commission may order an investigation in any case if in its judgment the public interest so requires. The Commission may also in special cases and for adequate cause allow the withdrawal of an application or complaint after an investigation has been ordered, but the investigation may be continued if deemed by the Commission to be in the public interest. Investigations may be terminated short of formal completion when, in the judgment of the Commission, the public interest so requires.

The Commission will notify the applicant or complainant of its decision to order or not to order the investigation requested. In reaching its decision, the Commission will take into consideration the information furnished by the applicant or complainant, the information assembled by its staff, and the information furnished by other persons either in favor of or opposed to the institution of an investigation.

Scope of Investigations

In ordering an investigation the Commission will not be confined to the issues presented in an application or a complaint but may broaden, limit, or modify the scope of the investigation.

Appearances

Any person showing to the satisfaction of the Commission an interest in the subject matter of an investigation may enter an appearance in such investigation, either in person or by representative, at any time before the close of the public hearing relating to the matter involved. Persons participating as witnesses only are not expected to enter appearances.

Requests to enter an appearance shall be filed in writing with the Secretary of the Commission at its office in Washington, D. C., or at any other place where a hearing is held. A written notice of an appearance on behalf of a particular person or persons in a proceeding should be submitted by attorneys or agents desiring to appear for such person or persons.

No register of attorneys or agents who may practice before the Commission is maintained. No application for admission to practice is required. Any person desiring to appear as attorney or agent before the Commission may be required to show to the satisfaction of the Commission his acceptability in that capacity. Any attorney or agent practicing before the Commission, or desiring so to practice, may for good cause shown be suspended or disbarred from practicing before the Commission, but only after he has been accorded an opportunity to be heard in the matter.

No former officer or employee of the Commission who has, as such officer or employee, given personal consideration to an investigation (including preliminary inquiries prior to the institution of an investigation) shall be eligible to appear as attorney or agent before the Commission in such investigation. No former officer or employee of the Commission shall be eligible to appear as attorney or agent before the Commission within 2 years after the termination of such employment unless he has first obtained written consent from the Commission.

Rehearings, Postponements, Continuances, and Extensions of Time

The Commission may in its discretion for good cause shown grant rehearings, postponements, or continuances of hearings, or extend the time for doing any act fixed in or pursuant to these rules. Motions or requests for postponements or extensions of time must be filed at least 10 days in advance of the time previously prescribed. Motions for rehearing must be filed within a reasonable time after the Commission's decision in the particular matter.

Conduct of Public Hearings

Parties interested may appear at public hearings, either in person or by representative, and produce under oath, evidence relevant and material to the matter or matters with which the investigation is concerned.

After offering evidence, witnesses may be questioned under the direction of the Commission by any member of the Commission, or by any agent designated by the Commission, or by any person who has entered an appearance, for the purpose of assisting the Commis-

sion in obtaining the material facts with respect to the subject matter of the investigation.

Evidence, oral or written, submitted at hearings, shall upon the order of the Commission be subject to verification from the books, papers, and records of the parties interested and from any other available sources.

All hearings shall be stenographically reported. The Commission does not have available for distribution transcripts of the records of such hearings. Parties interested may see them at the Commission's office in Washington, D. C., or purchase them from the official reporter.

The Commission may continue any hearing or order such rehearing as it may deem necessary for a full presentation of the facts in any investigation.

Witnesses and Subpenas

Unless otherwise ordered by the Commission, witnesses shall be examined orally.

The attendance of witnesses and the production of documentary evidence may be required from any place in the United States at any designated place of hearing.

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

Witness Fees and Mileage

Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking them, except employees of the Commission, shall severally be entitled to the same fees and mileage as are paid for like service in the courts of the United States.

When witnesses are summoned or depositions are taken at the request of a party interested, such party must bear all expenses involved.

Depositions

The Commission may order testimony to be taken by deposition at any stage of an investigation. Depositions may be taken before any person having power to administer oaths and designated by the Commission. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent and certified in the usual manner by the person taking the deposition. After the deposition has been so certified it shall, together with a copy thereof made by such person or under his direction, be forwarded under seal to the Secretary of the Commission, Washington, D. C., and shall constitute a part of the record in such investigation. A sufficient number of additional copies of depositions must be furnished so that testimony so produced will be available to parties interested.

Briefs of the evidence given by deposition and arguments thereon may be filed in the same manner as briefs of testimony given at a public hearing.

Any person may be compelled to appear and depose and to produce documentary evidence in the same manner that witnesses may be compelled to appear and testify and produce documentary evidence before the Commission.

(See last paragraph under "Witness Fees and Mileage" for provision regarding expenses.)

Oral Argument

Oral argument may, in the discretion of the Commission, be heard upon the conclusion of the testimony in a hearing. The Commission will determine in each instance the time to be allowed for argument and the allocation thereof to the parties interested.

Commissioners Sitting At Hearings

Hearings may be conducted by one or more Commissioners or by any duly authorized agent or agents of the Commission, and the record shall be presented for the consideration of the Commission.

Service

Except when service by other methods shall be specifically ordered by the Commission, processes of the Commission, service of which is required by law or by the Commission's rules, shall be served by the Secretary of the Commission by registered mail, by registering and mailing a copy thereof addressed to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served. Complaints and findings under section 337 shall be similarly served.

When service cannot be accomplished by registered mail or whenever the Commission shall so direct, processes of the Commission may be served by anyone duly authorized by a Commissioner (*a*) by delivering a copy of the document to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (*b*) by leaving a copy thereof at the principal office of such person, partnership, or corporation. The return post office receipt for such processes, registered and mailed as aforesaid, or the verified return by the person serving such processes, setting forth the manner of said service shall be proof of the service of the document.

RULES APPLYING SPECIFICALLY TO SECTION 336—EQUALIZATION OF COSTS OF PRODUCTION

The following rules are specifically applicable to investigations for the purposes of section 336 of title III, part II, of the Tariff Act of 1930, and apply in addition to the pertinent rules of general application set forth hereinbefore.

Applications

Applications for an investigation for the purposes of section 336 may be made by any person, partnership, association, or corporation.

Applications for investigation should be typewritten or printed and must be submitted in duplicate but need not be drawn in any particular form and need not be under oath. Applications must be signed by or on behalf of the applicant and should state the name, address, and nature of business of the applicant.

Applications must clearly state that they are requests for investigation and must name or describe the commodity concerning which an investigation is sought. They should also refer to the tariff provision or provisions applicable to such commodity and should state whether an increase or a decrease in the rate of duty is sought.

Nature of information to accompany application.—The applicant must file with his application all supporting information available to him. The filing of such information is required to aid the Commission and does not render unnecessary the investigation which the law requires the Commission to make. As far as practicable information of the character indicated below should be furnished.

1. Comparability of the domestic and foreign articles and the degree of competition between them.

2. Trend of domestic production and sales and of imports.

3. Trend of cost of production and prices in recent years.

4. Evidence of difference between domestic and foreign costs of production of the articles involved. (When considered with reference to sec. 336, the term "cost of production" includes transportation costs and other costs incident to the delivery of the articles to the principal market or markets of the United States.)

5. Areas of greatest competition between the imported and domestic products and the principal market or markets in the United States.

6. Other relevant factors that constitute, in the opinion of the applicant, an advantage or disadvantage in competition, and any other information which the applicant believes the Commission should consider.

(NOTE.—See rule dealing with confidential information, p. 65.)

Public Notice of Investigation

Public notice shall be given of every investigation ordered by the Commission, and subsequent notices relating thereto, by posting, for not less than 30 days, a copy of the order, at the principal office of the Commission in Washington, D. C., and at its office in New York City, and by publishing the text thereof in "Treasury Decisions," and by announcement thereof in "Commerce Reports."

Public Hearing

Reasonable public notice will be given of the time and place set for all hearings in the same manner that notice is given of an order instituting an investigation. In addition, notice of public hearing will be published in the "Federal Register." Announcement of hearing will ordinarily be made 30 days in advance of the date set.

Without excluding other factors and with a view to assisting parties interested in preparing for the hearing, the Commission will expect attention to be concentrated upon—

Facts which should be considered in appraising the competitive strength in the markets of the United States of the foreign and domestic articles.

Facts bearing upon the degree of likeness or similarity between grades, classes, and price groups of the American product and the imported article.

Facts bearing on costs of production and importation. Statements of average cost of production may be submitted subject to verification and review in the Commission's investigation. Such statements should include not only the direct costs for materials and labor, commonly termed prime cost, but also indirect costs such as indirect labor, variable factory expenses, fixed expenses, the portion of general and administrative expense chargeable to manufacture, interest on investment, and transportation to market. For the foreign product the expenses incident to importation will also be of interest. Any information which may be available bearing on the general levels of domestic and foreign costs of production, the differential between specific domestic and foreign costs of production, and the extent to which invoice or wholesale prices are reliable evidence of foreign costs, will be pertinent.

The Commission also seeks information to determine—

Principal competing country.

Principal American market or markets.

Representative period of time for cost inquiry.

Other significant advantages or disadvantages in competition.

Finally, parties interested appearing at public hearings are expected to present definite and affirmative information rather than generalities and conjectures.

Briefs

Briefs of the evidence produced at the hearing and arguments thereon may be presented to the Commission by parties interested who have entered an appearance. Unless otherwise ordered, 10 clear copies typed, mimeographed, multigraphed, or printed shall be filed with the Secretary of the Commission within 10 days after the close of the hearing.

Briefs not filed with the Commission on or before the date fixed therefor will not be accepted. (See also provisions for briefs under "Depositions.")

Text of Section 336

For the convenience of parties interested, the text of section 336 of title III, part II, of the Tariff Act of 1930, is hereinafter set forth in full on pages 83 to 85.

**RULES APPLYING SPECIFICALLY TO SECTION 337—UNFAIR
PRACTICES IN IMPORT TRADE**

The following rules are specifically applicable to investigations for the purposes of section 337 of title III, part II, of the Tariff Act of 1930, and apply in addition to the pertinent rules of general application set forth hereinbefore.

Complaints

Complaint and petition for investigation for the purposes of section 337 may be made by any person, partnership, association, or corporation.

Complaints must be made under oath but need not be drawn in any particular form. They must be signed by or on behalf of the complainant and must contain the name, address, and nature of business of the complainant and of the person or persons alleged to violate the law. The location of manufacturing plant or plants should also be stated. Complaints must contain a short and simple statement of the facts constituting the alleged unfair methods of competition or unfair acts. Specific instances of alleged unlawful importations or sales should be given.

To the extent possible, complaints must also contain economic data concerning domestic production and distribution, imports and their distribution, and other pertinent facts such as will indicate: (a) That the domestic industry concerned is efficiently and economically operated and that it is being or is likely to be destroyed or substantially injured by the importations or sales in question; (b) that the alleged unlawful acts are preventing the establishment of an efficiently and economically operated domestic industry; or (c) that the alleged unlawful acts are having the effect or tendency to restrain or monopolize trade and commerce in the United States. (NOTE.—See the rule dealing with confidential information, p. 65.)

The complaint may be amended or further evidence submitted, in the discretion of the Commission, for good cause shown.

Complainants must submit a clear copy of any complaint or amendment thereto for each person alleged to have violated the provisions of section 337, and the Commission may require the supplying of additional copies to be served on persons whose alleged violation of section 337 is called to its attention subsequent to the filing of the complaint. In addition, three copies must be submitted for the official use of the Commission.

Preliminary Inquiry

The Commission will make such preliminary inquiry as it shall deem necessary to determine (1) whether the institution of an investigation is warranted and (2) whether the issuance of a temporary order of exclusion from entry (if requested) under section 337 (f) is warranted.

Answers to Complaints

After an investigation shall have been ordered, and not before, a copy of the complaint shall be served by the Commission upon any

owner, importer, consignee, or agent of either, alleged to violate the provisions of section 337, and such owner, importer, consignee, or agent of either, shall have 30 days, unless otherwise ordered, in which to make written answer under oath and to show cause, if any there be, why the provisions of section 337 should not be applied in respect of the alleged unfair methods of competition and unfair acts set forth in the complaint.

Copies of all answers shall be served by the Commission upon complainants or upon their attorneys.

The Commission reserves the right to determine whether to send copies of complaints to respondents in foreign countries.

Public Notice of Investigation

Public notice of the institution of an investigation and of the date set for a hearing shall be given in the same manner as in investigations for the purposes of section 336.

Briefs

The Commission will fix a date on or before which briefs may be submitted, which date will be announced at the close of the hearing. Unless otherwise ordered, 20 clear copies typed, mimeographed, multigraphed, or printed shall be filed with the Secretary of the Commission.

Briefs not filed with the Commission on or before the date fixed therefor will not be accepted.

Application for extension of time for submitting briefs shall be filed in writing with the Secretary of the Commission at least 10 days before the date set for submitting briefs and shall set forth fully the reasons for such application.

Copies of all briefs shall be served by the Commission upon all interested parties who have entered appearances or upon their representatives of record.

Record

A transcript of the testimony in an investigation, together with the findings and recommendations of the Commission, shall be the official record of the proceedings and findings in the investigation.

Confidential material accompanying a complaint or an answer and exhibits presented at a hearing, but accepted by the Commission as confidential and so marked, will not be considered a part of the record sent to the court in the case of an appeal. (See also Confidential Information, p. 65.)

Findings

Upon the conclusion of an investigation, the Commission shall formulate findings based thereon. When the findings show a violation of the statute, a copy of the findings certified by the Secretary under the seal of the Commission shall be delivered or sent by registered mail promptly to the owner, importer, consignee, or agent of either, found to be guilty of such violation.

Attention is directed to the provision of section 337 (c) authorizing rehearings by the Commission and appeals by the importer or consignee within 60 days to the United States Court of Customs and Patent Appeals upon a question or questions of law only. If no appeal is filed within the time prescribed and no rehearing granted, or if appeal is filed or rehearing granted and the Commission's findings are ultimately affirmed, the findings are then considered final.

Transmittal to the President

The final findings of the Commission shall be transmitted with the record to the President for consideration and for action under the statute.

Text of Section 337

For the convenience of parties interested, the text of section 337 of title III, part II, of the Tariff Act of 1930 is hereinafter set forth in full on pages 86, 87.

2. LAWS RELATING TO THE UNITED STATES TARIFF COMMISSION

ACT CREATING THE TARIFF COMMISSION

The act of Congress approved September 8, 1916, entitled "An act to increase the revenue, and for other purposes", contains the following provisions establishing the United States Tariff Commission:

TITLE VII.—TARIFF COMMISSION

SEC. 700. That a commission is hereby created and established, to be known as the United States Tariff Commission (hereinafter in this title referred to as the commission), which shall be composed of six members, who shall be appointed by the President, by and with the advice and consent of the Senate, not more than three of whom shall be members of the same political party. In making said appointments members of different political parties shall alternate as nearly as may be practicable. The first members appointed shall continue in office for terms of two, four, six, eight, ten, and twelve years, respectively, from the date of the passage of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of twelve years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate annually the chairman and vice chairman of the commission. No member shall engage actively in any other business, function, or employment. Any member may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy shall not impair the right of the remaining members to exercise all the powers of the commission, but no vacancy shall extend beyond any session of Congress.

SEC. 701. That each commissioner shall receive a salary of \$7,500 per year, payable monthly. The commission shall appoint a secretary, who shall receive a salary of \$5,000 per year, payable in like manner, and it shall have authority to employ and fix the compensations of such special experts, examiners, clerks, and other employees as the commission may from time to time find necessary for the proper performance of its duties.

With the exception of the secretary, a clerk to each commissioner, and such special experts as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law.

All of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by

their employees under their orders in making any investigation or upon official business in any other places than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the commission.

Unless otherwise provided by law, the commission may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary.

The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The commission may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States or in any foreign country.

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.

SEC. 703. That the commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested by the President or by either of said committees or by either branch of the Congress, and shall report to Congress on the first Monday of December of each year hereafter a statement of the methods adopted and all expenses incurred, and a summary of all reports made during the year.

SEC. 704. That the commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

SEC. 705. That upon the organization of the commission, the Cost of Production Division in the Bureau of Foreign and Domestic Commerce in the Department of Commerce shall be transferred to said commission, and the clerks and employees of said division shall be transferred to and become clerks and employees of the commission, and all records, papers, and property of the said division and of the former tariff board shall be transferred to and become the records, papers, and property of the commission.

SEC. 706. That for the purposes of carrying this title into effect the commission or its duly authorized agent or agents shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any

person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, and shall have power to summon witnesses, take testimony, administer oaths, and to require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation. Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, any such court shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of this title or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this title at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same, except employees of the commission, shall severally be entitled to the same fees and mileage as are paid for like services in the courts of the United States: *Provided*, That no person shall be excused on the ground that it may tend to incriminate him or subject him to a penalty or forfeiture, from attending and testifying, or producing books, papers, documents, and other evidence, in obedience to the subpoena of the commission; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpoena and under oath, he may so testify or produce evidence, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 707. That the said commission shall in appropriate matters act in conjunction and cooperation with the Treasury Department, the Department of Commerce, the Federal Trade Commission, or any other departments, or independent establishments of the Government, and such departments and independent establishments of the Government shall cooperate fully with the commission for the purposes of aiding and assisting in its work, and when directed by the President, shall furnish to the commission, on its request, all records, papers, and information in their possession relating to any of the subjects of investigation by said commission and shall detail, from time to time, such officials and employees to said commission as he may direct.

SEC. 708. It shall be unlawful for any member of the United States Tariff Commission, or for any employee, agent, or clerk of said commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by said commission, or by order of said commission, or by order of any member thereof. Any offense against the provisions of this section shall be a misdemeanor and be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both, in the discretion of the court, and such offender shall also be dismissed from office or discharged from employment. The commission shall have power to investigate the Paris Economy Pact and similar organizations and arrangements in Europe.

SEC. 709. That there is hereby appropriated, for the purpose of defraying the expense of the establishment and maintenance of the commission, including the payment of salaries herein authorized, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$300,000 for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for each fiscal year thereafter a like sum is authorized to be appropriated.

SPECIAL PROVISIONS IN ACT OF 1930

TITLE III, PART II, SECTIONS 330 TO 341 AND 350

SEC. 330. ORGANIZATION OF THE COMMISSION.

(a) MEMBERSHIP.—The United States Tariff Commission (referred to in this title as the "commission") shall be composed of six commissioners to be hereafter appointed by the President by and with the advice and consent of the Senate, but each member now in office shall continue to serve until his successor (as designated by the President at the time of nomination) takes office, but in no event for longer than ninety days after the effective date of this Act. No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of Part II of this title. Not more than three of the commissioners shall be members of the same political party, and in making appoint-

ments members of different political parties shall be appointed alternately as nearly as may be practicable.

(b) **TERMS OF OFFICE.**—Terms of office of the commissioners first taking office after the date of the enactment of this Act, shall expire, as designated by the President at the time of nomination, one at the end of each of the first six years after the date of the enactment of this Act. The term of office of a successor to any such commissioner shall expire six years from the date of the expiration of the term for which his predecessor was appointed, except that any commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term.

(c) **CHAIRMAN, VICE CHAIRMAN, AND SALARY.**—The President shall annually designate one of the commissioners as chairman and one as vice chairman of the commission. The vice chairman shall act as chairman in case of the absence or disability of the chairman. A majority of the commissioners in office shall constitute a quorum, but the commission may function notwithstanding vacancies. Each commissioner (including members in office on the date of the enactment of this Act) shall receive a salary of \$11,000 a year. No commissioner shall actively engage in any other business, vocation, or employment than that of serving as a commissioner.

SEC. 331. GENERAL POWERS.

(a) **PERSONNEL.**—The commission shall appoint a secretary, who shall receive a salary of \$7,500 per year, and the commission shall have authority to employ and fix the compensations of such special experts, examiners, clerks, and other employees as the commission may from time to time find necessary for the proper performance of its duties.

(b) **APPLICATION OF CIVIL SERVICE LAW.**—With the exception of the secretary, a clerk to each commissioner, and such special experts as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil service law.

(c) **EXPENSES.**—All of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders in making any investigation or upon official business in any other places than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the commission.

(d) **OFFICES AND SUPPLIES.**—Unless otherwise provided by law, the commission may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary.

(e) **PRINCIPAL OFFICE AT WASHINGTON.**—The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The commission may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States or in any foreign country.

(f) **OFFICE AT NEW YORK.**—The commission is authorized to establish and maintain an office at the port of New York for the

purpose of directing or carrying on any investigation, receiving and compiling statistics, selecting, describing, and filing samples of articles, and performing any of the duties or exercising any of the powers imposed upon it by law.

(g) OFFICIAL SEAL.—The commission is authorized to adopt an official seal, which shall be judicially noticed.

SEC. 332. INVESTIGATIONS.

(a) INVESTIGATIONS AND REPORTS.—It shall be the duty of the 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.

(b) INVESTIGATIONS OF TARIFF RELATIONS.—The commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

(c) INVESTIGATION OF PARIS ECONOMY PACT.—The commission shall have power to investigate the Paris Economy Pact and similar organizations and arrangements in Europe.

(d) INFORMATION FOR PRESIDENT AND CONGRESS.—In order that the President and the Congress may secure information and assistance, it shall be the duty of the commission to—

(1) Ascertain conversion costs and costs of production in the principal growing, producing, or manufacturing centers of the United States of articles of the United States, whenever in the opinion of the commission it is practicable;

(2) Ascertain conversion costs and costs of production in the principal growing, producing, or manufacturing centers of foreign countries of articles imported into the United States, whenever in the opinion of the commission such conversion costs or costs of production are necessary for comparison with conversion costs or costs of production in the United States and can be reasonably ascertained;

(3) Select and describe articles which are representative of the classes or kinds of articles imported into the United States and which are similar to or comparable with articles of the United States; select and describe articles of the United States similar to or comparable with such imported articles; and obtain and file samples of articles so selected, whenever the commission deems it advisable;

(4) Ascertain import costs of such representative articles so selected;

(5) Ascertain the grower's, producer's, or manufacturer's selling prices in the principal growing, producing, or manufacturing centers of the United States of the articles of the United States so selected; and

(6) Ascertain all other facts which will show the differences in or which affect competition between articles of the United States and imported articles in the principal markets of the United States.

(e) DEFINITIONS.—When used in this subdivision and in subdivision (d)—

(1) The term "article" includes any commodity, whether grown, produced, fabricated, manipulated, or manufactured;

(2) The term "import cost" means the price at which an article is freely offered for sale in the ordinary course of trade in the usual wholesale quantities for exportation to the United States plus, when not included in such price, all necessary expenses, exclusive of customs duties, of bringing such imported article to the United States.

(f) [The investigation of petroleum requested by this subdivision has been completed.]

(g) REPORTS TO PRESIDENT AND CONGRESS.—The commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested by the President or by either of said committees or by either branch of the Congress, and shall report to Congress on the first Monday of December of each year hereafter a statement of the methods adopted and all expenses incurred, and a summary of all reports made during the year.

SEC. 333. TESTIMONY AND PRODUCTION OF PAPERS.

(a) AUTHORITY TO OBTAIN INFORMATION.—For the purposes of carrying Part II of this title into effect the commission or its duly authorized agent or agents shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, and shall have power to summon witnesses, take testimony, administer oaths, and to require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation. Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

(b) WITNESSES AND EVIDENCE.—Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing.

And in case of disobedience to a subpoena the commission may invoke the aid of any district or territorial court of the United States or the Supreme Court of the District of Columbia in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) **MANDAMUS.**—Upon the application of the Attorney General of the United States, at the request of the commission, any such court shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of Part II of this title or any order of the commission made in pursuance thereof.

(d) **DEPOSITIONS.**—The commission may order testimony to be taken by deposition in any proceeding or investigation pending under Part II of this title at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association, may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

(e) **FEES AND MILEAGE OF WITNESSES.**—Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same, except employees of the commission, shall severally be entitled to the same fees and mileage as are paid for like services in the courts of the United States: *Provided*, That no person shall be excused, on the ground that it may tend to incriminate him or subject him to a penalty or forfeiture, from attending and testifying, or producing books, papers, documents, and other evidence, in obedience to the subpoena of the commission; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpoena and under oath, he may so testify or produce evidence, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

(f) **STATEMENTS UNDER OATH.**—The commission is authorized, in order to ascertain any facts required by subdivision (d) of section 332, to require any importer and any American grower, producer, manufacturer, or seller to file with the commission a statement, under oath, giving his selling prices in the United States of any article imported, grown, produced, fabricated, manipulated, or manufactured by him.

SEC. 334. COOPERATION WITH OTHER AGENCIES.

The commission shall in appropriate matters act in conjunction and cooperation with the Treasury Department, the Department of Commerce, the Federal Trade Commission, or any other departments, or independent establishments of the Government, and such departments and independent establishments of the Government shall cooperate fully with the commission for the purposes of aiding and assisting in its work, and, when directed by the President, shall furnish to the commission, on its request, all records, papers, and information in their possession relating to any of the subjects of investigation by the commission and shall detail, from time to time, such officials and employees to said commission as he may direct.

SEC. 335. PENALTY FOR DISCLOSURE OF TRADE SECRETS.

It shall be unlawful for any member of the commission, or for any employee, agent, or clerk of the commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by the commission, or by order of the commission, or by order of any member thereof. Any offense against the provisions of this section shall be a misdemeanor and be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both, in the discretion of the court, and such offender shall also be dismissed from office or discharged from employment.

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION.

(a) **CHANGE OF CLASSIFICATION OR DUTIES.**—In order to put into force and effect the policy of Congress by this Act intended, the commission (1) upon request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section. The commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute.

(b) **CHANGE TO AMERICAN SELLING PRICE.**—If the commission finds upon any such investigation that such differences can not be equalized by proceeding as hereinbefore provided, it shall so state in its report to the President and shall specify therein such ad valorem rates of duty based upon the American selling price (as defined in section 402 (g)) of the domestic article, as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute, and no such rate shall be increased.

(c) **PROCLAMATION BY THE PRESIDENT.**—The President shall by proclamation approve the rates of duty and changes in classification and in basis of value specified in any report of the commission under this section, if in his judgment such rates of duty and changes are shown by such investigation of the commission to be necessary to equalize such differences in costs of production.

(d) **EFFECTIVE DATE OF RATES AND CHANGES.**—Commencing thirty days after the date of any presidential proclamation of approval the increased or decreased rates of duty and changes in classification or in basis of value specified in the report of the commission shall take effect.

(e) **ASCERTAINMENT OF DIFFERENCES IN COSTS OF PRODUCTION.**—In ascertaining under this section the differences in costs of production, the commission shall take into consideration, in so far as it finds it practicable:

(1) **IN THE CASE OF A DOMESTIC ARTICLE.**—(A) The cost of production as hereinafter in this section defined; (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; and (C) other relevant factors that constitute an advantage or disadvantage in competition.

(2) **IN THE CASE OF A FOREIGN ARTICLE.**—(A) The cost of production as hereinafter in this section defined, or if the commission finds that such cost is not readily ascertainable, the commission may accept as evidence thereof, or as supplemental thereto, the weighted average of the invoice prices or values for a representative period and/or the average wholesale selling price for a representative period (which price shall be that at which the article is freely offered for sale to all purchasers in the principal market or markets of the principal competing country or countries in the ordinary course of trade and in the usual wholesale quantities in such market or markets); (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; (C) other relevant factors that constitute an advantage or disadvantage in competition, including advantages granted to the foreign producers by a government, person, partnership, corporation, or association in a foreign country.

(f) **MODIFICATION OF CHANGES IN DUTY.**—Any increased or decreased rate of duty or change in classification or in basis of value which has taken effect as above provided may be modified or terminated in the same manner and subject to the same conditions and limitations (including time of taking effect) as is provided in the section in the case of original increases, decreases, or changes.

(g) **PROHIBITION AGAINST TRANSFERS FROM THE FREE LIST TO THE DUTIABLE LIST OR FROM THE DUTIABLE LIST TO THE FREE LIST.**—Nothing in this section shall be construed to authorize a transfer of an article from the dutiable list to the free list or from the free list to the dutiable list, nor a change in form of duty. Whenever it is provided in any paragraph of Title I of this Act, or in any amendatory Act, that the duty or duties shall not exceed a specified ad valorem rate upon the articles provided for in such paragraph, no rate determined under the provisions of this section upon such articles shall exceed the maximum ad valorem rate so specified.

(h) **DEFINITIONS.**—For the purpose of this section—

(1) The term “domestic article” means an article wholly or in part the growth or product of the United States; and the term “foreign article” means an article wholly or in part the growth or product of a foreign country.

(2) The term “United States” includes the several States and Territories and the District of Columbia.

(3) The term “foreign country” means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions).

(4) The term “cost of production,” when applied with respect to either a domestic article or a foreign article, includes, for a period which is representative of conditions in production of the article: (A) The price or cost of materials, labor costs, and other direct charges incurred in the production of the article and in the processes or methods employed in its production; (B) the usual general expenses, including charges for depreciation or depletion which are representative of the equipment and property employed in the production of the article and charges for rent or interest which are representative of the cost of obtaining capital or instruments of production; and (C) the cost of containers and coverings of whatever nature, and other costs, charges, and expenses incident to placing the article in condition packed ready for delivery.

(i) **RULES AND REGULATIONS OF PRESIDENT.**—The President is authorized to make all needful rules and regulations for carrying out his functions under the provisions of this section.

(j) **RULES AND REGULATIONS OF SECRETARY OF TREASURY.**—The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles of the class or kind of articles with respect to which a change in basis of value has been made under the provisions of subdivision (b) of this section, and for the form of invoice required at time of entry.

(k) **INVESTIGATIONS PRIOR TO ENACTMENT OF ACT.**—All uncompleted investigations instituted prior to the approval of this Act under the provisions of section 315 of the Tariff Act of 1922, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the commission in any such investigation may be given due consideration in any investigation instituted under the provisions of this section.

SEC. 337. UNFAIR PRACTICES IN IMPORT TRADE.

(a) **UNFAIR METHODS OF COMPETITION DECLARED UNLAWFUL.**—Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.

(b) **INVESTIGATIONS OF VIOLATIONS BY COMMISSION.**—To assist the President in making any decisions under this section the commission is hereby authorized to investigate any alleged violation hereof on complaint under oath or upon its initiative.

(c) **HEARINGS AND REVIEW.**—The commission shall make such investigation under and in accordance with such rules as it may promulgate and give such notice and afford such hearing, and when deemed proper by the commission such rehearing, with opportunity to offer evidence, oral or written, as it may deem sufficient for a full presentation of the facts involved in such investigation. The testimony in every such investigation shall be reduced to writing, and a transcript thereof with the findings and recommendation of the commission shall be the official record of the proceedings and findings in the case, and in any case where the findings in such investigation show a violation of this section, a copy of the findings shall be promptly mailed or delivered to the importer or consignee of such articles. Such findings, if supported by evidence, shall be conclusive, except that a rehearing may be granted by the commission and except that, within such time after said findings are made and in such manner as appeals may be taken from decisions of the United States Customs Court, an appeal may be taken from said findings upon a question or questions of law only to the United States Court of Customs and Patent Appeals by the importer or consignee of such articles. If it shall be shown to the satisfaction of said court that further evidence should be taken, and that there were reasonable grounds for the failure to adduce such evidence in the proceedings before the commission, said court may order such additional evidence to be taken before the commission in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts or make new findings by reason of additional evidence, which, if supported by evidence, shall be conclusive as to the facts except that within such time and in such manner an appeal may be taken as aforesaid upon a question or questions of law only. The judgment of said court shall be final.

(d) **TRANSMISSION OF FINDINGS TO PRESIDENT.**—The final findings of the commission shall be transmitted with the record to the President.

(e) **EXCLUSION OF ARTICLES FROM ENTRY.**—Whenever the existence of any such unfair method or act shall be established to the satisfaction of the President he shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this Act, shall be excluded from entry into the United

States, and upon information of such action by the President, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the President shall be conclusive.

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

(g) **CONTINUANCE OF EXCLUSION.**—Any refusal of entry under this section shall continue in effect until the President shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

(h) **DEFINITION.**—When used in this section and in sections 338 and 340, the term “United States” includes the several States and Territories, the District of Columbia, and all possessions of the United States except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

SEC. 338. DISCRIMINATION BY FOREIGN COUNTRIES.

(a) **ADDITIONAL DUTIES.**—The President when he finds that the public interest will be served thereby shall by proclamation specify and declare new or additional duties as hereinafter provided upon articles wholly or in part the growth or product of, or imported in a vessel of, any foreign country whenever he shall find as a fact that such country—

(1) Imposes, directly or indirectly, upon the disposition in or transportation in transit through or reexportation from such country of any article wholly or in part the growth or product of the United States any unreasonable charge, exaction, regulation, or limitation which is not equally enforced upon the like articles of every foreign country; or

(2) Discriminates in fact against the commerce of the United States, directly or indirectly, by law or administrative regulation or practice, by or in respect to any customs, tonnage, or port duty, fee, charge, exaction, classification, regulation, condition, restriction, or prohibition, in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country.

(b) **EXCLUSION FROM IMPORTATION.**—If at any time the President shall find it to be a fact that any foreign country has not only discriminated against the commerce of the United States, as aforesaid, but has, after the issuance of a proclamation as authorized in subdivision (a) of this section, maintained or increased its said discriminations against the commerce of the United States, the President is hereby authorized, if he deems it consistent with the interests of the United States, to issue a further proclamation directing that such products of said country or such articles imported in its vessels as he shall deem consistent with the public interests shall be excluded from importation into the United States.

(c) **APPLICATION OF PROCLAMATION.**—Any proclamation issued by the President under the authority of this section shall, if he deems

it consistent with the interests of the United States, extend to the whole of any foreign country or may be confined to any subdivision or subdivisions thereof; and the President shall, whenever he deems the public interests require, suspend, revoke, supplement, or amend any such proclamation.

(d) **DUTIES TO OFFSET COMMERCIAL DISADVANTAGES.**—Whenever the President shall find as a fact that any foreign country places any burden or disadvantage upon the commerce of the United States by any of the unequal impositions or discriminations aforesaid, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty as he shall determine will offset such burden or disadvantage, not to exceed 50 per centum ad valorem or its equivalent, on any products of, or on articles imported in a vessel of, such foreign country; and thirty days after the date of such proclamation there shall be levied, collected, and paid upon the articles enumerated in such proclamation when imported into the United States from such foreign country such new or additional rate or rates of duty; or, in case of articles declared subject to exclusion from importation into the United States under the provisions of subdivision (b) of this section, such articles shall be excluded from importation.

(e) **DUTIES TO OFFSET BENEFITS TO THIRD COUNTRY.**—Whenever the President shall find as a fact that any foreign country imposes any unequal imposition or discrimination as aforesaid upon the commerce of the United States, or that any benefits accrue or are likely to accrue to any industry in any foreign country by reason of any such imposition or discrimination imposed by any foreign country other than the foreign country in which such industry is located, and whenever the President shall determine that any new or additional rate or rates of duty or any prohibition hereinbefore provided for do not effectively remove such imposition or discrimination and that any benefits from any such imposition or discrimination accrue or are likely to accrue to any industry in any foreign country, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty upon the articles wholly or in part the growth or product of any such industry as he shall determine will offset such benefits, not to exceed 50 per centum ad valorem or its equivalent, upon importation from any foreign country into the United States of such articles; and on and after thirty days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such articles.

(f) **FORFEITURE OF ARTICLES.**—All articles imported contrary to the provisions of this section shall be forfeited to the United States and shall be liable to be seized, prosecuted, and condemned in like manner and under the same regulations, restrictions, and provisions as may from time to time be established for the recovery, collection, distribution, and remission of forfeitures to the United States by the several revenue laws. Whenever the provisions of this Act shall be applicable to importations into the United States of articles wholly or in part the growth or product of any foreign country,

they shall be applicable thereto whether such articles are imported directly or indirectly.

(g) **ASCERTAINMENT BY COMMISSION OF DISCRIMINATIONS.**—It shall be the duty of the commission to ascertain and at all times to be informed whether any of the discriminations against the commerce of the United States enumerated in subdivisions (a), (b), and (e) of this section are practiced by any country; and if and when such discriminatory acts are disclosed, it shall be the duty of the commission to bring the matter to the attention of the President, together with recommendations.

(h) **RULES AND REGULATIONS OF SECRETARY OF TREASURY.**—The Secretary of the Treasury with the approval of the President shall make such rules and regulations as are necessary for the execution of such proclamations as the President may issue in accordance with the provisions of this section.

(i) **DEFINITION.**—When used in this section the term “foreign country” means any empire, country, dominion, colony or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions), within which separate tariff rates or separate regulations of commerce are enforced.

SEC. 339. EFFECT OF REENACTMENT OF EXISTING LAW.

Notwithstanding the repeal by section 651 of the laws relating to the United States Tariff Commission and their reenactment in sections 330 to 338, inclusive, with modifications, the unexpended balances of appropriations available for the commission at the time this section takes effect shall remain available for the commission in the administration of its functions under this Act; and such repeal and reenactment shall not operate to change the status of the officers and employees under the jurisdiction of the commission at the time this section takes effect. No investigation or other proceeding pending before the commission at such time (other than proceedings under section 315 of the Tariff Act of 1922) shall abate by reason of such repeal and reenactment, but shall continue under the provisions of this Act.

SEC. 340. DOMESTIC VALUE—CONVERSION OF RATES.

[The investigation required by this section has been completed.]

SEC. 341. INTERFERENCE WITH FUNCTIONS OF COMMISSION.

(a) **INTERFERING WITH OR INFLUENCING THE COMMISSION OR ITS EMPLOYEES.**—It shall be unlawful for any person (1) to prevent or attempt to prevent, by force, intimidation, threat, or in any other manner, any member or employee of the commission from exercising the functions imposed upon the commission by this title, or (2) to induce or attempt to induce, by like means any such member or employee to make any decision or order, or to take any action, with respect to any matter within the authority of the commission.

(b) **PENALTY.**—Any person who violates any of the provisions of this section shall, upon conviction thereof, be fined not more than \$1,000 or imprisonment for not more than one year, or both.

(c) **DEFINITION.**—As used in this section the term “person” includes an individual, corporation, association, partnership, or any other organization or group of individuals.

SEC. 350. PROMOTION OF FOREIGN TRADE.

NOTE.—Those who wish to present information with respect to reciprocal trade agreements provided for in this section should address their communications to the Committee for Reciprocity Information, Old Land Office Building, Washington, D. C. Information concerning the Committee's regulations may be obtained upon request.

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

(1) To enter into foreign-trade agreements with foreign Governments or instrumentalities thereof; and

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

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba:

EXTENSION OF SECTION 350 FOR 3 YEARS FROM JUNE 12, 1937

Joint Resolution

To extend the authority of the President under section 350 of the
Tariff Act of 1930, as amended

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended by the act (Public, No. 316, 73d Cong.) approved June 12, 1934, is hereby extended for a further period of 3 years from June 12, 1937.

Approved, March 1, 1937.

SECTION 402 (g)—TITLE IV. DEFINITION OF AMERICAN SELLING
PRICE

SEC. 402.

(g) The American selling price of any article manufactured or produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for delivery, at which such article is freely offered for sale to all purchasers in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities in such market, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such merchandise when sold in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

