

Twenty-fourth Annual Report

of

The United States Tariff Commission



1940



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1940

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, 1940.

SIR: I have the honor to transmit to you the Twenty-fourth 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-FOURTH ANNUAL REPORT

INTRODUCTION AND SUMMARY

CHANGES IN COMMERCIAL POLICY AND THEIR EFFECT UPON THE WORK OF THE TARIFF COMMISSION

The past year has witnessed a decided change in the emphasis of the Tariff Commission's activities in conformity with requirements of current developments in international relations. The last annual report of the Tariff Commission was written shortly after the outbreak of war in Europe. The trade of Czechoslovakia and Poland was under the domination of Germany, and the trade of all Europe had been indirectly affected by the war. Germany had for a long period controlled her trade in anticipation of war. Soon after war was declared the French and British Empires likewise undertook drastic measures to control their trade; in September exchange control was instituted; it was preceded in France and followed in Great Britain by embargoes on exports of essential commodities and by prohibition of imports of luxury products and the licensing of other import items, and in a short time both countries were under an economy directed for the maximum war effort.

Neutral countries felt themselves immediately affected. Beginning shortly before the hostilities and within the next month or two, practically every country in Europe and several in Latin America tightened existing trade controls or established new measures of control, especially restrictions on exports. As the war progressed, the general tendency among belligerents and neutrals alike was to increase the controls over both foreign and domestic trade. Change in controls was least evident in Germany because that country had been under a complete war economy for several years. The other belligerents, including Japan, which had been at war for 2 years longer than the others, continued to revise, extend, and tighten their measures to turn all efforts and all expenditures to military uses. Early in 1940, for example, the trade controls in the Balkan States were being centralized; and after the German invasion of Denmark, Norway, Holland, Belgium, and France, and the extension of the British blockade to those countries, trade was further disrupted. Tariff played almost no part in these developments. Some of the belligerents even reduced a few tariff rates as other types of control were adopted, but generally the scattered tariff changes of the period were upward.

Bolivia alone made a general revision of its tariff in the past year, but it represented a technical reclassification and consolidation rather than a change of tariff policy. Apart from Bolivia, among the neutrals, Peru made perhaps the greatest number of tariff increases.

One feature of the period is the increased restrictions on exports, but in lesser degree there has also been a tendency to multiply export subsidies. Another feature is the forced customs unions of small states with larger. Italy assimilated Albania on March 1, 1940. Shortly after their surrender, eastern Poland, the Baltic States, and Bessarabia were incorporated into the Union of Soviet Socialist Republics. The customs frontiers between Germany and annexed territories have been removed by stages, resulting in a gradual enlargement of the area within which the totalitarian system of foreign-trade control has been made effective. This system includes the application of the German tariff and customs laws and of the regulations pertaining to foreign-trade statistics, of foreign-exchange regulations, of turn-over and consumption taxes in general, and of the principal monopoly and other trade controls, as well as the establishment of reichsmark currency.

SUMMARY OF THE WORK OF THE TARIFF COMMISSION

Work under general powers.

The basic functions of the Tariff Commission defined in the act of Congress establishing the Commission, in 1916, were reenacted in the Tariff Act of 1930, which defines the present functions of the Commission, and charges it with the duty of investigating, among other matters, the administration and fiscal and industrial effects of the customs laws, the tariff relations between the United States and foreign countries, commercial treaties, and "conditions, causes, and effects relating to competition of foreign industries with those of the United States." This broad authority and responsibility to investigate matters of international commercial policy, for the information of Congress, the President, and other departments of the Government, is particularly important in periods of international disturbance and transition. Following the First World War the Tariff Commission gave special attention to the problems created by the resumption of trade relations which had been interrupted by the war, such as the problem brought about by depreciated exchange, and to such matters as commercial treaties and colonial tariff policies. Now, in another disturbed era in the world's history, the work of the Commission may be broadly characterized as an effort to bring together the body of economic, statistical, and technical data required for the formulation of national commercial policy not only during the chaos created by war but in preparation for the period of trade reconstruction to follow. As a background for this work the Commission has an intimate knowledge of the industries and trade of this country and of trade and trade policies of foreign countries gained through its 24 years of investigation and research.

Because of the large body of technical data on the production of important commodities, and on the nature and sources of imports, which the Commission has in its possession, it has been able to contribute substantially to the national preparedness program. Cooperating closely with the Advisory Commission on National Defense, the Commission has been represented on technical advisory committees, has loaned experts, and has furnished a great deal of statistical, economic, and technical data. In addition it has made many special studies on strategic, critical, and essential materials, for both the

Defense Commission and the Army and Navy Munitions Board, and has furnished information on industrial capacity and requirements, specifications of commodities, probable "bottlenecks" in production, figures in regard to stock piles, and data to be used in estimating probable price movements and the effect of the defense program on consumers.

Another undertaking on which the Tariff Commission has rendered assistance is in the preparation of an inventory of cost information made by the Bureau of Research and Statistics of the Defense Commission. The purpose of this inventory is to ascertain the availability in the various Government departments of cost data with respect to individual commodities. Because of the availability of the costs obtained by the Commission under the flexible provisions of the tariff act and in the course of its general studies, it has in its files an unusually large amount of cost data.

Adapting its activity to current needs, the Tariff Commission has made a study of the effects of the first year of the war on the United States import trade. This study contains detailed statistics of imports of each article or group of articles, by their major sources, together with data on production and consumption, a discussion of the place of the article in the United States economy, and of the possibility of increasing domestic production of the article or of using substitutes for commodities no longer available. A report published in November 1939, entitled "The European War and United States Imports," afforded a basis for estimating the probable effect of hostilities on the trade of the United States. This report has been used by departments of the Government concerned with defense problems and has also been distributed to the general public. The new report, based on actual experience during the first year of hostilities, should prove even more useful than the first.

One of the principal current interests growing out of the definite policy of Western Hemisphere defense is the cultivation of closer economic relations with Latin America. The Tariff Commission is represented on the Interdepartmental Committee on Cooperation With American Republics, and as a contribution toward the solution of this current problem it is now making a study of the foreign trade of Latin America. Several volumes in this series have already been issued. In an entirely new departure in the Commission's general program, part I, entitled "Trade of Latin America With the World and With the United States," was translated into Spanish and made available for use at the Habana Conference. This Spanish translation of the latest available economic data on Latin America has had a wide distribution also in the various Latin-American countries in response to many requests. A Graphic Analysis of the Trade of Latin America was also prepared for use at the Habana Conference. The charts and maps in this report portray the geographic distribution of the imports and exports, as well as other pertinent features of the foreign trade, of the Latin-American countries. The Commission also issued, during the year, a Reference Manual of Latin-American Commercial Treaties, which lists the commercial treaties and agreements negotiated by 20 countries throughout their entire history. No such guide or reference manual to the commercial

treaties of these countries has ever before been available. Its translation into Spanish is now being undertaken.

Under its general authority to investigate broad developments in commercial policy, the Commission has made a study of Italian commercial policy and foreign trade, 1922 to 1939. Italy is one of the countries that have adopted programs aiming at a high degree of national economic self-sufficiency. The Italian report presents a comprehensive analysis of Italy's system of trade and exchange control and of Italian foreign commerce from the beginning of the Fascist regime in 1922 to September 1939, when the publication of trade statistics was suspended by the Italian Government. A brief account is given also of later events up to Italy's entry into the war in June 1940. The Commission is also making analyses of the recent trade policies and practices of Germany and Japan.

Another report completed by the Commission and soon to be issued is entitled "Regulation of Imports by Executive Action." The use of quotas, clearing agreements, and exchange control as methods of regulating imports in many countries has been one of the outstanding developments of recent years. These instruments of commercial policy are controlled almost invariably by the executive branch of the respective governments, and the way in which they are used, and the results of such action, are among the most important current topics in the field of international commercial policy. The Commission's report will contain a brief summary of developments in the most important countries.

In 1935, the Commission inaugurated a new program of commodity surveys. Seven of these comprehensive industry studies were published in 1937 and 1938—Chemical Nitrogen, Flat Glass, Sodium Sulphate, Mica, Iron and Steel, Cutlery Products, and Synthetic Resins, and two in 1939—Incandescent Electric Lamps, and Grapes, Raisins, and Wines. A survey on Pocket Cutlery was issued, in multilithed form, as a supplement to the printed survey on Cutlery Products, and its contents were summarized in the annual report for 1938. Two surveys—Starches and Dextrines, and Glues, Gelatins, and Related Products—were completed in 1939, and a limited number of mimeographed copies were distributed to interested parties. The printed editions are now available for general distribution. A survey on Silverware was published in May 1940 and one on Earthen Floor and Wall Tiles will soon be off the press. Other surveys are now in progress. These commodity surveys contain information gathered by the Tariff Commission's experts over a period of years.

The Commission has continued to keep up to date the summaries of tariff information on the several thousand commodities covered by the tariff act. The basic information contained in these summaries is available at all times to answer inquiries from committees and members of Congress, from Government departments, and from the general public on questions of commercial policy. Through field work carried on during the year, a large amount of first-hand information of an economic and technical nature has been obtained by the Tariff Commission's experts, and this fund of information is freely drawn upon by those concerned with defense matters, as well as by the Commission itself in handling problems of foreign competition and international commercial policy.

The Commission issued its customary report on the Production and Sales of Synthetic Organic Chemicals in the United States. Begun in 1917 under the administration of section 501 of the Revenue Act of 1916, this report has been made annually by the Tariff Commission since that time. The Commission also issued a statistical analysis of certain classes of chemicals dutiable under paragraph 5 of the Tariff Act of 1930 which were imported in 1938 through the New York customs district. These are the so-called basket classifications, composed of miscellaneous related chemical and medicinal products not specially provided for elsewhere in the tariff act.

The Commission continues to follow closely the wood-pulp situation. Senate Resolution No. 160, Seventy-sixth Congress, adopted August 1, 1939, directed the Commission to investigate and report on the competition between domestic and imported wood pulp and pulpwood. The Commission instituted such an investigation; but on the outbreak of war the situation changed, imports fell off, and the Commission advised the Senate that, in the absence of further instructions, the investigation would not be completed for the time being but that a continuing study of the situation would be made. Since March 1940 there have been practically no imports of wood pulp from Europe; imports from Canada have increased somewhat, and domestic production has increased.

The Commission has issued a number of shorter reports, some of which have been mainly for interdepartmental use and others of more general interest. A report on crude rubber, released late in 1939, summarizes the situation at that time with special reference to the effect of war conditions on United States imports. Another report, that on transportation costs and value of principal imports, shows transportation costs in the spring of 1940 on United States imports of some 200 commodities from each of the principal supplying countries, compared with transportation costs on the same commodities just prior to the outbreak of the present World War. The report shows, for each commodity, the value and quantity of the imports, war-risk cargo insurance, percentage of increase in freight rates, and the relation of pre-war freight to value.

The Commission issued, during the year, a supplement to Changes in Import Duties Since the Passage of the Tariff Act of 1930 and a supplement to Reciprocal Trade: A Current Bibliography. It also issued Imports of Textiles, 1931 to 1939, tables showing by tariff schedule the changes in rates of duty and general trend of imports of textiles during those years, and an up-to-date list of publications of the Tariff Commission.

Work of the Tariff Commission under special provisions of law.

During the past year, the work of the Tariff Commission under section 350 of the Tariff Act of 1930, as amended (the Reciprocal Trade Agreements Act), has been small compared with other phases of its work, only one new trade agreement having been completed since the outbreak of the European war. A large amount of material on the trade-agreements program was prepared, however, when the Congress was considering the extension of the Trade Agreements Act early in 1940.

The data prepared covered each of the approximately 1,200 items on which concessions have been made by the United States in all

the agreements negotiated to date. This material was submitted to the Committee on Finance of the Senate during the hearings on the Reciprocal Trade Agreements Act. Information was given on the amount of each concession and the date when made, the equivalent ad valorem rate on imports of each commodity before and after the concession, statistics on the United States imports for consumption of the commodity in years prior to and following the concessions, both from countries to which the concession was granted and in total, and data on the production of the commodity in the United States, the ratio of imports to domestic consumption, and the comparability of the types or grades imported with those produced in the United States. With such information, persons interested in any particular concession may judge its tangible results.

At the request of several members of the Congress, the Commission also prepared a large amount of material for insertion in the record of the hearings before the Ways and Means Committee considering the extension of the Reciprocal Trade Agreements Act. This material includes statistical tables showing the concessions made under the trade agreements, an analysis of bilateral commercial agreements of foreign countries, information on the nature and extent of export controls existing in countries with which the United States has negotiated trade agreements, comparative wage rates in the principal countries, employers' contributions under social insurance systems in selected foreign countries, benefits derived by Japan from trade-agreement concessions made by the United States, and price data on farm commodities.

The Tariff Commission has also prepared a number of studies of groups of commodities affected by the trade agreements. These studies present factual data on United States production, imports, and exports of a related group of commodities, together with an itemization of import and export concessions. They supplement the more detailed consideration, by individual concession items, mentioned above.

The Commission has continued its assistance to the Committee for Reciprocity Information, whose chairman is Oscar B. Ryder, Vice Chairman of the Tariff Commission. The Committee for Reciprocity Information consists of representatives of the Departments of State, Treasury, Agriculture, and Commerce, and of the Tariff Commission. The concession on silver- or black-fox furs in the second trade agreement between the United States and Canada was the subject of a report to the Trade Agreements Committee, and a supplementary agreement which modified the concession on silver- or black-fox furs was signed on December 30, 1939. The State Department on November 8, 1940, announced its intention to negotiate for a further modification of the concession on silver- or black-fox furs. Some of the other commodities on which memoranda have been prepared are lumber, shingles, zinc, tapioca, and hard fiber twine.

Under section 22 of the Agricultural Adjustment Act of 1933, as amended, and in response to a request by the President dated December 13, 1939, the Tariff Commission made an investigation to determine whether wheat and wheat products were being imported or were practically certain to be imported under such conditions and in sufficient quantities as to render or tend to render ineffective or

materially interfere with the program undertaken with respect to wheat under the Soil Conservation and Domestic Allotment Act, as amended, or to reduce substantially the amount of any product processed in the United States from wheat. The Commission has not made a report on this investigation, but has continued to study the changing developments in the wheat situation. The Commission has also made a continuing study, under section 22 of the Agricultural Adjustment Act, of the developments with reference to cotton, cotton waste, and cotton textiles, which were the subject of investigations last year.

Activity under section 336 of the Tariff Act of 1930, the so-called flexible provision, has shown a tendency to increase. In February 1940 an application was filed for an investigation looking toward an increase in the duty on imports of cotton cloth. This application, together with one for an increase in duty on cotton fishing nets and netting, is pending. An application for an increase in the duty on clays or earths artificially activated was dismissed by the Commission in April 1940. Senate Resolution No. 200, Seventy-sixth Congress, adopted on September 27, 1940, directed the Tariff Commission to make an investigation of the cost of production of crab meat. On October 3, 1940, the Commission ordered such an investigation, and it is now in progress. Two public hearings on crab meat have been announced by the Commission, one to be held in Seattle, Wash., on December 4, and the other at the Commission's offices in Washington, D. C., on January 8, 1941.

Wool-knit gloves and mittens, including the embroidered, and the unembroidered if valued at less than \$3.50 per dozen pairs, are the subject of an investigation under section 336. The investigation was ordered on the Commission's own motion. The hearing will probably be held in January 1941.

During the year the Commission dismissed a complaint of importers, made under section 337 of the Tariff Act of 1930, that patent rights were being infringed by certain importations of bath mats, stool covers, etc. It was found, after preliminary investigation, that formal proceedings were not warranted. There is one complaint pending, but no formal investigations are now on the docket of the Commission.

Section 338 of the Tariff Act of 1930 authorizes retaliatory action for discrimination by foreign countries against the commerce of the United States. The law directs the Tariff Commission to advise the President regarding discriminations by foreign countries against the commerce of the United States, and alleged discriminations are receiving active attention. Under this section the President may impose new or additional duties, 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, or he may even exclude entirely from importation into the United States any products of any country that persists in discrimination.

On August 26, 1940, the President approved a report of the Commission on red cedar shingles pursuant to the act of Congress of July 1, 1940 (Public, No. 698, 76th Cong.), and issued a proclamation making effective a duty of 25 cents a square on such shingles imported in excess of a quantity to be ascertained for each calendar year

by the Tariff Commission. This is in accordance with the trade agreement with Canada, effective January 1, 1939, in which the United States reserved the right to place a duty not to exceed 25 cents per square on imported red cedar shingles entered during any calendar year in excess of 30 percent of the annual average consumption during the 3 preceding calendar years. A total of 2,371,544 squares are entitled to duty-free entry in the calendar year 1940.

Miscellaneous activities of the Tariff Commission.

The Commission continues its cooperation with other Government departments—an important aspect of its work in previous years. One of the outstanding developments in the consideration of international commercial problems by the Government has been the growth in the past few years of interdepartmental cooperation. Several agencies of the Government have functions which relate to problems of foreign trade. Inasmuch as independent action by different departments and commissions might produce conflicts in policy, cooperative consideration of problems has been encouraged. The Executive Committee on Commercial Policy is one of the principal agencies through which cooperative action is instituted, and on this the Tariff Commission is represented. Problems of import and export trade, transportation, and finance thus receive unified consideration. In the solution of many problems of commercial policy, the economic, statistical, and technical data prepared by the Commission have been of material value. In addition the Tariff Commission is represented on various other committees having to do with international commercial policy.

The Commission has taken an active part in the consideration of measures to promote cooperation with Latin America, in addition to preparing a report on the Foreign Trade of Latin America. The Interdepartmental Committee on Cooperation with the American Republics, of which Commissioner Edgar B. Brossard is a member, has approved a plan for the selection of four men from South American countries, to be assigned to the Tariff Commission to study the methods of the United States Government in dealing with matters of international commercial policy. This plan is similar to the one which has been in effect with respect to United States college students. Under the plan a limited number of students are assigned each year to various Government departments, in an unpaid status, in order that they may gain experience and information in public administration. These men, of course, do not have access to confidential material.

At the request of the Treasury, the Department of Commerce, the Department of the Interior, and the House of Representatives' Committee on Internal Migration, as well as the Advisory Commission on National Defense, experts from the staff of the Commission were loaned for temporary special service. A considerable amount of staff time has been expended on projects carried out in collaboration with the Division of Statistical Standards of the Bureau of the Budget, the Labor Department, the Maritime Commission, and other Government agencies. A member of the Commission's staff, Mr. Harold D. Gresham, who has been loaned to the Paraguayan Government at its request, has continued his study at Asuncion of the customs procedure of that country.

Members of the Commission's staff have, during the past year, supplied the House Committee on Merchant Marine and Fisheries with a substantial amount of information on the employment of aliens in the American fisheries and on alien ownership of American fishing vessels. A report entitled "Operations of American Fisheries in Foreign Waters" was prepared for the committee, and was published by the committee in the transcript of hearings on H. R. 8475, 76th Congress, a bill to define American fisheries.

The Commission continues to direct offices under the Work Projects Administration in Richmond, New York City, and Washington. The staff at the Richmond office has been considerably reduced in number. Through the work of the Richmond and New York offices, a large amount of statistical data, not heretofore available, particularly with reference to imports in the so-called basket or catch-all paragraphs of the tariff, has been obtained for the use of the Tariff Commission's experts and interested persons in various branches of industry and trade. The Washington project has done a large amount of work in reorganizing certain of the Commission's files.

The Commission has answered the usual number of requests for information on tariff and international trade matters received from members of Congress and the general public. Many such requests involve considerable research. Committees of Congress refer bills and resolutions to the Commission for comment or report, and staff members are often called upon to supply technical information. With Congress continuously in session, the Commission has been more than usually active on this phase of its work.

CURRENT WORK

The scope of the Tariff Commission's work, like that of many other agencies of the Government, has been materially affected by the international situation. In the search for a solution of the many urgent new problems that have arisen, the necessity for interdepartmental cooperation has increased.

The Commission is required by law to put at the disposal of the appropriate committees of Congress all information at its command and "in appropriate matters act in conjunction and cooperation" with the Federal departments and other agencies of the Government. Carrying out these provisions has been an unusually important part of the work of the Commission in the past year, partly because of the national-defense program and partly because of international developments.

COOPERATION WITH OTHER GOVERNMENT DEPARTMENTS

National-defense program.

In carrying out the provisions of section 334 of the Tariff Act of 1930, which directs the Commission to cooperate with other Government agencies, a broad interchange of services has been built up between the Commission and those agencies of the Government having work in the same or closely related fields. The working relationships with the Department of State, the Department of the Treasury, the Department of Agriculture, the Department of Commerce, and

other agencies continue to develop; many of them, like the regular exchange of statistical and technical information, being now routine. The rapid developments in the national-defense program since September 1939 have increased the direct services of the Tariff Commission in furnishing to such agencies as the War and Navy Departments information on commodities, resources, and international trade. Indirectly the demands of the defense agencies on other departments have increased the calls upon the Tariff Commission for assistance. As a result of organized work, professional experience, and official responsibility for over 20 years in the field of trade data, the Tariff Commission is a source of expert information to which agencies turn naturally for much of the information required by them.

Anticipating the need of the National Defense Commission and other agencies for a great deal of current industrial information, the Commission last spring undertook an unusually large amount of field work. Approximately 70 members of the staff spent short periods in the field in order to acquire the latest information and to renew their contacts with representatives of industry and of trade.

Assistance to the National Defense Commission continues to take about a third of the time of the staff. Information has been supplied on strategic and critical materials and also on numerous topics, among them capacity of industrial plants, consumption of various commodities, total material requirements for various defense items, cost information, and availability of imports.

In order to facilitate cooperation between the Commission's staff and that of the Advisory Commission to the Council of National Defense, the Chief of the Commission's Economic Division has been designated as a member of the staff of the Bureau of Research and Statistics of the Defense Commission. In this capacity he also serves as liaison officer between the two staffs. He is assisted in this work by a senior member of the Economics staff who has been loaned to the Bureau, on a full-time basis, for that purpose.

Numerous members of the Tariff Commission's staff of experts have been called upon by the various offices of the Defense Commission and the Army and Navy Munitions Board to advise and to assist in the preparation of reports on many different subjects.

Because of the nature of work done for the Council for National Defense and for the Army and Navy Munitions Board, a detailed list of the subjects covered cannot be included in this report. However, the list is extensive, and the Commission is prepared to supply information on a great many other items. Each memorandum, letter, or report prepared represents the best interpretation by trained experts of present basic and current facts for direct use in the problem of the moment.

One task which the Tariff Commission performed for the Defense Commission was to assist in the preparation of an inventory of cost data now in the files of Government departments. For this study, the Tariff Commission has supplied the Defense Commission with over 400 index sheets indicating the existence of domestic cost data in the Commission's files or publications. About 100 of these sheets relate to cost information obtained during investigations under the rate-adjustment provision (sec. 336) of the act of 1930. An even larger number of the sheets relate to cost data secured in investigations under

our general powers, including information recently obtained in the Commission's study of cost trends and variations. Costs have also been obtained by the Commission in the course of special investigations made at the request of Congress or under special provisions of law such as section 3 (e) of the National Recovery Act. The total of over 400 notations includes a number of cross references respecting domestic production data but does not include any reference to extensive foreign costs also in the Commission's files.

Interdepartmental cooperation.

The Commission has rendered assistance to more than 25 different Government agencies. Some of the more important contacts are summarized below.

Cooperation with the State Department was continuous throughout the year, in addition to assistance referred to elsewhere, relative to the trade-agreements program. The State Department work to which the Tariff Commission devoted the most time was the material prepared for use at the Habana Conference, held in July.

The Commission has done considerable work for the Temporary National Economic Committee in supplying factual information and statistical and other data helpful to that committee in carrying out its program.

Mention should also be made of the assistance furnished the Treasury Department, the Department of Commerce, and the Division of Statistical Standards of the Bureau of the Budget.

Assistance to the Treasury Department consisted principally of the loan of important staff members but has also included a great deal of cooperative work with the Treasury Department having to do with the problems that arise in the administration of tariff matters.

The Commission collaborated with the Department of Commerce in the compilation of records of foreign investments and in the preparation of the semiannual Dye Import List.

In accordance with provisions of law, the Commission has likewise cooperated with the Treasury Department and the Department of Commerce in the revision of the statistical classifications of imports.

Work done in cooperation with the Division of Statistical Standards of the Bureau of the Budget occupied the time of a number of members of the staff, particularly in the fall of 1939. This was largely a revision of the Standard Industrial Classification.

The staff also cooperated extensively with the Labor Department, the Maritime Commission, the Department of the Interior, and the Department of Agriculture. Some assistance was also rendered to the Federal Trade Commission, the Department of Justice, the Surplus Commodities Corporation, and the Securities and Exchange Commission. Beyond these, a fairly significant amount of assistance was given to other departments.

A portion, but by no means the greater part, of the interdepartmental cooperation was through temporary loans of personnel for whose services the Commission was reimbursed.

Membership on interdepartmental committees.

The Commission's representation and service on the following interdepartmental committees represents another important part of its general cooperative activities:

The Executive Committee on Commercial Policy.
Subcommittees of the Advisory Commission of the Council of National Defense.
Advisory Committee on Administration of Export Control.
Subcommittees of the Army and Navy Munitions Board.
Interdepartmental committees on cooperation with American Republics.
Committee on National Food Resources.
Interdepartmental committees on Philippine affairs.
Interdepartmental committees on personnel and administrative matters.
Technical Committee on Industrial Classification.
The Committee on Trade Agreements and its country subcommittees.
The Committee for Reciprocity Information.

Assistance to the Congress.

One of the most direct ways in which the Commission assists members of Congress is by supplying information for their use in Congress or in answering questions raised by their constituents. During the past year the Commission has received and answered a large volume of such requests. These have covered a wide variety of subjects and while most of them dealt with details of the commodities and tariff rates thereon, some covered broad aspects of international commercial relations, treaties, and subjects requiring extensive research.

A large amount of information was also supplied to the committees of the Congress during the year, especially to the Committee on Ways and Means of the House and the Finance Committee of the Senate during their consideration of extension of the Trade Agreements Act. This phase of the Commission's work is discussed in this report in the section dealing with the trade agreements program.

The Commission has also given assistance to the Committee on Merchant Marine and Fisheries. Members of the Commission's staff supplied the committee with a substantial amount of information on employment of aliens in the American fisheries and on alien ownership of American fishing vessels. As these matters were investigated by the Tariff Commission in 1931 and 1935, the information then collected, together with data on recent changes, supplied much of the material needed by the committee.

The Commission also prepared a special report for the committee covering the operations of American fisheries in foreign waters. This report, accompanied by maps and charts, was supplied at the time of the committee's consideration of H. R. 8475, 76th Congress, a bill to define American fisheries, and was published by the committee in its April 16 transcript of hearings on defining American fisheries.

The Commission now has on detail with the House Committee on Internal Migration a member of the staff to assist in the investigation of this subject.

Acknowledgments.

The Commission again acknowledges with appreciation the substantial help it has received in basic statistical material, and through both the regular and special reports prepared or made available to the Tariff Commission by the Department of State, Department of the Treasury, Department of Agriculture, Department of Commerce, Department of Labor, Federal Trade Commission, Interstate Commerce Commission, Work Projects Administration, and the Maritime Commission.

TARIFF COMMISSION ACTIVITIES IN THE TRADE AGREEMENTS PROGRAM

Extension of the Trade Agreements Act.

In April of this year the Congress by joint resolution extended the authority provided for in the Trade Agreements Act for 3 years from June 12, 1940.

During the hearings held by the Committee on Ways and Means of the House and by the Finance Committee of the Senate, as well as during consideration of the resolution on the floor of each of the houses of Congress, the Tariff Commission was active in the performance of its duty under the law in supplying information to majority and minority sides and to individual members of the Congress. A member of the Commission presented testimony at the committees' hearings; senior members of the staff were available to the committee and were consulted. In addition to these personal services the Commission complied with many special requests from various members of Congress, some of which required considerable work.

Several compilations were prepared for the general use of those concerned with this legislation. Among these publications are United States Imports and Trade Agreement Concessions and a supplement bringing up to date Reciprocal Trade—A Current Bibliography.

Trade agreements.

Since the enactment of the Trade Agreements Act in June 1934, 22 agreements have been concluded; 19 of these and 2 supplemental agreements are still in effect. The countries with which agreements have been concluded are listed below:

Country :	<i>Effective date</i>
Belgium.....	May 1, 1935.
Brazil.....	Jan. 1, 1936.
Canada ¹	Do.
Canada.....	Jan. 1, 1939.
Supplemental Canadian agreement.....	Jan. 1, 1940.
Colombia.....	May 20, 1936.
Costa Rica.....	Aug. 2, 1937.
Cuba.....	Sept. 3, 1934.
Supplemental Cuban agreement.....	Dec. 23, 1939.
Czechoslovakia ²	Apr. 16, 1938.
El Salvador.....	May 31, 1937.
Ecuador.....	Oct. 23, 1938.
Finland.....	Nov. 2, 1936.
France, and its colonies, dependencies, and protectorates, other than Morocco.....	June 15, 1936.
Guatemala.....	Do.
Haiti.....	June 3, 1935.
Honduras.....	Mar. 2, 1936.
Netherlands, including Netherlands Indies, Netherlands Guiana, and Netherlands West Indian Islands.....	Feb. 1, 1936.
Nicaragua ³	Oct. 1, 1936.
Sweden.....	Aug. 5, 1935.
Switzerland.....	Feb. 15, 1936.
Turkey.....	May 5, 1939.
United Kingdom.....	Jan. 1, 1939.
Venezuela.....	Dec. 16, 1939.

¹ Superseded.

² Duty concessions terminated on Apr. 22, 1939.

³ Duty concessions terminated on Mar. 10, 1938.

In 1939 the State Department announced that negotiations would be undertaken for a revision of the existing trade agreement with Belgium and for agreements with Argentina, Chile, and Uruguay. In January 1940 announcement was made that the negotiations with Argentina and with Uruguay had been suspended.

Supplemental agreements with Cuba and with Canada became effective on December 23, 1939, and January 1, 1940, respectively. This additional agreement with Canada placed a quota on the imports of silver- and black-fox furs.

On November 8, 1940, announcement was made by the State Department of further trade-agreement negotiations with Canada. These negotiations will be limited to modification of the provisions contained in the supplementary agreement with Canada signed December 30, 1939. November 22 was the final date set for filing written statements for consideration in these negotiations and November 27 the date for the public hearing.

On November 28, 1940, the President signed a proclamation terminating in part, as of January 1, 1941, the concessions on handkerchiefs granted in the trade agreement with Switzerland.

Assistance to the Committee for Reciprocity Information.

The Tariff Commission has continued to assist in the work of the Committee for Reciprocity Information. This committee was created by the President in 1934 under the provisions of the Trade Agreements Act. Its members consist of representatives of the Departments of State, Treasury, Agriculture, and Commerce, and of the Tariff Commission. Mr. Oscar B. Ryder, Vice Chairman of the Tariff Commission, is its chairman, and Mr. A. M. Fox, a Commissioner, is its vice chairman. The technical and research work of the committee is performed principally by the staff of the Tariff Commission.

The committee receives oral or written data and views from any individual or group interested in trade-agreement matters. Data may be submitted in the form of statements under oath, and written statement may be supplemented by oral testimony at the public hearings held prior to the commencement of negotiation of any agreement. Interested parties may also submit information by letter or orally at informal conferences with members of the committee. Information and statements submitted to the committee other than those at public hearings are held in confidence and are made available only to the Government agencies concerned with the trade-agreements program.

In addition to the usual number of representations made to the committee in regard to agreements now in effect or in process of negotiation, the European war has created problems in the operation of the trade agreements, resulting in requests to the committee from affected interests for modification of concessions made in the agreements already negotiated.

The Commission has assisted the Committee for Reciprocity Information in a substantial way by lending members of its staff and by making inquiries on specific commodities, such as handkerchiefs, lumber, shingles, silver- and black-fox furs, zinc, tapioca, and hard-fiber twine. Study of the questions involved in several of these requests required considerable investigation, including field inquiries.

Digests are made by the staff of the Commission of all data supplied to the committee, whether by sworn statement, letter, at public hear-

ings, or through informal conference, and these digests, together with the original material, are transmitted to the appropriate members of the interdepartmental trade-agreements organization.

The number of statements filed and of appearances at hearings since the establishment of the committee is summarized 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
Argentina ¹	225	91	France.....	470	66
Belgium.....	145	28	Guatemala.....	67	(²)
Do. ²	157	40	Haiti.....	58	5
Brazil.....	139	18	Honduras.....	61	(³)
Canada ³	350	90	Italy.....	200	40
Do. ⁴	250	115	Netherlands.....	150	37
Chile.....	121	33	Nicaragua.....	59	(⁵)
Colombia.....	100	10	Spain.....	102	7
Costa Rica.....	67	(⁶)	Sweden.....	91	16
Czechoslovakia.....	266	100	Switzerland.....	170	27
Cuba.....	85	23	Turkey.....	98	18
Do. ⁵	210	56	United Kingdom.....	867	320
Ecuador.....	115	5	Uruguay ¹	58	12
El Salvador.....	58	(⁷)	Venezuela.....	30	14
Finland.....	50	8			

¹ Negotiations suspended.
² Negotiations for supplemental agreement announced by U. S. Department of State, Aug. 16, 1939.
³ Agreement effective Jan. 1, 1936.
⁴ New agreement negotiated, effective Jan. 1, 1939.
⁵ The appearances noted under Brazil also include those for Guatemala, Nicaragua, El Salvador, Honduras, and Costa Rica, which were covered in the same hearing.
⁶ A supplemental agreement was negotiated effective Dec. 23, 1939.

COMPLETED REPORTS

During the past year the Commission has completed 10 major reports, in addition to numerous other reports which have involved less intensive effort on its part. Included among the major reports and of special interest at this time are the studies on the foreign trade of Latin America and on Italian commercial foreign policy and trade and a study of the United States imports during the first year of the war. Four of the reports are a part of the Commission's commodity survey program and deal with starches and dextrans; glues, gelatins, and related products; earthen floor and wall tiles; and silverware. Summaries of these reports and surveys and of the other reports completed during the year appear in the following pages.

Foreign trade of Latin America.

The Commission's report on the Foreign Trade of Latin America has been issued in three parts. Part I, entitled "Trade of Latin America With the World and With the United States," deals with Latin America as a whole; it contains a short description of the Latin-American area, a consideration of the commercial policies of the Latin-American countries, an examination of the total trade of Latin America with the world and with the United States, and an analysis of special problems in the foreign trade of Latin America,

including those arising out of the present European war. Part II, entitled "Commercial Policies and Trade Relations of Individual Latin-American Countries," consists of 20 separate sections and is a survey of the commercial policy and the foreign trade of each of the 20 Latin-American countries, with special emphasis on the trend, composition, and destination of exports, and the trend, composition, and sources of imports. In addition, each section contains an analysis of the trade of the United States with the particular country. Part III, issued in 2 volumes, is entitled "Selected Latin-American Exports" and deals individually with approximately 30 Latin-American export commodities, for each of which there is a discussion of production, exports, trade barriers, competitive conditions, and the effects of the European war.

This report is of special importance inasmuch as an understanding of the commercial policies and trade relations of the Latin-American countries is essential to the promotion of hemisphere solidarity and defense. Part I of the report was translated into Spanish and made available for use at the Habana Conference. It has had wide distribution throughout the Latin-American countries, as well as in the United States. The interest displayed in it by people in the Latin-American countries is indicated by the fact that following an announcement made over several radio stations broadcasting to Latin America over 2,600 requests for copies were received. Most of these were for the Spanish translation.

The trade between Latin America and the United States rests chiefly upon the diversity of the commodities produced in the two regions. This diversity arises from differences in climate, in natural resources, and in economic development. Latin America, in large part, is situated in the Tropical Zone and is a leading world producer of tropical foodstuffs and raw materials. Moreover, it is largely a nonindustrial area. In contrast, the United States is situated in the Temperate Zone and is highly industrialized; its export products are mainly manufactures and agricultural products common to temperate agricultural regions. Trade between the two regions has consisted chiefly of the exchange of Latin-American foodstuffs and industrial raw materials for United States manufactures and semimanufactures.

The United States is by far the largest market for exports from Latin America. In recent years this country has taken approximately one-third of all Latin-American products shipped abroad. In 1938 total exports from Latin America were valued at more than 1,800 million dollars, and those to the United States at nearly 550 million dollars. In that year the United States accounted for 30 percent of the export trade of that area, the United Kingdom for 17 percent, Germany for 10 percent, France for 4 percent, and Italy and Japan for about 2 percent each. During the decade 1929-38, the United States and the United Kingdom maintained their positions as markets for Latin-American goods; Germany and Japan increased in importance, while France and Italy declined. These six countries took 70 percent of Latin-American exports in 1929 and 65 percent in 1938.

The United States is also the principal supplier of commodities imported into Latin America. In 1938 total imports into Latin America were valued at nearly 1,500 million dollars, and those sup-

plied by the United States at about 500 million dollars. In 1929 this country was the source of 39 percent of all Latin-American imports; in 1932 the share of the United States declined to 32 percent and since that time has remained at approximately that level (34 percent in 1938). The share of the United Kingdom in the import trade of Latin America declined from 16 percent in 1932 to 12 percent in 1938. Germany, however, increased its participation from 10 percent in 1932 to 16 percent in 1938. Among the other important industrial countries, France, Italy, and Japan each supplied 3 percent in 1938; of these, only Japan increased its share of the trade during the period 1929-38. These six leading industrial countries supplied approximately 70 percent of Latin-American imports in 1938.

In 1938 Argentina was the most important Latin-American market for United States products; in that year Argentine imports from the United States were valued at nearly 76 million dollars. Other Latin-American markets for United States products, named in the order of their importance, were Cuba, Brazil, Mexico, Colombia, and Venezuela. The same six countries were the principal suppliers in Latin America of exports to the United States. In this category, Mexico ranked first with shipments (including gold and silver) valued at 125 million dollars in 1938; the other countries, listed in the order of their importance, were Cuba, Brazil, Colombia, Argentina, and Venezuela.

In analyzing the trade of Latin America with the United States, the countries of that area may be segregated into four groups or geographic regions. These are the Caribbean countries (Colombia, Venezuela, the Central American countries, Mexico, and the West Indian republics); Brazil; the west-coast South American countries (Bolivia, Chile, Ecuador, and Peru); and the east-coast Temperate Zone South American countries (Argentina, Paraguay, and Uruguay). In these groups the trade with the United States in relation to their total trade (imports and exports combined) is greatest in the Caribbean area, where it averages approximately 50 percent. In Brazil, trade with the United States constitutes about 30 percent of the total, and in the west-coast countries nearly 25 percent, but in the east-coast countries only about 10 percent. The prominent position occupied by the United States in the trade of the Caribbean countries may be attributed to the character of the products (principally tropical agricultural products and minerals) which the Caribbean countries produce and the large demand in the United States for such products, the proximity of these countries to the United States, the capital invested by United States citizens in these countries (estimated at 1,675 million dollars in 1936, or 60 percent of the total invested in Latin America), the direction of the principal trade routes, the availability of shipping services, and the formal or informal relationship existing between their currencies and the United States dollar.

About one-fifth of the value of the United States trade with the world is represented by commerce with Latin America. United States imports from Latin America were valued at 518 million dollars in 1939 and constituted 22 percent of total imports. For a number of major commodities, however, the ratio is far greater; practically all of the imports of coffee, bananas, flaxseed, sodium nitrate, quebracho

extract, and cigar filler tobacco, and a large part of the imports of cacao, cane sugar, sisal and henequen, raw wool, and copper are supplied by Latin America.

In 1939 United States exports to Latin America were valued at 569 million dollars, or 18 percent of total United States exports. Exports to that area are of particular importance to a number of leading manufacturing industries of the United States. Latin-American purchases represent a large part of total United States exports of lard, wheat flour, automobile tires, cotton cloth, tin plate, oil-line pipe, electric household refrigerators, radio receiving sets, mining and oil-well machinery, typewriters, agricultural implements, harvesting machinery, automobiles, trucks, and a number of other products.

United States imports from Latin America as a whole are customarily larger in terms of value than United States exports to that area. In 1938 and 1939, however, this situation was reversed; in 1938 the export trade balance of the United States with Latin America amounted to 41 million dollars and in 1939 to 51 million dollars. This situation has been accentuated since the outbreak of the European war in September 1939. United States imports from Latin America in the 6-month period September 1939–February 1940 were 32 percent greater than in the same period of 1938–39, and imports from all other countries were 27 percent greater. United States exports to Latin America increased even more rapidly; in the 6-month period September 1939–February 1940 they were 54 percent greater than in the same months of 1938–39, while exports to all other countries were only 33 percent greater. This rate of increase can hardly be maintained, unless Latin America obtains more adequate means of paying for purchases of United States products than it now possesses.

Developments in the foreign trade of Latin America growing out of the present European war will likely follow a very different pattern from developments growing out of the last war. Indeed, they have already begun to do so. In general, during the period 1914–19, prices of the principal export products of Latin America increased and in many instances the quantities exported increased also, especially the quantities of products essential to the prosecution of the war, as for example, tin, copper, wheat, cotton, meats, wool, and hides and skins. The rise in value and quantity of exports from Latin America, however, did not follow immediately after the declaration of war. In fact, exports were smaller in terms of value in 1914 than in 1913. This decline was a reflection of adverse economic conditions in 1914, which were intensified by the dislocation of markets and trade routes and the inadequacy of shipping facilities following the declaration of war. These conditions operated to reduce the prices of many export products and thus to reduce the value, as well as the quantity, of exports. Exports in 1915 increased, exceeding those in 1913, and thereafter they increased each year until in 1919 they were 100 percent greater, in terms of value, than they had been in the year before the war began.

Total Latin-American exports to the United States increased each year during the period 1913–19; in 1913 they amounted to 481 million dollars and in 1919 to 1,389 million dollars, an increase of 190 percent. Moreover, the United States absorbed a larger share of Latin-American exports. In 1913, 31 percent of Latin-American exports came to the United States; in 1917, 51 percent; and in 1919, 45 percent.

Imports into Latin America in the period 1913-19 increased less rapidly than did exports therefrom, and the rise in imports began at a later date. The value of imports declined sharply in 1914 and in 1915; not until 1917 did it regain its former level. By 1919 however, imports were nearly 50 percent greater than they had been in the year before the war began. The early decline was caused by adverse economic conditions and the inability of Latin-American countries to obtain goods from Germany and Austria-Hungary and to obtain certain types of goods from other belligerents because of the diversion of their productive facilities to war purposes and because of the acute shortage of shipping facilities. Later, Latin-American countries purchased a larger proportion of their imports from the United States, and the increase in prices contributed to the rise in the value of Latin-American imports. Imports into Latin America from the United States declined from 328 million dollars in 1913 to 254 million dollars in 1914; thereafter they increased until they amounted to 1,020 million dollars in 1919, an increase above the 1913 level of over 200 percent. The share of the United States in Latin-American import trade rose from 25 percent in 1913 to over 50 percent in the years 1916-19.

The present European war has already had a marked effect and, if long continued, will doubtless have a more serious effect upon the foreign commerce of Latin America. The trade of that area with Europe, already affected by increasingly restrictive trade and exchange controls, will be further dislocated by the interference of belligerents with commerce and by their demand for certain strategic materials and foodstuffs. For the duration of the war, Germany and certain other European countries—Czechoslovakia, Poland, Denmark, Norway, Netherlands, Belgium, and France—will probably be neither important markets for Latin-American products nor important sources of Latin-American imports. This will affect certain Latin-American countries and commodities more seriously than others. Latin America may cover a part of this loss in trade by increased sales to the United Kingdom. But the United Kingdom, for financial reasons, will probably confine its purchases, as much as possible, within its own empire, and will also restrict the purchase of materials not essential to the prosecution of the war.

To the extent that current developments dislocate Latin-American trade and restrict the sale of Latin-American products, commodity prices and the purchasing power of the people in that area will be depressed. Even if the exports of certain Latin-American products to the United Kingdom are increased in value, it is not likely that the purchasing power of the Latin-American peoples for goods of the United States or of other nonbelligerent countries will be greatly enhanced unless the payment for such exports is made in free exchange. Should Latin-American countries sell their products to the belligerents for blocked currencies, the opportunity for other countries to increase their sales in the markets of Latin America will be materially reduced. In addition to the inability to obtain free exchange, Latin-American countries may find an increasing tendency on the part of belligerents to demand payment for goods in the currencies of certain selected countries; the United Kingdom on March 9, 1940, stipulated that its exports of certain commodities

must be paid for only in designated currencies, including the United States dollar.

With Germany and certain other European countries practically eliminated as a source of Latin-American imports, the United Kingdom has an opportunity to regain lost markets and the United States has an opportunity to increase its already substantial participation in the Latin-American import trade. Although the United Kingdom may become a very large purchaser of certain Latin-American products, that country, because of its preoccupation with production for war, may be unable to supply the Latin-American demand for many commodities. The United States, however, is in a position to fulfill a large part of such demands. The decline in the importance of European countries as suppliers of imports into Latin America has already brought about an increase in United States exports to these countries, and widespread interest has developed among Latin-American importers in obtaining United States goods to replace those customarily imported from Europe. A continuation of this trend will depend, to a large extent, on the ability of the Latin-American countries to obtain the means for financing increased imports from the United States. This, in turn, will depend upon the ability of the Latin-American countries to obtain credits, to maintain their exports to former markets, and to secure free exchange for such exports, or to cover losses sustained in some of these markets by increasing their exports to others, including the United States itself.

Major commodities produced in Latin America, partly for domestic use and partly for export, include barley, corn, cotton, henequen, and sisal, iron ore, meats, oats, tobacco, wheat, and yerba maté. The principal commodities of which all or the greater part of the entire production is exported include bananas, cacao, chicle, coffee, copper, hides and skins, manganese ore, nitrate, oil-bearing seeds and nuts, petroleum, quebracho extract, rubber, cabinet woods, tin, and wool. Lacking an export market, most of these commodities could find only limited use within the countries which produce them as the economies of these countries are now constituted.

Latin-American countries supply all of the world's quebracho, henequen, and chicle, and they account for about 85 percent of the world's exports of coffee, 70 percent of the exports of fresh, chilled, and frozen beef and veal, 65 percent of the exports of bananas, 50 percent of the exports of cattle hides, 40 percent of the exports of petroleum and petroleum products, 30 percent of the exports of sugar, and 25 percent of the exports of cacao. Several of these countries are also large producers and exporters of tin, antimony, manganese, lead, zinc, tungsten, vanadium, and bauxite (aluminum ore) and other nonferrous metals.

In addition to foodstuffs and raw materials, Latin America has long exported gold and silver in important quantities. In recent years practically all of these exports have been sent to the United States. Imports of gold and silver into this country from Latin America were valued at 152 million dollars in 1929, 156 million dollars in 1938, and 133 million dollars in 1939.

Graphic analysis of the trade of Latin America.

Charts and maps in the graphic analysis of the trade of Latin America portray the geographic distribution of the imports and

exports, as well as other pertinent features of the foreign trade of the 20 Latin-American countries. The position of the Latin-American countries as world suppliers is shown in the charts on leading export commodities.

The charts in this analysis supplement the Commission's report entitled "The Foreign Trade of Latin America." As was part I of that report, the graphic analysis was made available to the delegates attending the Habana Conference held in July of this year.

Reference manual of Latin-American commercial treaties.

Among the general powers conferred upon the Commission by section 332 is that of investigating commercial treaties. As a preliminary to investigation under these powers, the Commission keeps a current record of the commercial treaties concluded by all countries of the world. The increasing importance of inter-American trade in the recent past has led the Commission to publish a reference manual of Latin-American commercial treaties. This manual lists the commercial treaties and agreements negotiated by the 20 Latin-American countries during the entire period of their history. No such guide or reference manual to the commercial treaties of these countries had before been available nor had there ever been any collection of treaties even approximately as complete.

The manual lists all types of bilateral instruments, such as treaties, agreements, conventions, protocols, and notes, which affect tariff rates, trade restrictions, and customs regulations, as well as clearing, compensation payments, and barter arrangements. It also lists other treaties and agreements which contain commercial provisions, even though the treaties themselves are noncommercial. For each agreement, information is given as to the date and the place of signing and of ratification, the effective date and duration, when terminated or terminable, citations of texts and other references, and remarks on substantive provisions such as most-favored-nation treatment, import quotas, and tariff concessions. The agreements between each pair of countries are listed chronologically and their relationship is indicated.

In the preparation of this manual the following sources were examined: The relevant reports of United States Foreign Service officers; the treaty collections (and, where needed, official newspapers and journals) of the Latin-American and of certain non-Latin-American countries; and the recognized general treaty collections, such as the League of Nations Treaty Series and Martens' *Recueil des Traités*.

The translation of the manual into Spanish is now in progress.

Italian commercial policy and foreign trade, 1922-40.

In recent years some countries have adopted programs aiming at a high degree of national economic self-sufficiency and military power, and the consequent far-reaching shifts in international trade have rendered advisable comprehensive studies of their trade policies and of the recent course of their foreign commerce. As was pointed out in the last annual report, the Commission has undertaken the preparation of comprehensive analyses of the recent trade policies and practices of certain countries, including a report on Italy which is now being printed.

The Commission's analysis of Italy's system of trade and exchange control and of its foreign commerce begins with the Fascist regime in 1922 and is carried through to September 1939, when the publication

of trade statistics was suspended by the Italian Government. A brief account is given also of later events up to Italy's entry into the war in June 1940. The report consists of four parts. Part I is a discussion of the general characteristics of the Italian economy and of the main features of Fascist economic policy. Part II contains a detailed account of recent Italian foreign trade and tariff policy, an analysis of the reasons for the adoption of Italian trade and exchange controls, and a detailed discussion of the nature and operation of such techniques of control as import quotas, import licenses and monopolies, export restrictions, and payment, clearing, and compensation agreements. Part III consists of a detailed statistical analysis of Italian foreign trade and United States-Italian trade in recent years and of a discussion of the trade position of the eight commodities most important in United States-Italian commerce. Part IV discusses the results of recent Italian commercial policy. The appendixes contain the text of the temporary commercial agreement now in force between the United States and Italy, detailed statistical data on the principal Italian imports and exports and on the trade between Italy and its dependencies, and comprehensive statistics on all important American commodities exported to Italy and on important Italian commodities imported into the United States.

Italy's share in total world trade amounts to about 3 percent—it is about half as large as that of France, one-third that of the United States, and less than one-fifth that of the United Kingdom. After reaching a peak of 26.2 billion lire in 1925, Italian imports fell to a low of 7.4 billion lire in 1933, thereafter rising, with some interruptions, to a post-depression peak of 13.9 billion in 1937. Italy's exports decreased from 18.7 billion lire in 1926 to 5.2 billion in 1934, rising again to 10.5 billion in 1938. Meanwhile, the lira, which was stabilized in 1927, was devalued by about 40 percent in 1936.

The outstanding changes in the geographical distribution of Italy's foreign commerce in recent years have been an increase in the trade with Germany and the Italian dependencies and a decline in the trade with the United States. While Germany's share in Italy's imports grew from 7.9 percent of the total in 1922 to 26.7 percent in 1938, the share of the United States declined from 27.9 percent to 11.9 percent. Italy's exports to its dependencies, on the other hand, increased from 5 percent of total Italian exports in 1934 to 23.4 percent in 1938, the increase representing mainly the cost (in commodities) of the occupation of the newly acquired Ethiopian territories and advances of capital goods made by the mother country for their development.

Perhaps the outstanding fact in the distribution of Italian trade by economic classes and leading commodities is the predominant position which raw materials occupy in Italy's import trade. In 1938, crude raw materials accounted for nearly one-half of Italy's total imports; the five leading imports were, in the order of their importance, coal and coke, raw cotton, machinery and apparatus, crude mineral oils, and wool. In the same year Italy's five leading exports were cotton cloth, citrus fruits, dried fruits and nuts, grapes, and fresh fruit other than citrus fruit, and artificial fibers.

The important shifts that have taken place in recent years in Italian foreign trade have been due in no small measure to the adoption by Italy of an elaborate system of trade and exchange controls,

the beginning of which dates back to 1934. The main reason for its adoption was the strain placed upon Italy's balance of international payments by growing import surpluses and the decline of such "invisible" income as tourist expenditures and emigrant remittances, and by the consequent losses of gold and the increasing weakness of Italian currency. These primarily economic reasons were reinforced by military and political reasons leading to the further development of existing controls and to their even more complete adoption as an integral part of Italian economic policy.

Even before the outbreak of the present war, all imports into Italy were rigidly controlled by a system of strict governmental import licenses and by a number of Government or Government-controlled import monopolies. Exports of many commodities were subjected to license. Rigid governmental control extended to all foreign-exchange transactions connected with commercial, financial, tourist, and other business and to all media of foreign payment. Administration of these controls was entrusted to a special governmental agency (the National Foreign Exchange Institute) which had been given a complete monopoly on all foreign-exchange dealings. This agency also administered the 23 clearing agreements then in operation between Italy and other countries, the trade with which accounted, in 1938, for over 60 percent of Italy's foreign trade with non-Italian territories.

The main goals of Italian trade and exchange control were the conservation of gold and foreign exchange reserves, the procurement of materials essential to the country's armament program, and the elimination, or at least drastic reduction, of the importation of articles which, in the judgment of Italian trade-control authorities, could be dispensed with or replaced by domestic products.

Information on the course of Italy's international accounts is so scattered and fragmentary that it is extremely difficult to determine precisely what the effects of these policies have been. Such evidence as is available, however, points to certain conclusions. Although production was increased in many branches of industry and the importation of several important commodities severely curtailed, the goal of self-sufficiency does not appear to have been reached, or, in many instances, even approached, despite the intensive effort made. The costs of the effort, such as the expense of new plant development, the use of low-grade domestic ores and fuels, the reported uneconomic character of most of the recently developed substitutes (cellulose production from straw, artificial "wool" from skimmed milk, etc.), are understood to be significant. The substantial losses of gold and foreign-exchange reserves in recent years (from 11.1 billion "1927" gold lire in 1928, to 5.9 million in 1934 and to 1.8 billion in 1939) indicate that despite the existence of import and exchange controls the country's international financial position has continued to be difficult. The commercial deficit in Italy's trade with non-Italian countries has on the whole continued to be large, the only really significant change being a decline in imported foodstuffs and manufactures and a corresponding increase in the proportion of the importation of raw materials and semimanufactured articles, a trend which has been particularly noticeable in the trade with the United States.

If on the one hand the results of the analysis appear to justify the view that in the main the Italian system of trade and exchange

control has failed to achieve its stated objective, it must be remembered, on the other hand, that whatever the results, they were achieved under the immediate supervision and with the full knowledge and consent of the Italian control authorities. These authorities themselves chose to permit the continuance of large commercial deficits, preferring, for political and military reasons, the purchase abroad of wheat and of war materials to the conservation of gold and foreign exchange reserves.

Turning to the trade between Italy and the United States, the most significant fact revealed by an analysis of the last decade is the marked reduction which has occurred in the volume of United States-Italian commerce—at first as a result of the world depression and later of the restrictions imposed upon Italian foreign trade by existing trade and exchange controls. From 63.9 million dollars in 1922, United States imports from Italy and Italian Africa, which amounted, on the average, to somewhat over 2 percent of total United States imports, increased to a peak of 117.1 million in 1929, then fell to a depression low of 37.0 million in 1934, gradually increased to 47.7 million in 1937, only to decline again to 39.0 million in 1939. United States exports to Italy and Italian Africa grew from 149.4 million in 1922 to a peak of 203.8 million in 1925, then fell to a low of 48.5 million in 1932, increased again to 77.3 million in 1937, and declined once more to 58.6 million in 1939.

There has been a steady import balance in Italy's trade with the United States, and this fact has constituted, under Italy's policy of attempting to limit purchases as much as possible to countries with a corresponding volume of sales, a serious handicap to the expansion of American exports and a factor which has tended to encourage the concentration of Italian purchases in this country upon a few basic raw or semiprocessed materials. Of total United States exports to Italy in 1939, 1.6 percent were foodstuffs, 47.1 percent crude materials, 33.9 percent semimanufactured articles and only 17.4 percent manufactured commodities. In that year over 65 percent of United States exports to Italy consisted of only four commodities: raw cotton, iron and steel scrap, crude petroleum, and refined copper. Of United States imports from Italy, on the other hand, over 45 percent were foodstuffs and 30 percent manufactured articles. In recent years the importation of some of these has been retarded by increasing United States production, while the sale of others has been largely dependent upon the (gradually decreasing) demand by people of Italian origin. In 1939, the five principal United States imports from Italy were, in the order of their importance, cheese, edible olive oil, canned tomatoes, raw silk, and rayon filaments.

United States imports during the first year of the European war.

Believing that the changes in imports which occurred during the first year of the European war were of particular significance to the persons interested in foreign trade and national defense, the Commission continued its study of the European war and its effect on United States imports, and at the end of the first year of hostilities summarized this study in a report which has been made available to the public and to interested governmental departments.

The report issued in November 1939 merely provided a basis for estimating changes in imports as a result of the war and their effect

upon the United States economy; the current report summarizes the actual effect of 12 months of hostilities on our ability to obtain foreign supplies of materials. It is a striking fact that imports of most goods have continued in substantial volume. In regard to strategic and critical goods, the policy of the National Defense Commission to accumulate reserve supplies and the desire of business to accumulate emergency stocks have resulted in the highest imports on record of manganese, rubber, tin, and other essential commodities.

With the invasion of the Lowlands in May 1940, and later with the fall of the Netherlands, Belgium, and France, there was a sharp contraction in our trade with these areas. For the most part the articles imported from these countries were luxury goods—such as brandy, wines, perfumes—or articles which can be or are produced in the United States in large volume, such as starches, vegetable oils, and the like. Most striking from the point of view of interference with normal United States supplies is the situation in regard to flax and linen articles. Most of the linen imported by the United States has been made in Ireland from flax obtained in European countries. War conditions have already caused a sharp decline in this trade and the indications are that there will be further difficulties. In a similar category are certain classes of high-grade calfskins and some other articles which had been obtained from the northern European countries.

Completed commodity surveys.

In continuation of the commodity-surveys program initiated by the Commission in 1936, 4 comprehensive reports were published during 1940, making a total of 13 surveys since the program was started. Summaries of the surveys completed this year follow.

Starches and dextrines.—In the fall of 1939 the Commission completed a survey on starches and dextrines dealing with production, distribution, trade, and uses of various starches and dextrines and the degree of competition existing among them, including the competition between imported tapioca and domestic starch. At that time a limited number of mimeographed copies of the report were distributed to the trade, and a printed edition of the report is now available for general distribution.

The starches consumed in greatest quantities in the United States are domestic cornstarch and imported tapioca and sago. Tapioca and sago starches were bound duty-free in the trade agreement with the Netherlands.

The larger part of the domestic output of cornstarch is used by the producing concerns themselves for conversion into corn sirup and corn sugar. Starches sold as such, both domestic and imported, are used in food, textiles, paper, and adhesives, in the laundry, and for a number of minor industrial purposes. In most of these industries competition exists in varying degrees between domestic and imported starches. In the laundry and in plywood, competition is very limited.

The domestic production of starches for all purposes, including conversion into sirup and sugar, declined from about 3 billion pounds in 1929 to 2 billion pounds in 1935, then increased to 2.7 billion pounds in 1939. Domestic starches made for sale (including export) amounted to about 0.9 billion pounds in 1929, declined to about 0.5

billion pounds in 1932, but increased to 1 billion pounds in 1939. Imports of starches were about 0.2 billion pounds in 1929, declined for a period, and then increased to a maximum of nearly 0.5 billion pounds in 1937. In the following year imports decreased by about one-half, but in 1939 they again increased to well over 0.4 billion pounds. Exports were over 0.2 billion pounds in 1929, declined markedly for several years, but increased to nearly 0.2 billion pounds in 1939. The production of and trade in dextrines are small compared with starches.

Glues, gelatins, and related products.—This survey, which is now available in printed form, analyzes data gathered by the Tariff Commission on all commodities dutiable under paragraph 41 of the Tariff Act of 1930. Several of these commodities have been the subject of investigations by the Commission under the powers conferred on it by the Tariff Acts of 1922 and 1930. On some of them the rates of duty have been modified under the provisions of section 336 (the flexible provision) or have been either modified or bound against increase under the provisions of section 350 (the Trade Agreements Act) of the Tariff Act of 1930. Although the survey was prepared with a view to its possible helpfulness in future tariff action, it contains statistical and other data of interest not only to producers but to those in the trade and those concerned with use of such commodities.

The United States is the world's largest producer of glue. The several branches of the domestic industry have sufficient installed capacity to supply our domestic requirements. Beginning with 1927, the first year for which production data concerning each of the individual glues were available, total domestic production has been in excess of 200 million pounds annually and reached a peak of nearly 365 million pounds in 1937. Animal and vegetable glues account for about 96 percent of the total production. Beginning with 1929, the production of vegetable glues has exceeded that of animal glues, and in 1937 it was nearly double that of animal glues. Compared with the output of either animal or vegetable glue, the production of fish and casein glues has been both small and fairly constant.

The United States is also an important world producer of gelatins. In 1938, with plants operating at but 72 percent of capacity, domestic production of edible gelatin was nearly 22 million pounds. Not only has the domestic gelatin industry sufficient installed capacity to supply total domestic requirements for edible gelatin, but it has so successfully solved the technical problems involved in the manufacture of photographic gelatin that the United States is now independent of foreign producers for its supply of that commodity.

Of the related products (pectin, agar-agar, and isinglass), pectin is the most important, and in recent years approximately 2 million pounds have been produced annually in the United States.

Earthen floor and wall tiles.—This survey deals with types of tiles dutiable under the provisions of paragraph 202 of the Tariff Act of 1930 and covers in detail such economic aspects as effects of tariffs on the trade in tiles, the relation of sales of tiles to the volume of building construction, the inroads made by competitive materials on sales of clay tiles, the relationship between the leading elements of costs of production, problems in marketing, and the part played by leading foreign producers in international trade. Considerable attention is also given to the classification of tiles and the various processes of manufacture.

The United States floor- and wall-tile industry, consisting of some 50 companies operating about 55 plants, has an estimated capitalization of 20 to 25 million dollars and employs about 6,500 wage earners in periods of active building. The plants in New York, New Jersey, Pennsylvania, Ohio, West Virginia, Indiana, and California account for the bulk of United States production, 20 of the largest establishments manufacturing about four-fifths of the total.

During the 1920's, when building operations were at a high level, investment in the domestic tile industry steadily expanded and the industry generally was prosperous, the value of production increasing from \$10,000,000 in 1921 to \$29,000,000 in 1929. Imports likewise reached their highest level in that period. The average annual imports of 5,000,000 square feet valued at about \$1,200,000 during 1926 to 1929 equaled about 5½ percent of the quantity produced in the United States in those years. Germany was then by far the principal supplier of imports. The lessened demand for tiles arising from the drastic curtailment in building construction during most of the 1930 decade is reflected in the 1933 value of domestic production, which amounted to only \$5,500,000, and in the tremendous drop in imports in 1934, which were valued at only \$35,000. During the period of depressed building, most of the domestic tile industry operated at a loss. By 1937, under the impetus of increased building construction, domestic production and imports increased to \$16,000,000 and \$95,000, respectively, Japan being the principal supplier of imports. In 1938 and 1939 when imports of Japanese tiles greatly declined, the United Kingdom became the leading supplier of the small imports, amounting to about \$21,000 in each of those years. Domestic production declined to \$11,400,000 in 1938, but incomplete figures show that production in 1939 substantially exceeded that of 1937.

Domestic tiles have met increased competition from substitute materials, and this competition has been an important factor in their lower selling prices in recent years. This, in turn, has tended to discourage the importation of tiles. Some reductions have been made in the rates of duty on floor and wall tiles in recent trade agreements, but the limited application of these reductions has, so far, had little effect in increasing the quantity of imports.

Domestic exports of floor and wall tiles averaged about \$400,000 annually during most of the 1920 decade. By 1933 exports had declined to \$84,000 but increased to an average of \$157,000 annually from 1934 to 1938, in which period they were considerably larger than imports. Exports in 1939, amounting to 1,371,000 square feet valued at \$268,000, were roughly double those of 1938. Most of the domestic exports consist of relatively inexpensive grades of earthen tiles.

Silverware.—The Commission, in May 1940, published a survey on the silverware industry, which shows that the United States is the world's leading producer and consumer of silverware, as well as an important market for certain types of foreign-made goods. Silverware valued at \$52,000,000 was produced in the United States in 1937, and foreign-made goods valued at approximately \$2,000,000 were imported in that year. United States exports in recent years have amounted to nearly \$500,000 annually.

Approximately two-thirds of domestic production in terms of value consists of silver-plated ware and the remainder of sterling silverware. Silver-plated ware is particularly adapted to mass-production methods, and the large United States plants engaged in its manufacture are highly mechanized. Imports of silverware into the United States consist in large part of solid silver articles and include distinctive types of modern ware, antiques, and reproductions of antiques. About one-half of the silverware imported into the United States is antique ware made prior to 1830. Exports of United States products consist principally of silver-plated ware.

In the trade agreement with the United Kingdom, effective January 1, 1939, the duty on most modern sterling silverware was reduced from 65 to 50 percent ad valorem and on silver-plated ware from 50 to 35 percent. In addition, the free entry of antique silverware (made prior to 1830) was guaranteed for the duration of the agreement. In trade agreements with Canada, France, and Cuba, reductions were obtained in duties on United States silverware imported into those countries.

Production of silverware on a commercial basis began at a later date in the United States than in a number of other countries. Although the making of silverware is an ancient craft, household articles having been made of solid silver over 2,000 years ago, most of the people of the world owned little or none of such ware prior to the beginning of the nineteenth century. The mechanization of the industry began with the discovery of the electroplating process in the middle of the last century. Thereafter, both the solid and the silver-plated branches of the industry in the United States had a marked expansion.

The report contains an analysis of United States production and trade in silverware and of the tariff problems affecting this trade. It discusses the materials used in the production of solid silver and silver-plated ware, the processes by which these wares are made, and the methods of their distribution. In addition, it contains information dealing with production and trade in foreign countries, notably the United Kingdom, Denmark, Germany, and France.

Miscellaneous completed reports.

Effect of trade agreements on equivalent ad valorem rates.—During the past year the Commission completed an analysis of the effect of reductions in duty by trade agreements on the average ad valorem equivalents of duties under the various tariff schedules and under the tariff as a whole. This analysis, released in January 1940, indicates that trade agreements have, on the average, reduced duties approximately 20 percent. The year 1937 was used as a base for the computations, and all reductions in effect on November 1, 1939, were considered.

Considering only the articles on which the rates were reduced (about 42 percent of the total dutiable imports in 1937), the average reduction was 38 percent.

Subsequently the Commission made a similar analysis based on the imports in 1939 and taking into account all changes in effect on January 1, 1940. The more important changes not considered in the earlier study were the reduction in the excise tax on petroleum and its products in the Venezuelan agreement and the reduction in the

rate on tobacco and tobacco products in the supplemental Cuban agreement. This analysis (not yet published) indicates an average reduction in all rates of 24 percent and a reduction of 39 percent in the rates that were actually reduced. The reduced rates in effect January 1, 1940, would have been applicable to slightly more than one-half of the total dutiable imports in 1939.

Important import items affected by trade agreements.—This compilation shows the value of the imports in 1937 of the 80 most important articles on which the rates of duty have been reduced in trade agreements. The total value of the imports of these articles in that year was 432 million dollars. The reductions in duty made by trade agreements in effect January 1, 1940, have affected in the aggregate approximately 1,012 items, the imports of which in 1937 were valued at about 550 million dollars. The imports of the 80 items covered in the Commission's analysis thus accounted for about 78 percent of the total. In the report the items are arranged according to the height of the preagreement duties.

Preagreement and postagreement trade of the United States with the principal countries with which trade agreements were made before 1937.—This tabulation, issued by the Commission in January of this year, gives statistics of the total exports and imports of the United States in the trade with the principal countries with which trade agreements were made prior to January 1, 1937. The 10 countries covered by the tabulation accounted in 1938 for 92 percent of the total exports from the United States to all countries with which trade agreements had been made before 1937 and for 90 percent of total imports from all such countries.

Reciprocal trade agreements and various industries.—As a basis for estimating the effects of the reciprocal trade agreements on particular industries, the Commission has issued a series of reports on industries affected by the trade-agreements program. The individual reports summarize with respect to each industry the principal tariff concessions granted on United States imports and the principal concessions obtained from foreign countries on United States exports of products of interest to those industries. Statistics are given for representative years since 1929 of the total United States production, exports, and imports of all products, and also of the individual major products, included within the industry. These statistics distinguish between concession and nonconcession items and indicate the proportion of the United States market supplied by imports and the proportion of United States production sold abroad in the years before and after the trade agreements.

The 23 reports thus far issued in this series are:

Fats, Oil, Waxes, and Oil-Bearing Materials.	Grain and Grain Products.
Starches and Dextrines.	Vegetables and Vegetable Products.
Cement and Concrete Products.	Feeds and Fodders.
Glass and Glassware.	Cattle, Sheep, and Poultry.
Pottery.	Hogs and Hog Products.
Forest Products.	Alcoholic Beverages.
Sugar.	Woolen and Worsted Goods.
Tobacco and Tobacco Products.	Lace and Lace Articles.
Dairy Products.	Leather.
Fishery Products.	Leather Footwear.
Fruit and Fruit Products.	Watches, Clocks, Precision Instruments, and Apparatus.
	Petroleum and Petroleum Products.

United States imports and trade-agreement concessions.—This is one of the major statistical compilations made by the Commission during the year. It was prepared primarily for the use of the Congress during its consideration of the resolution to extend the Trade Agreements Act. There are 8 volumes containing material arranged according to the schedules and paragraphs of the tariff act. The information contained in the publication consists of the tariff rates and statistical and trade data on each of the 1,200 items upon which the United States has granted tariff reductions or has bound existing tariff status under the 19 trade agreements in effect March 1, 1940. Following the principal import classes there are comments on the nature of imports in relation to the domestic production and statistics on domestic production and exports in recent years.

Synthetic organic chemicals, United States production and sales, 1939.—The Commission made every effort to release its twenty-third annual report on the production and sales of synthetic organic chemicals in the United States as soon as possible so as to make available statistics on products of vital importance to national defense and national well-being. Preliminary statistics were made available in May 1940, and the final printed report was issued in September 1940. Both release dates were the earliest in any recent year. In July advance mimeographed copies of the final report were sent to certain Government agencies concerned with problems of national defense.

The year 1939 was one of peak activity in the synthetic organic chemicals industry. Sales by 306 companies were \$384,343,000 and exceeded by 39 percent sales in 1938. Those of chemicals derived from coal tar advanced 42 percent to \$184,645,000, and those synthesized from materials other than coal tar increased 36 percent to \$199,698,000.

The production of 554,406,000 gallons of coal tar in 1939 was about one-third more than in 1938. All of the crudes manufactured from coal tar increased considerably in production and sales in 1939. Because of its use as the raw material for the military explosive TNT, the peak production of 24,355,000 gallons of toluene is of particular interest.

Intermediates, made from coal-tar crudes and used in the manufacture of dyes and other finished coal-tar products, increased 51 percent in production to 607,175,000 pounds. In this group attention is drawn to the record output of 68,577,000 pounds of phenol, a critical war material used in the manufacture of picric acid for explosive purposes.

The production of coal-tar dyes in 1939 was 120,191,000 pounds, of which 114,494,000 pounds were sold for \$70,224,000. After supplying the domestic market, dye producers had a considerable surplus for export. Improvement in the surface-coating and decorating trades in 1939 resulted in a pronounced increase in production and sales of organic color lakes and toners.

The output of 16,856,000 pounds of synthetic organic medicinals in 1939 substantially exceeded 1938 production. Among the medicinals reported for the first time was sulfapyridine, used in the treatment of certain types of pneumonia, and synthetic ephedrine. Prior to 1939 the entire domestic supply of ephedrine had been extracted

from medicinal plants imported from the Orient. Production and sales of sulfanilamide about doubled. Its average sales value dropped from \$1.79 a pound in 1938 to \$1.28 a pound in 1939.

The total United States production of synthetic flavors and perfume materials in 1939 was 7,486,000 pounds, and of rubber chemicals 42,088,000 pounds.

Increased use of synthetic resins in airplane cockpit covers and in surface coatings contributed to the peak production of 213,028,000 pounds of synthetic resins in 1939. Of this total, 179,338,000 pounds were coal-tar resins and 33,690,000 pounds were non-coal-tar resins.

Production and sales of miscellaneous coal-tar chemicals also registered decided increases in 1939. The large group of miscellaneous non-coal-tar chemicals, consisting of industrial chemicals and solvents not classifiable as medicinals, flavors and perfume materials, rubber chemicals, or resins increased in production from 2,383,168,000 pounds in 1938 to 2,984,038,000 pounds in 1939. Prominent in this group are acetone, synthetic methyl alcohol, synthetic ethyl alcohol, synthetic camphor, and tetraethyl lead, all important in national defense.

Analysis of imports of miscellaneous chemicals.—The Tariff Commission has issued a statistical analysis of certain classes of chemicals dutiable under paragraph 5 of the Tariff Act of 1930 which were imported in 1938 through the New York customs district. These are the so-called basket classifications, which are composed of miscellaneous related chemical and medicinal products not specially provided for elsewhere in the tariff act. The analysis consists of a tabulation of the imports of every commodity falling within these classifications the imports of which were valued at \$1,000 or more. This statistical analysis of imports of miscellaneous chemicals has been made by the Commission annually since 1930, and the detailed information on such imports is not available elsewhere.

The imports covered in this analysis were valued at \$993,000, which was 76 percent of the value of the imports entered through New York and 57 percent of all United States imports in these basket classifications. The value of the commodities tabulated, imports of which exceeded \$1,000, was 84 percent of the total imports analyzed. The most important import items entered under these miscellaneous classifications in 1938 were the medicinal products, urine concentrate valued at \$136,000, and crude vitamin C, valued at \$64,000. As in former years, Germany was the principal source of our imports of these miscellaneous chemical and medicinal items, supplying in 1938 slightly less than half by value of the total imports in these classes. Switzerland was the second source, the Netherlands third, and the United Kingdom fourth. Acknowledgment is made of the assistance rendered by the Work Projects Administration in compiling the statistics shown in the report.

Crude rubber.—In November 1939 the Commission issued a report entitled "Crude Rubber," summarizing the rubber situation at that time with special reference to the effect of war conditions on United States imports. The statistics were subsequently brought up to date. The rubber situation as of October 1940 may be summarized as follows:

Crude rubber is not produced in the United States, and domestic producers of rubber goods are obliged to import all of the crude rubber which they use. Approximately 85 percent of the imports are used in automobiles, the remainder being used in rubber footwear, hose, belting, and numerous other products. The actual consumption of crude rubber in the United States in 1939 amounted to 592,000 long tons, which was slightly more than one-half of the world production.

About 98 percent of the world output of crude rubber is produced in the Far East. Shipments from this area are subject to the control of the International Rubber Regulation Committee, established in 1934 by representatives of the British, Dutch, French, and Thai (Siamese) Governments.

On the basis of value, crude rubber is the most important single commodity imported into the United States, the imports amounting to \$178,000,000 in 1939. Imports come principally from British Malaya, the Netherlands Indies, French Indochina, and Ceylon. In 1939 about 57 percent of the imports came from British Malaya and 28 percent from the Netherlands Indies. The bulk of the shipments from British Malaya to New York is carried in American ships (about 52 percent in July of 1940), in British ships (21 percent), and in Dutch ships (15 percent). Freight and insurance rates were increased shortly after the outbreak of hostilities. The freight rate on crude rubber shipped from Singapore to New York has been increased from \$15 to \$21.50 a ton since September 1, 1939. Future supplies of imported crude rubber will depend largely upon how well normal ship movements are maintained and how much rubber is released for export by the International Rubber Regulation Committee. During the war of 1914-18, United States imports of crude rubber increased steadily.

Net imports for the first half of 1940 amounted to 346,000 long tons, compared with 223,000 tons in the first 6 months of 1939. The increase in imports is due principally to the increased production of rubber goods and to the desire of manufacturers to accumulate larger stocks. The average monthly spot price of crude rubber increased from 16.5 cents a pound in July 1939 to 21.2 cents in July 1940. On October 18, 1940, the price was 20.4 cents.

As a means of accumulating reserve stocks of rubber, the United States Government signed an agreement with the United Kingdom on June 23, 1939, for the exchange of 85,000 long tons of crude rubber for 600,000 bales of American cotton. Under the original agreement this quantity of rubber was to be delivered by April 1940. At the end of September 1940 about 45,000 long tons of rubber in this transaction had been delivered.

With a view to accumulating additional stocks, the Rubber Reserve Company was formed on June 28, 1940, one-half of the \$5,000,000 capital stock being subscribed by the Reconstruction Finance Corporation and the other half by American rubber manufacturers. The company received Reconstruction Finance Corporation loans of \$140,000,000 to finance purchases of crude rubber. The Rubber Reserve Company contracted for the purchase of 150,000 long tons of rubber to be delivered in 1940 and 180,000 tons to be delivered

during 1941, provided that this rubber can be purchased in the open market at between 17 and 20 cents a pound. At the end of September 1940 less than 10,000 tons of this rubber had been received. It appears unlikely that the Rubber Reserve Company will be able to acquire 150,000 tons of crude rubber by the end of 1940, and it has been suggested that the Government should consider the purchase of reclaimed rubber from domestic companies. The reclaimed-rubber industry could furnish an additional 100,000 long tons yearly without increasing its present productive capacity.

As a further means of accumulating stocks of rubber, the United States Government prohibited, effective July 5, 1940, the export of crude rubber, scrap rubber, and reclaimed rubber, except by license.

Total stocks of crude rubber in the United States on hand at the end of September 1940 were estimated at 241,000 long tons, a supply sufficient for about 5 months. In addition, about 137,000 tons were afloat and en route to the United States.

In the event that the United States is unable to obtain sufficient crude rubber from present foreign sources, it will be necessary to depend chiefly on the domestic production of reclaimed rubber and synthetic rubber. Although the present capacity of domestic synthetic-rubber plants is less than 10,000 long tons a year, the output can be increased. Synthetic rubber is now quoted at 35 cents to \$1 a pound, the average being about 60 cents. Several large companies are experimenting with the production of new types of synthetic rubber; if some of the types now on the market were produced under mass-production methods, the price could probably be reduced to below 30 cents a pound. It has been variously estimated that the United States could produce sufficient synthetic rubber from petroleum to meet its total rubber requirements at an investment of 100 to 200 million dollars. Probably 3 years would be required for plant construction.

In 1939 the domestic consumption of reclaimed rubber amounted to 170,000 long tons, the equivalent of approximately 85,000 long tons of imported crude rubber (the consumption of imported crude rubber amounted to 592,000 long tons in 1939).¹ It is estimated that the domestic industry, operating at full capacity, could produce up to 300,000 long tons of reclaimed rubber yearly, the equivalent of 150,000 tons of imported crude rubber. The current price of reclaimed rubber is about 6 cents a pound compared with 20 cents for crude rubber. Rubber can be reclaimed about three times, but each time the quality deteriorates. By adding new crude rubber, however, the quality of reclaimed rubber can be improved.

Dependence on British Malaya and the Netherlands Indies for crude rubber can be lessened by developing sources in the Western Hemisphere. Production of crude rubber in South America, mainly Brazil, is relatively small, amounting in 1939 to only 16,000 long tons compared with a world production of more than 1,000,000 long tons. In 1912 South America produced a peak of 49,000 long tons, but as the plantations in the Netherlands Indies and British Malaya came into bearing the South American production declined rapidly.

¹ One pound of reclaimed rubber contains only one-half pound of pure rubber, the remainder consisting of fillers, softeners, and other materials.

Practically all of the crude rubber produced in South America is obtained from wild trees. The production of rubber on plantations in the Western Hemisphere has been negligible to date, largely because of the South American leaf disease and the higher cost of labor as compared with that in principal producing areas. There have recently been developed high yielding strains of rubber trees which appear to be resistant to the South American leaf disease, and it has been suggested that these strains be planted on existing farms and plantations in Latin America. By this means the United States might become independent of present sources, but it would require an investment of about 200 million dollars, with no returns for 10 to 15 years. About 6 years are required for a rubber tree to come into bearing, and considerable time would be needed to establish plantings of this magnitude. In July 1940 Congress appropriated \$500,000 for the United States Department of Agriculture to study the possibility of planting rubber trees in Latin America. In carrying out this legislation, the Department recently dispatched exploration parties to Mexico, Central America, and South America.

Rubber can also be obtained from numerous plants indigenous to the United States, such as guayule and goldenrod. The climate of the southwestern part of the United States is favorable to the growth of guayule, but approximately 4 years of growth are required before the shrub is ready for harvest. Goldenrod may be planted in the United States in the same way as wheat, barley, and oats, and the crop is ready for harvest within a few months. The cost of producing rubber from goldenrod would amount to roughly 50 cents a pound. The cost of producing rubber from guayule would be substantially lower, but guayule has a high resin content which to date has restricted its use largely to rubberized fabrics and as a blending material with other natural rubber. It appears that in an emergency cultivated guayule rubber could be produced and deresinated at a cost of less than 35 cents a pound.

In the event of a serious shortage, crude rubber might be conserved also by retreading worn or discarded tires, by reducing the speed limit for motor vehicles, by substituting various plastics for hard rubber in the manufacture of molded products, by substituting leather for rubber in the production of transmission belting and of heels for footwear, and by substituting other products for rubber in various minor uses.

Transportation cost and value of principal imports.—A report recently issued by the Commission contrasts transportation costs in the spring of 1940 with those just prior to the outbreak of the present war and shows the value of the principal imports in relation to pre-war freight charges. The statistics cover some 200 commodities from each of the principal supplying countries. For each commodity there are shown the value and quantity of imports, war-risk cargo insurance, percent increase in freight rates, and the relation of pre-war freight to value. The large increases which occurred in certain marine freight and insurance rates subsequent to August 1939 added materially to the delivered cost of some of the principal commodities imported into the United States. For many of the com-

modities, freight costs even before the war amounted to a substantial part of their value, this being particularly true of goods of low unit value, bulky commodities, and articles of moderate worth that require substantial packaging.

As indicated in the report, wide variations in the freight-rate increases exist as between different commodities and different trade routes. For example, among the several strategic and critical war-time materials, manganese ore from Russia and the Gold Coast of Africa recently bore freight charges more than double pre-war charges, and bauxite, which is imported from Surinam (South America), has borne substantial rate advances; before the war the ocean freight amounted to about 40 percent of the value of these minerals. Rates on rubber and tin, our imports of which come almost entirely from British Malaya and the Netherlands Indies, have advanced 20 percent, but the ocean freight amounts to only a small percentage of the value of these materials. Freight rates on wool from Argentina have advanced about 30 percent, while from British India, the other principal supplying country, ocean rates have increased 70 percent.

Supplement to changes in import duties since the passage of the Tariff Act of 1930.—In January 1939 the Commission issued a printed report listing all the changes in import duties up to that date. A year later the Commission issued a cumulative supplement to show the changes up to January 1940. The use of the document entitled "Changes in Import Duties Since the Passage of the Tariff Act of 1930" and this cumulative supplement in conjunction with the Tariff Act of 1930 will give complete information concerning the dutiable status of merchandise imported into the United States except for a few changes that have occurred since January 1, 1940.

Supplement to reciprocal trade—a current bibliography.—This volume, which supplements one entitled "Reciprocal Trade—a Current Bibliography," includes references to publications issued between early 1937 and the end of 1939. This supplement was prepared in time to be of use to the Congress in its consideration of the extension of the Trade Agreements Act.

These two volumes are up-to-date lists of source material on the trade-agreements program in general, as well as on the individual agreements and treaties and on the subject of most-favored-nation treatment.

Imports of textiles in 1931-39.—Tables were prepared by the Commission to show for all dutiable textile materials and manufactures the rates of duty and value of imports in the years stated. For each item there is shown the rate of duty in the Tariff Act of 1930 and any revision thereof, together with any revised classification, made as the result of investigations or in trade agreements. These tables, prepared primarily for the use of Congress, have been of particular interest to manufacturers and importers in that they not only show the various classes created under trade agreements but afford a comparison of the trend of imports with the trend of tariff duties by commodity, by paragraph, and by schedule. The trends for each of the five textile schedules and for paragraph 1529 are shown in the following table.

Textile manufactures: Equivalent ad valorem duty and value of imports in specified years, 1931-39

Schedule	Equivalent ad valorem duty in—					Value of imports for consumption in—				
	1931	1933	1935	1937	1939	1931	1933	1935	1937	1939
	Percent					Thousand dollars				
9. Cotton manufactures.....	47	48	40	39	36	28,651	22,662	27,159	44,081	27,298
10. Flax, hemp, jute, and manufactures of.....	27	27	24	24	19	58,378	47,787	63,363	78,351	55,459
11. Wool manufactures.....	73	82	74	72	63	21,495	13,801	16,889	24,477	19,294
12. Silk manufactures.....	59	59	59	54	52	13,407	4,940	6,048	8,739	5,287
13. Rayon and other synthetic textile manufactures.....	62	50	48	43	30	3,855	3,432	1,752	7,523	10,216
15. Lace, embroideries, etc. (par. 1529).....	80	75	61	62	52	22,278	13,600	17,933	22,750	21,574

¹ Exclusive of raw wool and wool wastes.

APPLICATIONS, COMPLAINTS, AND INVESTIGATIONS

Section 336 of the Tariff Act of 1930.

Applications.—In February an application was filed looking toward an increase in the duty on cotton cloth. On September 27, 1940, a Senate resolution was adopted directing the Commission to institute an investigation of the cost of production of crab meat. The investigation with respect to crab meat has been ordered. The application requesting an increase in the duty on cotton cloth and an earlier one for an increase in the duty on cotton fishing nets and netting are the only applications pending on the Commission's docket.

An application for a decrease in the duty on clays or earths, artificially activated, was dismissed by the Commission in April 1940.

Crab-meat investigation.—In accordance with Senate Resolution 200, Seventy-sixth Congress, approved by the Senate on September 27, the Tariff Commission ordered, on the 3d day of October, an investigation of the differences in the costs of production of crab meat, fresh or frozen (whether or not packed in ice), or prepared or preserved in any manner, including crab paste and crab sauce. This investigation was undertaken under the provisions of section 336 of the Tariff Act of 1930, and field work is about completed. Announcement has been made of two public hearings. One is to be held in the Post Office Building, Seattle, Wash., on December 4. The other will be held in the Tariff Commission hearing room, Washington, D. C., on January 8, 1941.

Wool-knit gloves investigation.—An investigation with respect to wool-knit gloves and mittens was ordered by the Tariff Commission on its own motion on October 29. The scope of the investigation includes gloves and mittens wholly or in chief value of wool and valued at not more than \$3.50 per dozen pairs dutiable under paragraph 1114 (b) and all embroidered wool gloves and mittens dutiable under paragraph 1529 (a) of the Tariff Act of 1930.

Previously, two investigations of wool-knit gloves have been ordered by the Commission. As a result of the first investigation, which included only unembroidered wool-knit gloves and mittens, the duty was increased on those valued at not more than \$1.75 per dozen pairs. In

the report on this investigation the Commission noted that by the addition of embroidery to the type of gloves covered by the investigation, they would become dutiable under paragraph 1529 (a) (embroidered, lace, etc.).

Subsequently, the Commission was directed by Senate resolution to make an investigation of embroidered gloves, but later reported to the Senate that, because of conditions then current, completion of the investigation was not warranted. Since the increase in duty on low-priced unembroidered gloves, there have been substantial importations of low-priced embroidered gloves at a lower duty than that proclaimed by the President.

The present investigation covers all embroidered wool-knit gloves and mittens and the unembroidered gloves and mittens valued at not more than \$3.50 per dozen pairs. The tariff on imports of unembroidered gloves and mittens valued at more than \$3.50 per dozen pairs was reduced in the trade agreement with the United Kingdom, and therefore this duty is not subject to adjustment under section 336.

Section 337 of the Tariff Act of 1930.

During the year the Commission dismissed a complaint that importers were infringing patent rights for certain bath mats, stool covers, etc., because it was found, after preliminary investigation, that formal proceedings were not warranted.

On November 14 the Commission received a complaint of alleged unfair methods of competition and unfair acts in the importation and sale of record-changing mechanisms.

There are no formal investigations under this section on the Commission's docket.

Section 338 of the Tariff Act of 1930.

The Tariff Commission does not make public the correspondence and complaints it receives concerning the administration of section 338 of the Tariff Act of 1930. This section authorizes the President, whenever he finds that the public interest will be served thereby, to impose new or additional rates of duty on the products of foreign countries which discriminate against the commerce of the United States "in such manner as to place the commerce of the United States at a disadvantage compared with the foreign commerce of any foreign country." The section also empowers the President under certain circumstances to exclude any products of such countries from importation into the United States.

The Commission attempts to keep advised at all times regarding the acts of foreign countries which might come within the meaning of section 338 and during the past year has given special attention to these matters.

Special investigation of red cedar shingles.

On August 1, 1940, the Commission reported to the President the results of an investigation on shipments and imports of red cedar shingles. The President approved the report and issued a proclamation, signed August 26, 1940, imposing a duty of 25 cents per square on imports in 1940 and subsequent years of red cedar shingles entered in excess of a quantity to be ascertained for each calendar year by the Tariff Commission. This action is pursuant to the act of Congress approved July 1, 1940 (Public, No. 698, 76th Cong.).

The trade agreement with Canada bound the duty-free status of shingles but contained a reservation whereby the United States could place a duty not to exceed 25 cents per square on imported red cedar shingles entered during any calendar year in excess of 30 percent of the annual average consumption during the three preceding calendar years. The act of Congress provided for carrying out this reservation and stipulated that if imports in any year after 1938 exceeded 30 percent of consumption the duty of 25 cents per square should apply in all subsequent years, so long as the trade agreement with Canada should remain in effect, to imports in excess of 30 percent of the average quantity consumed in the three preceding years. The act directed the Tariff Commission to ascertain by investigation the quantities of red cedar shingles shipped by domestic producers and imported for consumption during each of the three calendar years immediately preceding such investigation. The act also directed the Commission to ascertain for each quota period and report to the Secretary of the Treasury the quantity of red cedar shingles entitled to exemption from duty.

The Commission in its investigation found that during the calendar year 1939 the quantity of red cedar shingles shipped by producers in the United States amounted to 6,058,515 squares, and the quantity imported for consumption amounted to 2,758,248 squares, the ratio of imports being in excess of 30 percent (31.3 percent). The quantity entitled to duty-free entry in the calendar year 1940 is 2,371,544 squares.

Special investigation of the Puerto Rican needlework industry.

Pursuant to a request of the Administrator of the Wage and Hour Division, Department of Labor, the Commission, on November 13, 1940, ordered an investigation under its general powers with regard to the products of the Puerto Rican needlework industry. A Special Industry Committee had been appointed under an amendment to the Fair Labor Standards Act to consider the recommendation of different minimum wages for Puerto Rican industries from those prevailing on the mainland of the United States, and in its report to the Administrator this committee had indicated that the enforcement of the recommended minimum wages of Puerto Rico might be rendered ineffective by increased competition in United States markets from the products of other supplying areas.

Duties of the Commission in the agricultural program.

Under section 22 of the Agricultural Adjustment Act of 1933, as amended prior to January 25, 1940, the President was authorized to direct the Tariff Commission to make an investigation with respect to any article whenever he has reason to believe that the article is being imported under such conditions and in sufficient quantities as to render ineffective, or materially interfere with, any program under the Agricultural Adjustment Act of 1933 or under the Soil Conservation and Domestic Allotment Act. If, after such investigation and report thereon to the President by the Commission, the President finds that the article is, in fact, being so imported, he must impose such quantitative limitations upon imports as may be necessary to prevent the program from being materially interfered with or rendered ineffective. Until amended, the law forbade him, however, to impose any

limitation which would reduce the quantity permitted entry in any year from any country below 50 percent of the average annual quantity of the article imported from that country in the period July 1, 1928, to June 30, 1933. On January 25, 1940, section 22 was amended to authorize investigations with respect to an article which was "practically certain" to be imported, and programs under section 32, Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, were brought within the scope of the section. The amendment also authorizes the imposition of fees on imports as well as quotas and changes the base period for determining minimum quotas from the fiscal years 1929 to 1933 to the calendar years 1929 to 1933.

Investigations under this section have been ordered with respect to cotton and cotton waste, cotton textiles, and wheat and wheat products. These investigations are discussed below.

Cotton, cotton waste, and cotton textiles.—In July 1939, immediately following the announcement that a subsidy of 1½ cents per pound would be paid on exports of cotton, cotton manufactures, and certain types of cotton waste, the Commission, in response to a request from the President, ordered investigations with respect to those commodities under the authority of section 22 of the Agricultural Adjustment Act, as amended.

As a result of the Commission's findings in the cotton and cotton-waste investigation, import quotas were placed on foreign cotton by proclamation of the President, effective September 20, 1939.² (The report to the President is summarized in the Commission's Twenty-third Annual Report.)

The President's proclamation limited annual imports of short-staple cotton to 14,516,882 pounds, of long-staple cotton to 45,656,420 pounds, and of cotton card strip, comber waste, lap waste, sliver waste, and roving waste to 5,482,509 pounds, and stated the component amounts allotted each country named. Results of the first year, from September 20, 1939, to September 19, 1940, under the quotas may be briefly stated as follows: Imports of short-staple cotton amounted to 34 percent of the total permissible, and no individual country came up to its allotment; imports of long-staple cotton amounted to 69 percent of the total permissible, with the small quotas to Brazil and the Barbados being the only ones completely filled; and imports of spinnable cotton wastes amounted to 70 percent of the total permissible, with completely filled quotas being recorded for only Canada, British India, and Cuba.

The evidence before the Commission at the time of its report to the President on cotton and cotton waste did not warrant findings on short-staple harsh or rough cotton; on cotton linters; on cotton waste other than card strips, comber waste, lap waste, sliver waste, and roving waste. No limitations have been placed upon the importation of these groups of articles, but the investigation concerning them has not been formally discontinued.

The Commission continues to study the imports of cotton textiles from a competitive standpoint and the effect of these imports upon

²The Commission on December 4, in a supplemental investigation ordered a public hearing with respect to cotton having a staple length of 11¼ inches or more. This action followed a recommendation by the National Defense Advisory Commission that quotas on this type of cotton be suspended for the duration of the defense emergency—a recommendation that was concurred in by the Secretary of Agriculture.

the United States cotton program, but has not yet found it necessary to recommend limitation of these imports.

Wheat and wheat products.—In response to a request by the President dated December 13, 1939, the Commission made an investigation of wheat and wheat products under the provisions of section 22, as amended, of the Agricultural Adjustment Act of 1933, and in accordance with Executive Order No. 7233.

The purpose of the investigation was to determine if wheat and wheat products were being entered or were practically certain to be imported under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with the program undertaken with respect to wheat under the Soil Conservation and Domestic Allotment Act, as amended.

Public hearings were held on January 4, 1940, and on February 12, 1940. The second hearing was necessitated by the extension of the investigation pursuant to the act approved January 25, 1940, Public, No. 406, Seventy-sixth Congress, which broadened the scope of section 22 under which the investigation was being conducted.

The Commission also made a field investigation at Chicago, Minneapolis, Buffalo, and New York for the purpose of obtaining information from commission merchants, millers, traders, importers, and exporters with respect to the wheat situation.

After an examination of all the evidence available the Commission concluded that the facts did not warrant the immediate application of import restrictions. Because of unsettled world conditions, however, the Commission did not close the investigation but continues to follow current changes in the various factors affecting the competitive relationship between domestic and foreign wheat.

OTHER ACTIVITIES

Field work.

Many of the data collected by the Commission for use in its various reports are obtained by personal contact of the Commission's representatives with manufacturers and importers. A record of field travel indicates that the members of the Commission's staff have called on some 600 firms during the year.

The field work performed by the Commission's representatives may relate to either general or specific problems; in the current year it related largely to problems concerning particular commodities. Most of the travel performed during the year was by representatives of the Sundries, Textile, Ceramics, and Chemical Divisions, named in order of activity. Frequently the commodity specialists were accompanied by economists or by members of the Planning and Reviewing Committee. Much of the travel in 1940 was concerned with commodity classifications in which the trade had been disturbed by the war.

Field work is continued as circumstances require.

Changes in manufacturing facilities.

For use in preparing summaries of tariff information, and for related purposes, the Commission has for some years maintained a file of changes in manufacturing facilities. This file consists principally of information concerning contracts awarded for the construction of industrial plants in the United States and Canada.

A summary of certain parts of this information has been furnished to the Division of Research and Statistics of the National Defense Advisory Commission.

WORK IN PROGRESS

Summaries of tariff information.

The foreign trade of the United States is composed of thousands of commodities to say nothing of the many grades, varieties, and kinds. Several thousand commodities are specifically enumerated in the tariff act, of which a large proportion are subject to duties. The compilation of information, both statistical and economic, on each of these commodities is one of the basic activities of the Tariff Commission. The presentation and analysis of these data are carried out in part by means of summaries of tariff information.

During the consideration of the Tariff Act of 1930 the Tariff Commission prepared and had printed for the use of congressional committees brief summaries presenting factual data for each commodity—their uses, United States production and trade, tariff history, and competitive conditions. Since then the Commission has been directed by the Senate (S. Res. 334, 72d Cong., 2d sess.) to bring these summaries up to date and to add further information. In carrying out this program it has been the practice of the Commission to revise first the summaries on commodities of current interest. During the negotiation of the several trade agreements, the interdepartmental committees used many of the summaries for basic data. At present many of the revised summaries are being used by the Munitions Board, the Advisory Commission to the Council of National Defense, and other governmental agencies.

Over 1,700 summaries of tariff information are now available, most of them in mimeographed form. They have not been published as such but are available for use by Government agencies and are drawn upon for information requested by members and committees of Congress and by interested persons in private life. Published information in the form of digests of trade data issued in connection with trade agreements and commodity surveys, both described elsewhere in this report, has, however, been made available on possibly one-half of the commodities covered by the summaries.

Commodity surveys in preparation.

The commodity survey program of the Commission, initiated in 1936, has resulted in the publication of 13 surveys, of which 4, released in 1940, are discussed earlier in this report.

The commodity surveys are more comprehensive than the summaries of information in that related products are frequently treated together because the same industry produces them, because they are competitive with one another, or because of the connection between the raw material and the finished product. They also provide more detailed information than do the summaries, particularly on foreign industries and trade, labor conditions, organization of the industry, and certain other factors all of which have a bearing on competition and tariff problems.

A commodity survey thus often makes a significant contribution to the literature on the subject treated, particularly where it contains

original data obtained by extended investigations. The survey on iron and steel is a case in point. It was widely reviewed throughout the world, both in trade periodicals and economic journals, and has been used and quoted within the Federal Government and by private persons and organizations.

Some of the surveys in progress are summarized briefly below.

Hogs and hog products.—As indicated in our last annual report, the Commission has had in progress a survey on hogs and hog products. This report, which will be issued during the coming year, will consist of two parts and an appendix showing detailed statistical information in regard to the industry here and abroad. Part I will contain a review of the history of hog production, packing, and marketing in the United States, and describe the growth of the country's foreign trade in hog products from early colonial times to the present. Factors affecting hog prices in this country and in foreign markets, the competitive problems involved in the sale of pork and pork products in domestic and foreign markets, the use of alternative foods in hog raising, and the part played in world trade by tariffs, quotas, barter arrangements, and exchange controls are also discussed in part I. Part II, dealing primarily with the hog and hog-products industry of foreign countries, discusses the development of the industry prior to the outbreak of the present war in the foreign producing and marketing areas which, up to that time, had been important factors in international trade.

Razors and electric dry shavers.—Supplementing the survey on cutlery products, issued by the Commission in 1938, there is, in manuscript form, a survey dealing with straight or barbers' razors, safety razors and blades, and electric dry shavers.

The United States production of razors and dry shavers in 1937 was valued at about 37 million dollars, equivalent to 40 percent of the total value of cutlery produced in this country. The domestic industries making razors and dry shavers are distinct, except that the two largest producers of safety razors also make dry shavers.

In the establishment of the industries producing dry shavers, patents have played an important role. Production of dry shavers began on a commercial scale only in 1931, with an output of 3,000 units. In 1938 production was about 1¾ million units by about 20 manufacturers, and exports were valued at more than a million dollars. Both the safety razor and the electric dry shaver are American developments.

Within a generation the safety razor has almost entirely displaced the straight or barbers' razor except for professional use, and at the present time the electric dry shaver competes actively with the safety razor.

Edible nuts.—The United States tariff problems and the competitive relationship of the several kinds of edible tree nuts and peanuts are discussed in the survey on the basis of the trends of United States production, imports, exports, consumption, and prices. The competitive effect of imports of each kind of nut is also discussed, as pointed out in the Commission's Annual Report of 1939.

The European war has had a marked effect on the international trade in edible nuts. The Mediterranean basin, an important surplus

producing region, and northern Europe, an important importing region, are both in the spheres of active warfare. The international trade of the countries in both of these regions has been appreciably curtailed.

Comparison of United States imports during the 12 months ended June 1940 with those during the previous 12 months shows that almonds declined 9 percent; chestnuts, 1 percent; pignolias, 16 percent; and cashews, 14 percent. These declines were due partly to the European war and partly to smaller foreign production. On the other hand, imports of walnuts, principally from China, increased 19 percent; Brazils, 10 percent; filberts, principally from Turkey and Italy, 17 percent; and pistachios, principally from Syria and British India, 40 percent.

Cattle, beef, and canned beef.—This report shows developments since 1900 in cattle and beef production, regional changes resulting from numerous factors, and the striking change to a cow-and-calf basis from the early cow-and-steer basis in farm and ranch production. This change is in part the result of increasing concentration of population in urban centers, where there is a growing demand for lighter cuts. Another cause of the change is the increasing competition for use of the land, which has forced a more rapid turnover of the capital invested in order that cattle breeders may remain in business. The change from an export to an import basis in cattle and beef in 1912–15, the temporary wartime reversal, and the post-war resumption of the net import status in cattle and beef are discussed in some detail. The effects of the recent droughts on cattle and beef production and trends developing from the recent emphasis on soil conservation are also traced. Attention is directed to present and potential sources for imports of beef in its various forms as distinct from imports of live cattle. It is practicable to enter live cattle (for feeding or slaughter) only from Canada and Mexico, whereas beef in various forms is available from a wide range of sources. Production of cattle and beef in and exports from the principal foreign countries, and the outstanding importance of Great Britain as an importing country, are shown in detail, together with the relationship between United States import prices and world export prices of cattle and beef and the competitive situation as affecting United States producers.

Fishery treaties.—The Commission has made substantial progress on its survey of Fishery Treaties and Port Privileges. Volume I, which is in process of publication, treats of: (a) Primary ownership of fish and other marine animals; (b) classification and entry and clearance of fishing vessels and cargoes in the United States; and (c) operations of American fisheries in foreign waters and off foreign coasts. The major portion of this volume has sections dealing with the geographical and industrial classes of American fisheries abroad, including American operations on the treaty coasts of Newfoundland and eastern Canada; American landings of fish in British Columbia for transshipment in bond to the United States; American tuna fisheries along the coasts of Mexico and Central and South America; operations of American factory ships for rendering whales; and shipping of crews in foreign ports by American fishing vessels.

Volume II, which is concerned solely with the Fur Seal Treaty, is nearing completion. Other volumes in progress cover the Northeastern Fishery Treaties, the Whaling Treaties, the Halibut Treaties, and the Sockeye Salmon Treaty.

Other work in progress.

Tariff boards.—A report on tariff boards, which the Commission expected to release in 1940, has been delayed by the pressure of current work. The report discusses the development of tariff boards in the various countries and examines in some detail those of the United States, the United Kingdom, Canada, and Australia. Comparisons of the various boards are made on the basis of (1) composition, (2) powers and functions, and (3) procedure and evidence. Transcripts of the laws pertaining to several important tariff boards and citations of laws under which a large number of other such boards operate are included in the report.

Study of changes in foreign commercial policies.—During the past year, more than at any other time in the history of the Tariff Commission, changes in the trade of the United States have been brought about by the trade controls applied by other countries as a result of the war and preparations for it.

Much time has been spent by the Commission this year in following the changes in the commercial policies of other nations and in studying the effect of these changes on United States trade. This is a continuing task, but the Commission expects from time to time to release reports which will incorporate the results of its study of individual countries. Examples of the work done during the current year are the two reports thus far issued—one on Italy and one on Latin America, summaries of which will be found elsewhere in this report. Studies in progress with respect to other countries include those on the commercial policies of Germany and of France.

Regulation of imports by executive action.—Another study relating to foreign commercial policies which the Commission has under way concerns quotas, clearing agreements, and exchange control as ways and means of regulating imports. These controls have been outstanding developments in recent years and almost invariably have been exercised by the executive branches of the Government. The Commission's report will be a comprehensive study of their use in the more important countries.

Wood pulp and pulpwood.—On August 1, 1939, the Senate adopted Resolution No. 160 directing the Commission to investigate and report to the Senate by April 15, 1940, on the conditions, causes, and effects of competition in the principal markets of the United States between imported wood pulp and pulpwood and that produced in the United States.

Upon receipt of the resolution the Commission instituted an investigation designed to bring to date the information contained in its report on wood pulp and pulpwood submitted to the Senate in 1937. Preliminary inquiry indicated that the conspicuous changes that had occurred since 1937 were the decline in United States exports to Japan, substantial additions to the pulp-producing capacity in this country, a marked decline in pulp prices, and generally depressed conditions in the domestic industry. Before the work was far ad-

vanced, the outbreak of war in Europe led to disturbances of shipping from Sweden, Norway, Finland, and other European countries. Freight and insurance charges on shipments from Europe sharply increased, placement of orders for future delivery was hampered, and the prices of domestic pulp tended to rise. Whether the conditions of the moment would continue, be moderated, or be intensified could not be foreseen. In any event, the conditions which prevailed at the time the resolution was introduced ceased to exist, and it seemed unlikely that there would be any return to them as long as the European war continued. In view of these circumstances the Commission advised the Senate that, unless the Senate gave instructions to the contrary, work on the report on wood pulp and pulpwood would not proceed for the time being.

During the past year the Commission has kept advised on the changing conditions and has furnished up-to-date information on pulp to various other Government agencies but has not submitted any formal report to the Senate.

Imports supplied about 23 percent of our total consumption of wood pulp in 1938 and 1939. In 1939 a total of 2,026,450 tons of pulp was imported, of which 1,388,450 tons were imported from Europe, chiefly from Sweden and Finland, and 637,950 tons came from Canada. Shipments from Europe did not cease immediately following the outbreak of the war, but continued from Finland until the start of hostilities between that country and the Soviet Union in December 1939, and from Sweden and Norway until March 1940, when the Baltic was blockaded following the German occupation of Norway. Since March, except for small isolated quantities, there have been practically no receipts of wood pulp from Europe.

Imports from Canada have increased, the total for the first 7 months of 1940 having been 496,000 tons, as compared with 309,000 tons for the corresponding period in 1939; from all sources total imports for the same period declined from 992,000 tons to 866,000 tons.

United States production of wood pulp in 1939 is estimated to have been 7,100,000 tons, or more than in any prior year. Following the outbreak of the war and the prospect of curtailed imports there was a marked increase in domestic output. The production trend has continued upward in 1940, the output in the first 7 months being about one-third larger than in the first 7 months of 1939. This ratio of increase may not continue through the year, since production in the latter part of 1939 was at a greater rate than in the earlier months of the year. It appears certain, however, that the total domestic output for the year 1940 will be considerably larger than the record output of 1939. The increase was accomplished almost wholly with existing equipment, through full-time operation of mills that had been operating only part time and by reopening idle marginal mills.

Exports of pulp, which dropped sharply between 1937 and 1939, have increased since the start of the war. In the first 7 months of 1940 a total of 279,000 tons was exported. In the corresponding period of 1939 exports amounted to 51,000 tons, and total exports in 1937, the peak year, amounted to 315,000 tons. The bulk of exports, as formerly, consists of sulphite pulp, although the quantity of sulphate pulp exported is rapidly expanding.

Prices of pulp declined markedly between the end of 1937 and 1939. Since the beginning of the war, however, there has been a steady recovery until prices in the last quarter of 1940 are at approximately the same level as in the last quarter of 1937. Domestic pulp usually is sold on contracts which provide for an adjustment of price each quarter. European pulp is sold at a fixed price on long-term contracts, which, however, contain provisions for adjustments in prices to offset increased transportation, insurance, and production costs caused by the war. The European pulp delivered after the outbreak of the war was largely to fill existing contracts, and owing to the war adjustment clauses the prices paid by the consumers were higher than the original contract prices. Since September 1939 importers of European pulp have not accepted contracts for future delivery, and prices quoted for imported pulp are nominal spot quotations. These quotations have ranged about 10 to 15 percent higher than the quarterly adjusted contract prices for domestic pulp.

Below are shown price quotations for domestic and imported bleached and unbleached sulphite since January 1939. The prices of the domestic pulp are the basis of quarterly contracts. Those for foreign pulp are spot quotations (nominal beginning with October 1939) for the first month of each quarter.

Sulphite pulp: Prices, ex-dock Atlantic seaboard

[Per short ton]

	Domestic sulphite		European sulphite	
	Bleached No. 1 Book	Unbleached No. 1 Book	Bleached Prime	Unbleached Extra Strong
1939:				
January.....	\$50.00-\$54.00	\$40.00-\$42.00	\$47.00-\$52.00	\$35.00-\$38.00
April.....	50.00- 54.00	40.00- 42.00	47.00- 52.00	35.00- 38.00
July.....	50.00- 54.00	40.00- 42.00	45.00- 50.00	34.00- 38.00
October.....	50.00- 54.00	40.00- 42.00	54.00- 60.00	43.00- 48.00
1940:				
January.....	60.00	50.00	60.00- 65.00	52.00- 55.00
April.....	61.50	52.50	60.00- 70.00	55.00- 60.00
July.....	72.50	63.50- 67.50	80.00- 85.00	70.00- 75.00
October.....	73.50	63.50	80.00- 85.00	70.00- 75.00

LITIGATION

UNDER SECTION 336 OF THE TARIFF ACT OF 1930

McKay sewed leather shoes.

Bata Shoe Co., Inc. v. United States, C. A. D. 86.—On October 17, 1938, the Customs Court upheld the President's proclamation (T. D. 45311), effective January 1, 1932, increasing the duty on McKay sewed leather shoes from 20 to 30 percent ad valorem. In so doing the court recognized the right of the Commission to broaden, on its own initiative, the scope of an investigation under section 336 which had been requested by Senate resolution. The court further held that a notice of hearing on boots and shoes was sufficient to advise the public that the investigation might cover McKay sewed boots and shoes, and the fact that one type of shoe which had been imported but not produced in the United States was not investigated did not invalidate the proceedings as to other types which were both im-

ported and produced in the United States. On appeal to the Court of Customs and Patent Appeals, the judgment of the Customs Court was affirmed on December 26, 1939. The appellate court held that judicial notice could properly be taken of the Tariff Commission's report, so that the report could be considered by the courts without being introduced in evidence. That court further held that the report in the instant case afforded a legal basis for the Presidential proclamation and that the President was not required by section 336 to examine all the records incident to the investigation but could rely exclusively on the Tariff Commission report. The words "expressly fixed by statute" in section 336 were held to refer to rates of duty and not to classifications of articles; in other words, that the quoted expression did not preclude the President from segregating from a tariff classification one particular type of article for separate tariff treatment without changing the rate applicable to other types coming within the original tariff class.

Canned clams.

George S. Bush & Co., Inc. v. United States, 310 U. S. 371.—In challenging the President's proclamation (T. D. 47031), changing the basis of value to American selling price on certain canned clams, the importer contended that the Tariff Commission did not proceed in accordance with law in converting foreign currency to United States currency for purposes of cost comparison. It was argued that since the period for which costs were compared was December 1930 to September 1932, both inclusive, the use by the Commission of the average rate of exchange for the whole calendar year 1932 was unlawful. The Customs Court overruled this contention (Reap. Dec. 4253) and declared that the methods to be used in converting currencies were within the discretion of the Commission and that the courts had no jurisdiction to review the facts upon which the Commission based its report to the President. On appeal to the Court of Customs and Patent Appeals, that court reversed the decision of the Customs Court and held that when invoice prices are used as evidence of costs they must be converted to United States currency at rates prevailing during the representative cost period, the language in section 336 (e) (2) (A) of the tariff act "invoice prices or values for a representative period" being construed to read "invoice prices or values in United States currency for a representative period." The Tariff Commission investigation was held to be illegal and the President's proclamation void. The Government's petition for rehearing was denied on October 2, 1939.

The case was taken to the Supreme Court of the United States, which granted certiorari on February 5, 1940. On May 20, 1940, the Supreme Court reversed the decision of the Court of Customs and Patent Appeals on the ground that the question of exchange rates was but one involving the exercise of discretion of the Executive in determining cost differences under the statute, and that the Executive's method of arriving at his judgment is not open to judicial scrutiny so long as the procedure prescribed by Congress is followed.

The Supreme Court decision in this case should definitely establish the rule of law that the courts have no jurisdiction to determine whether the Executive action of changing rates of duty under the flexible tariff was based on "substantial evidence." In the course of

its opinion, the Supreme Court declared: "And the judgment of the President that on the facts, adduced in pursuance of the procedure prescribed by Congress, a change of rate is necessary is no more subject to judicial review under this statutory scheme than if Congress itself had exercised that judgment. It has long been held that where Congress has authorized a public officer to take some specified legislative action when in his judgment that action is necessary or appropriate to carry out the policy of Congress, the judgment of the officer as to the existence of the facts calling for that action is not subject to review."

Bicycle bells.

L. Oppleman, Inc. v. United States, C. A. D. 89.—Paragraph 364 of the Tariff Act of 1930 provides for "Bells (except church and similar bells and carillons), finished or unfinished, and parts thereof, 50 per centum ad valorem." After investigation by the Tariff Commission under section 336 the President by reclassification increased the rate of duty on bicycle bells from 50 to 70 percent ad valorem. The importer protested the assessment of the 70 percent rate, contending that since parts of bicycles are provided for in paragraph 371, the imported bicycle bells were classifiable thereunder and not under paragraph 364. The Government conceded that bicycle bells are in fact parts of bicycles, but asserted that the President's proclamation was valid and controlled the classification of the imported bells. The court in its decision pointed out that at the time of the promulgation of the proclamation bicycle bells were judicially held not to be classifiable as parts of bicycles and were, therefore, properly classifiable under the provision for bells. The President did not, therefore, exceed his authority in carving out of the provision for bells a special class of bells and increasing the duty thereon. In doing so he created an *eo nomine* provision for bicycle bells, and, since his action was lawful, such *eo nomine* provision cannot be rendered inoperative simply by showing that bicycle bells are parts of bicycles. The Court of Customs and Patent Appeals, after citing both the judicial precedents regarding "parts of bicycles" and also the legislative history of paragraph 364 of the Tariff Act of 1930, affirmed the decision of the Customs Court on January 4, 1940.

UNDER SECTION 350 OF THE TARIFF ACT OF 1930, AS AMENDED

Nongeneralization of Cuban agreement concessions.

Litigation under section 350 (Trade Agreements Act) has involved principally the question of whether products of third countries are entitled to benefit by the reduction in duties pursuant to the Cuban trade agreement on the products of Cuba. All efforts have failed to overcome or circumvent the principle of the decision in *F. H. Von Damm v. United States* (T. D. 49094; 90 F. (2d) 263; cert. denied, 302 U. S. 722), referred to on page 47 of the Commission's Twenty-first Annual Report, that the effect of the Cuban trade agreement was to reduce duties or to continue preferential treatment only with respect to Cuban merchandise, and that such reduced or preferential rates are not applicable to products of third countries by virtue of the "generalization clause" in section 350 (a) of the tariff act.

Scope of trade-agreement concessions.

American Machine & Metals, Inc., v. United States, C. D. 373.—On August 19, 1940, the Customs Court construed a concession in the Swiss trade agreement on certain testing machines identified in schedule II of the agreement by paragraph 353 of the Tariff Act of 1930, to include an optical testing machine admittedly classifiable under paragraph 228 (a) of the tariff act prior to the effective date of the proclamation of the Swiss trade agreement. Paragraph 228 (a) was not mentioned in the Swiss trade agreement, and the agreement contained no language purporting to change the tariff status of merchandise classifiable under that paragraph; however, the court in effect held that the articles in question had been transferred by the proclamation of the Swiss agreement from paragraph 228 (a) at a rate of 60 percent ad valorem to paragraph 353 at a modified rate of 20 percent ad valorem. The question as to the legality of a reduction in duty by more than 50 percent ad valorem was called to the court's attention in the Government's motion for rehearing filed September 18, 1940, as was also the important question, from the standpoint of administration of trade-agreement proclamations, whether the descriptive language of a trade-agreement concession is to be construed as an original tariff provision or as a modification of an existing tariff provision. On November 19, 1940, the Government's motion for rehearing was denied (C. D. 400).

D. & B. Import Corp. v. United States, C. D. 380.—In a decision rendered October 9, 1940, the United States Customs Court held that certain rum the product of Cuba, sold in Cuba to a firm in Bermuda and shipped to that country, where it was placed in bonded warehouse, was not entitled to preferential rates of duty as a Cuban product under the Convention of Commercial Reciprocity with Cuba of 1902 or the trade agreement with Cuba under the Trade Agreements Act, upon its importation into the United States after withdrawal from warehouse and exportation from Bermuda. In so holding, the court stated that both the Convention of Reciprocity and the trade agreement were entered into to facilitate the commercial intercourse of the United States and Cuba by improving the conditions of trade between the two countries, and that the commercial intercourse between the two countries would not be benefited or facilitated by the granting of preferential rates of duty on merchandise which was not destined to the United States when it was exported from Cuba. The court ruled that the merchandise placed in bonded warehouse in Bermuda "must be considered as having entered the commerce of that country" because "it could have been withdrawn at any time for consumption there."

Washington State Liquor Control Board v. United States, C. D. 388.—In a decision rendered on October 24, 1940, the United States Customs Court rejected protestant's contention that by virtue of the generalization clause in section 350 (a) (2) of the tariff act (the Trade Agreements Act) and the "unconditional and unrestricted most-favored-nation treatment" granted to Canada in the Canadian trade agreement, the assessment of countervailing duty on Scotch whisky imported from Great Britain was unlawful. The theory of the protestant was that since whisky from Canada is permitted entry into the United States without the assessment of countervailing duty, whisky produced in Great Britain is subject to the same treatment by virtue of the gen-

eralization clause of the Trade Agreements Act, which grants to all countries the advantages derived by any country except Cuba pursuant to a trade agreement. The court held, however, that the generalization clause in section 350 (a) (2) of the Trade Agreements Act extended to all nondiscriminating nations only the "proclaimed duties and other import restrictions" and does not affect rates of duty not proclaimed in a trade agreement. Since the countervailing duties were not specified in a trade-agreement proclamation, they are not affected by the agreement.

WORK PROJECTS ADMINISTRATION

The Tariff Commission, cooperating with the Work Projects Administration, is sponsoring projects in Richmond, Va., New York City, and Washington, D. C. The personnel employed on these projects are engaged largely in the compilation of detailed statistics relative to the tariff and foreign trade which would not otherwise be available for official and public use. The work on these projects is directed, administered, and finally reviewed by members of the regular staff.

The Richmond project was started in December 1935, the New York project in April 1938, and the Washington project in February 1938.

Practically all of the personnel of these three projects were selected from the Work Projects Administration relief rolls.

When the Richmond project was renewed on August 2, 1940, the staff was reorganized and reduced to 47 relief workers, 2 nonrelief workers, and 1 full-time supervisor provided by the Tariff Commission. The New York project was renewed on September 4, 1940, with 24 relief workers, 1 nonrelief, and 2 full-time supervisors provided by the Tariff Commission. The Washington project was renewed on February 16, 1940, with 15 relief workers and 2 full-time supervisors provided by the Tariff Commission.

Richmond W. P. A. project.

The assignments completed at Richmond prior to October 31, 1939, are described in the Commission's Twentieth, Twenty-first, Twenty-second, and Twenty-third Annual Reports. Much work has been done at Richmond during the current year. The more important projects which have been completed include a study of the distribution of United States retail sales in 1935, an arrangement of United States import classifications by tariff paragraphs, and the preparation of an index to publications of the Tariff Commission. A summarization of these completed projects and of the work now in progress in Richmond follows.

Distribution of United States retail sales, 1935.—From basic material collected and released by the Bureau of the Census in its publication "Census of Business: 1935 Retail Distribution" data have been so arranged as to permit comparisons of the amount and percentage of 1935 retail sales that occurred in each of the 9 major geographic divisions of the United States, the 48 States, the 10 most populous metropolitan districts, and 339 cities each having more than 10,000 population. The statistics show not only total retail sales but also sales by 65 kinds of business that constitute 12 business groups.

Schedule A—Statistical classification of imports into the United States arranged by tariff schedules and tariff paragraphs of the act of 1930.—This project involves rearrangement by tariff paragraphs of the "Statistical Classification of Imports into the United States," which was arranged by the commodity groups used by the Department of Commerce in the publication of its import statistics. The Tariff Commission publication incorporates all changes authorized through May 16, 1940. It is in one volume and is much in demand, especially by customs officers.

Index to publications of the Tariff Commission.—This compilation lists all publications of the Tariff Commission, whether printed or reproduced by other methods. It is divided into three groups: A, an alphabetical list of commodities; B, a commodity grouping according to the schedules of the tariff act; C, economic studies of subjects relating to foreign trade or the tariff.

Current assignments.—Assignments before the Richmond project consist primarily of analysis of imports entered under so-called basket clauses. In published statistics of imports, basket clauses are the miscellaneous categories of articles grouped together in the tariff act, under such generalizations as all other, not specially provided for, etc. The statistics of commodities entered under such indefinite classifications are not available except by examination of the invoices and other entry documents on file in customs houses. The work of analyzing customs entries begins in the Tariff Commission's project at New York. There the details desired are transcribed on cards which are sent to the Washington office of the Tariff Commission for review, analysis, classification, and arrangement by groups before they are sent to the Richmond project for conversion into United States currency value and for compilation in tables arranged by customs districts and by countries. The many analyses which are nearing completion cover imports for 862 selected statistical classifications for the year 1937, tabulated from approximately 377,000 cards, and 1938 and 1939 imports for 575 statistical classes from approximately 236,000 cards. An analysis covering imports of selected invoices for the first 6 months of 1940 by the New York project is now well under way.

New York W. P. A. project.

The work of the Tariff Commission's project consists of the analysis of selected invoices entered under basket clauses covering general imports through the customs district of New York and of certain invoices of districts other than New York. The data obtained from invoices and customs entries on file in the New York Customhouse are transcribed on cards.

This work involves search for specific customs entries of commodities and transcribing these data upon cards. The completed cards are then sent to Washington for review and subsequently are forwarded to Richmond for tabulation. Under this assignment the New York project has tabulated imports for 957 selected statistical classes of imports entered in the year 1937 from approximately 411,000 cards and has also completed for the years 1938 and 1939 the tabulation of 667 statistical classes from approximately 292,000 cards. Work has also started on the analysis of imports under basket clauses for the first 6 months of 1940, and there have been

forwarded to Washington 7,000 cards relative to 21 statistical classifications.

Washington W. P. A. project.

The Tariff Commission's project at Washington completed the work of indexing and of removing from its active files a large part of the material accumulated up to January 27, 1940.

The project was renewed on February 16, 1940, for the purpose of withdrawing inactive and semiactive material from the active files of the Commission, transferring it to storage files, and microphotographing certain parts of the material.

During the year 114 subjects, amounting to 4,311 file inches of material, have been indexed and transferred to the storage files, and 64,876 papers, amounting to 757 file inches, have been recorded on 16-millimeter film.

The photographing of files on 16-millimeter film is providing the Commission with almost indestructible records. It also reduces the amount of space required for storage to approximately 2 percent of the space taken up by the original papers, thereby making available space for storing current files.

PERSONNEL AND ADMINISTRATION

MEMBERSHIP OF THE COMMISSION

Mr. Raymond B. Stevens, of New Hampshire, Chairman of the Commission since July 1, 1937, was again designated by the President as Chairman, effective July 1, 1940.

Mr. Oscar B. Ryder, of Virginia, Vice Chairman since August 4, 1939, was again designated by the President as Vice Chairman, effective August 4, 1940.

The appointment of Mr. E. Dana Durand, of Minnesota, expired June 16, 1940. He was reappointed by the President on August 23, to serve a new term, which will end June 16, 1946.

The other members of the Commission are: Mr. Edgar B. Brosard, of Utah; Mr. A. Manual Fox, of New York; and Mr. Fred H. Brown, of New Hampshire, who was appointed on August 1, 1940, for the term ending June 16, 1941. Mr. Brown has served as United States Senator, Governor of the State of New Hampshire, United States attorney for the District of New Hampshire, member of New Hampshire Public Service Commission, and more recently as comptroller General of the United States.

DETAIL OF TARIFF COMMISSION PERSONNEL TO FOREIGN GOVERNMENTS

In 1938 legislation was enacted for the purpose of improving relations with other countries in the Western Hemisphere by making available to the governments of such countries, at their request, experts of the United States Government. In accordance with the provisions of this law, the Commission detailed personnel to two South American countries. Mr. A. M. Fox, Commissioner, was designated head of the American Advisory Mission to Venezuela. Mr. H. V. Fay, of the Commission's staff, accompanied this mission as

a senior commercial policy analyst. This year that mission completed and submitted its report in both English and Spanish to the Venezuelan Government. Under the provisions of the same law, the Commission also detailed, in 1939, Mr. Harold D. Gresham to the Paraguayan Government, and he is still at the foreign station.

PERSONNEL

The Commission and its staff, as organized at the close of the fiscal year 1940, consisted of 298 persons, a net decrease of 12 from last year. This total comprised 4 Commissioners and 294 employees, 186 of whom were men and 112 were women. Fifty-six members of the staff have rendered military or naval service. The total number within the civil-service retirement law was 294. The amount of money deducted from their salaries under the retirement law during the fiscal year 1940 was \$29,274.89.

Fifty-seven young men on the Commission's staff registered on October 16 for service in the military forces of the country, in accordance with the provisions of the Selective Training and Service Act of 1940. In this group 34 are married and 23 single. Three, who are in the Reserve Force of the Marine Corps, are subject to call on short notice. There are others on the staff who are either members of the District National Guard or are Reservists in other branches of the military service.

In the past year the National Institute of Public Affairs has assigned to the Commission one "intern" who was connected with the Commission until June 1940. This is part of a program being carried out in all Government departments. The students to be assigned to the various departments are selected from the graduates of the colleges and universities of the country who are interested in Government administration.

Our experience last year was so satisfactory that again this year another student from a college in the United States was assigned to the Commission in October, and provision has been made through the State Department for four "interns" from Latin-American countries to be assigned to the Commission for work during part of the current year. These students are not given access to or allowed to work with any confidential information which has been obtained by the Commission.

The following changes in personnel occurred during the fiscal year ended June 30, 1940:

Appointments:	
Permanent employees.....	27
Temporary employees.....	9
Total.....	36
Separations:	
Resignations.....	31
Deaths.....	4
Retirements.....	4
Temporary appointments completed.....	9
Total.....	48

The following table shows the distribution of the staff as of June 30, 1939, and June 30 and October 31, 1940.

Departmental and field services

Title	June 30, 1939	June 30, 1940	Oct. 31, 1940
Commissioners.....	6	4	6
Chairman, planning and reviewing committee.....	1	1	1
Chief, technical service.....	1	1	1
Adviser on international trade policies.....	1	1	1
General counsel.....	1	1	1
Secretary.....	1	1	1
Administrative officer.....	1	1	1
Chiefs of divisions.....	10	11	11
Acting chief of division.....	1	1	1
Assistant chiefs of divisions.....	2	3	3
Chiefs of sections.....	6	6	6
Acting chief of section.....	1	1	1
Librarian.....	1	1	1
Accountants.....	24	20	19
Marine and foreign transportation specialist.....	1	1	1
Distribution and traffic analyst.....	1	1	1
Commodity specialists.....	48	47	45
Economists.....	33	33	32
Commercial policy analysts.....	9	9	8
Attorney.....	1	1	1
Assistant librarian.....	1	1	1
Clerks, including stenographers.....	123	118	117
Secretaries to Commissioners.....	6	5	5
Operators, office devices.....	11	10	13
Telephone operators and stock clerks.....	3	4	3
Messengers.....	14	15	14
Skilled laborer.....	1	1	1
Chief, New York office.....	1	1	1
Total.....	310	298	295

NEW YORK OFFICE

The Tariff Commission, in order to be in a position to obtain readily information regarding imports and other customs data, and in order to better serve the business people in and around New York, maintains an office in the customhouse in New York City.

In May of this year Mr. Henry H. Waters, who had been in charge of the New York office since January 1924, retired after 45 years of Government service. Much of this time Mr. Waters had been employed by the Customs Service, although during part of that period he was detailed to the Civil Service Commission and also served as assistant secretary of the New York civil-service district. While in the Customs Service, Mr. Waters did outstanding work in assembling documentary evidence in customs cases for presentation to the United States courts. He was given special recognition for work of this kind on certain sugar cases.

The Commission selected Mr. Samuel W. Pitts to succeed Mr. Waters. Mr. Pitts has been on the staff of the Tariff Commission since 1928. In 1936 he was placed in charge of the W. P. A. project in Richmond, Va., which is sponsored by the Tariff Commission for the compilation of the basic statistical data produced at New York.

The New York office is considered by the Commission as one of the primary sources of information for the office at Washington, D. C., and a ready means of contact between business organizations in the New York metropolitan area and the principal office of the Com-

mission in Washington. Information regarding matters that come within the purview of the Commission, whether in published or other form, can usually be obtained at the New York office.

FINANCE AND APPROPRIATIONS

Salaries and expenses.—The appropriation for salaries and expenses for the fiscal year ended June 30, 1940, was \$912,000. Of that sum there was turned back to the Treasury an unobligated balance of \$729. The Commission received reimbursements under section 601 of the Economy Act for special work performed for other departments.

Beginning with the fiscal year 1941, the Commission has had to include among its other expenses the administrative expenses of the Committee for Reciprocity Information, except the salary of the secretary of that committee. His salary is paid by the Department of State.

Printing and binding.—The appropriation for printing and binding for the fiscal year ended June 30, 1940, was \$15,000. Of that sum there was turned back to the Treasury an unobligated balance of \$450.

Expenditures and obligations.—Expenditures for the fiscal year ended June 30, 1940, and outstanding obligations at that date were as follows:

<i>Expenditures and obligations, fiscal year 1940</i>	
Salaries:	
Commissioners.....	\$50, 638
Employees:	
Departmental service.....	782, 066
Field service.....	23, 244
Travel expenses:	
In the United States.....	11, 627
In foreign countries.....	2, 902
Books of reference and publications.....	4, 273
Printing and binding.....	14, 550
Telephone and telegraph.....	2, 926
Repairs and alterations.....	1, 142
Office equipment, supplies, miscellaneous expenses.....	32, 453
Total.....	925, 821

PUBLICATIONS

Since its organization in April 1917, the Commission has issued over 500 printed reports. Approximately 400 of these concern commodities or industries and cover some 700 individual items or industrial groups. In addition to the printed reports, the Commission has reproduced much necessary material by office-duplicating processes.

In the current year the Commission distributed 10,865 copies of its printed publications and 35,476 copies of processed material.

The Superintendent of Documents of the Government Printing Office reports that in the fiscal year 1940 nearly 5,700 copies of reports of the Tariff Commission were sold, the receipts from which amounted to approximately \$1,789.

During the school year many requests are received from students ranging from those in the higher grades of elementary school for material to assist in writing "a composition all about tariff" to college

students who have chosen some phase of the tariff question on which to write a thesis for a degree conferred by a university. In complying with these requests, every effort has been made to be as helpful as possible by sending the applicant not only the published reports that may be of service to him but by referring him to other sources of information. The Commission has followed the practice, when printed documents are sent in response to a request, of suggesting that when they have served the purpose of the correspondent they be placed either in a school library or some other library of general circulation where they will be available to others who are interested in the subject of the tariff.

An interesting development in the use of radio for informing the public of Government publications was a recent announcement of the availability of part I of the report entitled "Foreign Trade of Latin America" in Spanish as well as in English by the companies that broadcast special programs to Latin America on short-wave bands. As a result of the announcement, over 2,600 requests were received through one broadcasting system.

A revised list of publications of the Commission was issued early in the year. This list is divided into three groups. Group A is an alphabetical arrangement of all items included in reports of the Commission. Group B is an arrangement of the commodity reports according to schedules of the tariff act. Group C is an alphabetical arrangement of the reports that cannot be classified in the commodity group. In addition to listing the subjects covered by the reports of the Commission, this revised index also includes the year printed, the report designated, and the price of the reports that are on sale by the Superintendent of Documents of the Government Printing Office. In groups B and C the number of pages in a document is given.

The appendix to this annual report contains a list of the reports issued during this year and also a list of the other reports of the Commission issued since the passage of the Tariff Act of 1930.

APPENDIX

MATERIAL ISSUED BY THE TARIFF COMMISSION SINCE THE PASSAGE OF THE TARIFF ACT OF 1930

Since December 1, 1939, the following material has been issued by the Commission:

Analysis of Miscellaneous Chemical Imports Through New York, 1938.
Changes in Import Duties Since the Passage of the Tariff Act of 1930
(Supplement).
Crude Rubber.
Earthen Floor and Wall Tile.
Effect of Trade Agreements on Rates of Duty.
European War and United States Imports.
Foreign Trade of Latin America:
 Part I. Trade of Latin America With the World and With the
 United States (English and Spanish).
 Part II. Commercial Policies and Trade Relations of Individual
 Latin-American Countries (20 sections—11 issued to date).
 Part III. Selected Latin-American Export Commodities (2 volumes).
Glues, Gelatins, and Related Products.
Graphic Analysis of the Trade of Latin America.
Important Import Items Affected by Trade Agreements.
Imports and Trade Agreement Concessions, United States (8 volumes).
Imports in 1939 and Trade Agreement Concessions, United States.
Latin-American Commercial Treaties, Reference Manual of.
Pregreement and Postagreement Trade of the United States.
Publications of the Tariff Commission.
Raw Materials Bibliography.
Reciprocal Trade: A Current Bibliography (Supplement).
Reciprocal Trade Agreements, Industries Studies:
 Alcoholic Beverages.
 Cattle, Sheep, and Poultry.
 Cement and Concrete Products.
 Dairy Products.
 Fats, Oils, Waxes, and Oil-Bearing Materials.
 Feeds and Fodders.
 Fishery Products.
 Forest Products.
 Fruit and Fruit Products.
 Glass and Glassware.
 Grain and Grain Products.
 Hogs and Hog Products.
 Lace and Lace Articles.
 Leather.
 Leather Footwear.
 Petroleum Products.
 Pottery.
 Starches and Dextrines.
 Sugar.
 Tobacco and Tobacco Manufactures.
 Vegetables and Vegetable Products.
 Watches, Clocks, and Precision Equipment.
 Woolen and Worsted Goods.
Red Cedar Shingles.
Silverware.
Starches, Dextrines, and Related Products.
Synthetic Organic Chemicals, United States Production and Sales, 1939.
Transportation Costs and Value of Principal Imports.
Twenty-fourth Annual Report.

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

- Annual Reports :
 - Fourteenth.
 - Fifteenth.
 - *Sixteenth.
 - Seventeenth.
 - Eighteenth.
 - *Nineteenth.
 - Twentieth.
 - Twenty-first.
 - Twenty-second.
 - Twenty-third.
- 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 Glace Fruits.
- Canned Clams.
- *Cement.
- *Certain Vegetable Oils, Whale Oil, and Copra.
- Changes in Import Duties Since the Passage of the Tariff Act of 1930.
- *Cheese.
- Chemical Nitrogen.
- Cigar Industry and the Tariff.
- Cigar Lighters.
- Cigar-Wrapper Tobacco.
- Cocoa-Fiber Mats.
- Coilable Metal Rules.
- Commodity Packaging Data.
- Comparative Statistics of Imports into the United States for Consumption, by Countries, for the Calendar Years 1931-35 :

Volume	Title
I.	Animal and Animal Products, Edible.
II.	Animal and Animal Products, Inedible.
III.	Vegetable Food Products and Beverages.
IV.	Vegetable Products, Inedible (Except Fibers and Woods).
V.	Textiles (four parts).
VI.	Wood and Paper.
VII.	Nonmetallic Minerals.
VIII.	Metals and Manufactures (Except Machinery and Vehicles) (two parts).
IX.	Machinery and Vehicles.
X.	Chemicals and Related Products.
XI.	Miscellaneous.

Comparative Statistics of Imports into the United States for Consumption, by Countries, for the Calendar Years 1929 and for 1936 :

Volume	Title
I.	Animal and Animal Products, Edible.
	Animal and Animal Products, Inedible.
	Vegetable Food Products and Beverages.
	Vegetable Products, Inedible (Except Fibers and Woods).
II.	Textiles.
III.	Wood and Paper.
	Nonmetallic Minerals.
	Metals and Manufactures (Except Machinery and Vehicles).
	Machinery and Vehicles.
IV.	Chemicals and Related Products.
	Miscellaneous.

*Out of print.

- Comparison of the Tariff Acts of 1922 and 1930 (by items).
- Comparison of the 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.
- *Computed Duties and Equivalent Ad Valorem Rates on Imports Into the United States from Principal Countries (1929 and 1931).
- Computed Duties and Equivalent Ad Valorem Rates on Imports Into the United States from Principal Countries, Calendar Years 1929, 1931, and 1935.
- *Copper.
- Cotton Cloth.
- Cotton and Cotton Waste.
- 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.
- Cutlery Products.
- Cylinder, Crown, and Sheet Glass.
- Dead or Creosote Oil.
- *Depreciated Currency.
- *Differential Between Raw and Refined Sugar.
- Domestic Value—Conversion of Rates.
- Dominion and Colonial Statistics.
- Dressed or Dyed Furs.
- 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.
- Dyes and Other Synthetic Organic Chemicals in the United States, 1936.
- Dyes and Other Synthetic Organic Chemicals in the United States, 1937.
- 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 Nonresident Fishermen in the United States Fisheries.
- Excise Tax on Fats, Oils, and Oil-Bearing Materials.
- Extent of Equal Tariff Treatment in Foreign Countries.
- Feldspar.
- Fish and Other Marine Products.
- Fish Packed in Oil.
- *Fishery Products.
- *Flat Glass and Related Glass Products.
- Folding Rules, Aluminum and Wooden.
- Fourdrinier Wires, Woven Wire Cloth, and Cylinder Wires.
- Free and Dutiable Imports for Consumption from Selected Countries—
 - By months, 1932 and 1933.
- Fresh Vegetables:
 - Beans, Snap or String, Green or Unripe.
 - Cucumbers in Their Natural State.
 - Egg Plant in Its Natural State.

*Out of print.

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

- Lima Beans, Green or Unripe.
 Okra.
 Peas, Green or Unripe.
 Peppers in Their Natural State.
 Tomatoes in Their Natural State.
 Furniture of Wood.
 Gauge Glass Tubes.
 Germany, United States Trade With.
 Grapes, Raisins, and Wines.
 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.
 Imports and Duties, 1937 (arranged according to the Tariff Act of 1930—By schedules, paragraphs, and commodities).
 Imports, Exports, Domestic Production, and Prices on Petroleum, Coal, Lumber, and Copper, Together With Excise Taxes Collected Thereon, 1937.
 Imports, Exports, Domestic Production, and Prices on Petroleum, Coal, Lumber, and Copper, Together With Excise Taxes Collected Thereon, 1939.
 Incandescent Electric Lamps.
 Inedible Gelatin, Glue, Glue Size, and Fish Glue.
 Infants' Wool-Knit Underwear.
 Iron in Pigs and Iron Kentledge.
 Iron and Steel.
 *Lace and Lace Articles.
 Laminated Products.
 *Lumber.
 *Maple Sugar and Maple Syrup.
 *Matches.
 Meat and Food Choppers.
 Methods of Valuation.
 Mica Industry, The.
 Nets and Netting and Other Fishing Gear.
 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.
 Pocket Cutlery.
 Pottery.
 Precision Drawing Instruments.
 Quicksilver.
 Recent Developments in the Foreign Trade of Japan.
 Reciprocal Trade: A Current Bibliography.
 Reciprocal Trade Agreements Digests of Trade Data for the Following Countries:
 *Belgium.
 *Brazil.
 Canada (first agreement).
 Canada (second agreement) (four volumes).
 Czechoslovakia.
 Finland.
 Netherlands.
 Sweden.
 Switzerland.
 United Kingdom (eight volumes).

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