

TWENTY-SEVENTH ANNUAL REPORT

of

THE UNITED STATES

TARIFF COMMISSION

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1943



Washington, D. C.

UNITED STATES TARIFF COMMISSION

Office: Seventh and E Streets, N.W., Washington, D.C.

COMMISSIONERS

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Lynn R. Edminster, Vice Chairman
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LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION
Washington, January 1, 1944

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

In view of the present need for limiting reports to the briefest possible statement of essential matters, the Commission has confined itself in this report to summarizing its principal activities and has omitted much of the detail which has been customary in previous annual reports.

In Regulation No. 3, dated September 25, 1942, the Office of War Information directed that this report should not be printed.

Respectfully,

OSCAR B. RYDER, Chairman

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

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CURRENT WORK OF THE COMMISSION

Virtually all of the work of the Tariff Commission in 1943 was either in direct furtherance of the war effort or was related to the many problems in the field of foreign trade and commercial policy which the war is creating.

The Commission's contribution to the war program and to the solution of war-created problems is made possible only through the continuance on an adequate scale of its basic work. This work, the fundamental character of which has changed little during the quarter of a century of the Commission's existence, consists of assembling, analyzing, and presenting to the Congress and the Executive the facts relating to conditions of international competition as regards commodities produced in the United States, and relating to the foreign trade and foreign-trade policies of the countries of the world, particularly as they affect the foreign trade of the United States. Reports for the use of the war agencies involve, basically, the same information and the same type of analysis as do those for the use of the Congress. Any difference between the two classes of reports arises mainly from differences in the nature of the problems toward which analysis is directed. Frequently, moreover, memorandums and reports prepared pursuant to the Commission's regular duties have proved to be more useful to war agencies than material prepared at their special request. The Commission, in fact, often exercises its own initiative in undertaking new studies to anticipate problems within its special field, whether those problems are to be met by war agencies, by the President, or by the Congress.

From what has been said, it will be clear that no segregation can be made between the regular and the war work of the Commission. The two are inextricably connected. All that can be done is to distinguish, as below, between work done at the request of war agencies (which by no means comprises the entire contribution of the Commission to the war effort) and the general work of the Commission. It will be realized that even this distinction is largely arbitrary since, as a general rule, the reports prepared at the special request of war agencies, rest chiefly on the basic data accumulated in the Commission's general work. On the other hand, it should be observed that many of the special analyses which the Commission makes for war agencies will be of great value in dealing with the tariff and foreign-trade problems that the United States will face at the end of the war.

Work Done at the Request of War Agencies

During 1943, work done directly at the request of war agencies constituted the largest segment of the work of the Tariff Commission. Such work is in pursuance of section 334 of the Tariff Act of 1930 directing the Commission to work "in conjunction and cooperation" with other agencies of the Government. It is concerned with matters in the Commission's special field or with new—often difficult—problems regarding which the assistance of the Commission's staff of experienced and impartial experts is desired.

The work done at the direct request of war agencies in 1943 was varied in character and consisted chiefly of supplying information and making available the services of the Commission's expert staff. A major part of it was undertaken in cooperation with the War Production Board, the Office (formerly the Board) of Economic Warfare, the Office of Price Administration, and the War Department; to a lesser extent it

was carried out in cooperation with the Combined Production and Resources Board, the Office of Foreign Relief and Rehabilitation Operations, the Office of the Coordinator of Inter-American Affairs, and other Government agencies concerned with the war effort. Recently the Commission began important work at the request of the Food Distribution Administration.

A summarization of the projects for the war agencies follows. Usually reports resulting from investigations made for these agencies, since they relate to the war effort, are confidential and, therefore, are available to Government agencies only. Summaries of reports available to persons outside of the Government, as well, will be found in the appendix.

Cooperation with the War Production Board.

The Commission has cooperated with the War Production Board by preparing numerous reports and memorandums on a wide range of subjects. This work has included regular monthly technical and statistical services on certain commodities and the preparation of various special studies. Some of these studies required investigation in the field, and others were based upon material already in the Commission's files.

Almost from the beginning of the defense and war effort the Commission has been engaged in making studies of commodity transportation problems for the Division of Stockpiling and Transportation of the War Production Board, the Interdepartmental Shipping Priorities Advisory Committee, and the Interdepartmental Air Cargo Priorities Committee, and, more recently, for the Interdepartmental Traffic Requirements and Priorities Committee. All these committees are under the general direction of the Division of Stockpiling and Transportation of the War Production Board. A senior member of the Commission's staff

serves as consultant and adviser to that division, is a regular member of each of the aforementioned committees, and supervises the work done for them by the Tariff Commission. This work consists largely of the preparation of reports and memorandums containing technical and trade data required in determining for specific commodities (such as coal, cement, and lumber) movement priorities, the possibilities of conserving haulage, and the adequacy of transportation for war production. In connection with this work, members of the technical staff of the Commission frequently are asked to attend conferences where their specialized knowledge of commodities can be utilized in the study of transportation problems.

Typical of a number of continuing projects which the Commission has undertaken for the War Production Board is the one concerning synthetic organic chemicals. Statistics of production, consumption, and stocks, with appropriate analyses, for about 350 chemicals studied in this project, are based on returns on a monthly questionnaire sent to approximately 175 manufacturing concerns. Another of these projects involves obtaining monthly data from 500 to 600 concerns on sisal, henequen, kapok, and other hard and soft vegetable fibers and on burlap. The data with regard to these and certain other products are analyzed and tabulated and are sent shortly after the close of each month to the War Production Board. They provide the basis for allocating available supplies to individual users and for administering conservation orders and other War Production Board orders dealing with these strategic materials.

At the request principally of the War Production Board, the Commission's New York office is carrying out an extensive program of analysis of imports, at present covering several hundred import classifications. Whether undertaken initially for the War Production Board,

the Office of Economic Warfare, the Office of Price Administration, the Department of Agriculture, or other agencies, the completed analyses often serve the needs of two or more agencies. They are made by examining in detail the import invoices made available by the Customs Service. They show quantity and value of imports by commodity types and grades, countries of origin, and individual importers.

Cooperation with the Office of Economic Warfare.

The Tariff Commission first placed its facilities at the service of the Board of Economic Warfare on December 12, 1941. The formal liaison arrangement established at that time continued after the powers of the Board were transferred in July 1943 to the Office of Economic Warfare, which since has become a part of the Foreign Economic Administration. Work for that office has consisted largely of studies of specific commodities, countries, and areas. In addition the Commission has from time to time detailed specialists to that office for particular projects.

At the request of the Board of Economic Warfare, the Commission prepared during the past year studies of the foreign trade of India and of Spain, made an analysis of certain phases of Mexican economy, prepared analyses of the economies of the Netherlands Indies and of French Indochina, and supplied data and prepared maps of world-wide air routes. Other studies, most of which were confidential because they related to enemy countries, also were made.

Among the undertakings now in progress for the Office of Economic Warfare are a compilation of statistics on the pre-war production and consumption of selected agricultural products in each of the countries of the world; an analysis of the economic structure of Malaysia (Netherlands Indies, British Malaya, and the Philippine Islands), with particular emphasis on the pre-war situation and post-war possibilities; the preparation of a series of commodity surveys of principal Malaysian

products showing in detail for each product its pre-war position, how it has been affected by the war and its probable production in the post-war period; and the preparation of certain parts of an atlas of world production of metals and minerals.

The Commission continues to supply "spot" information in compliance with frequent requests from the staff of the Office of Economic Warfare. From time to time, also, it details personnel to assist that office temporarily on specific assignments both in Washington and in foreign countries; at present, one member of the Commission's staff is on detail to assist with work, in Washington, concerning Japan, and another on detail in Latin America to make a study of mica and quartz-crystal deposits.

Cooperation with the Office of Price Administration.

Work, principally in the field of accounting analysis (particularly cost analysis, but comprising also analysis of import invoices, exploratory studies, and commodity classifications), has been done for the Office of Price Administration. Most of these assignments have been given to the Commission because of its experience in investigating the industries concerned and because of its ability to assign to these studies accounting, technical, and economic personnel accustomed to collaborate on projects of this kind.

In the following paragraphs there will be described the major projects performed for the Office of Price Administration; besides these, there have been numerous short assignments.

Illustrative of this work during the past year are the several investigations with respect to wool and to cotton textiles. These related to classes of commodities with which the Commission already had had much experience. A comprehensive investigation was made of the costs and general operating conditions of woolen and worsted manufacturers. Costs and related data were obtained for more than 200

woolen and worsted fabrics in 40 mills located in 17 States. Less extensive investigations related to other types of wool textiles, such as wool tops and knitted fabrics of wool.

Costs and physical data were also obtained from over 40 companies covering nearly 500 cotton cloths made from carded yarns. These fabrics included osnaburgs, sheetings, printcloth-yarn fabrics, drills, jeans, tickings, twills, suitings, coverts, denims, chambrays, duck, and bed sheets and pillowcases.

A study of cane and sugar production in Puerto Rico was made and several preliminary reports were submitted both to the Office of Price Administration and to the Department of Agriculture early in 1943.

At the request of the Office of Price Administration, the Tariff Commission in the past 2½ years has conducted a series of investigations concerning the costs of producing crude petroleum in the United States. The periods covered in the investigations were 1939, 1940, 1941, and the first 7 months of 1942. Reports on these investigations, including supplementary data relating to certain particular areas were released to the public during the past year. The Commission continues to maintain an active file of information regarding petroleum production and trade throughout the world for the joint use of the Office of Price Administration and of the Petroleum Administrator for War.

Cooperation with the Food Distribution Administration.

Shortly after the establishment of the Food Distribution Administration, under the Department of Agriculture, the Commission was requested to assist in several important analytical programs. Work was begun by a general survey for the Compliance Branch of the already extensive purchases, by type, time, vendor, and price. Subsequently a more intensive review was made of several of the programs in terms of probable returns of vendors; this work concerned meats, dairy and

poultry products, fats and oils, grain products, and fish. More recently the Commission's staff has assisted in detailed studies directed toward improving certain purchase programs. In this connection field work was undertaken to assist the Administration in revising its program of purchasing concentrated fruit juices. Other forms of assistance have been rendered to the Food Distribution Administration from time to time such as field reviews of the operations of milk distributors under the subsidy program.

Several invoice analyses of imports have been made for use as a basis for the allocation of imported goods. Very extensive work of this type was done on imports of spices.

Cooperation with the War Department.

During the past year the Tariff Commission continued work on a series of factual surveys entitled Primary Products and Their Manufactures in Certain Strategic Areas. The first request by the Department, made in 1942, was for information regarding Africa and certain countries in the Near East, India, and Ceylon. Later the Department requested similar surveys on Far Eastern areas, including the Netherlands Indies. These surveys are confidential, but, with the approval of the War Department, have been distributed to certain other Government agencies.

Supplementing the above series of surveys, which concern specified strategic areas, the Commission was asked to prepare for the War Department studies of selected strategic commodities in all areas of the world. Reports already have been prepared on copper, rubber, tin, cobalt, lead, antimony, and other products, and additional reports are in progress. These studies, like those described in the preceding paragraph, are confidential and have been distributed only to certain Government agencies.

The Commission, at the request of the Military Intelligence Service, furnished it information on commercial policies of certain strategic areas; and the School of Military Government at Charlottesville, Va., was supplied with a report containing information requested in regard to Italy.

There also has been assembled by the Commission's staff a large volume of information on such subjects as climate, harbor facilities, water supplies, foodstuffs, building materials, transportation and communication facilities, and sanitation and health in numerous areas in which our armed services are operating or may hereafter operate.

In addition to working on the specific projects mentioned, members of the Commission's staff also serve on interdepartmental committees appointed by the War Department. The Commission, moreover, frequently receives requests from the War Department for "spot" information and for special reports requiring only a limited amount of work.

Cooperation with other war agencies.

The Tariff Commission, in carrying out its function of cooperating with other agencies, has rendered assistance principally to the War Production Board, the Office of Price Administration, the Food Distribution Administration, the Office of Economic Warfare, and the War Department, as described in the preceding sections. It also has rendered substantial aid, however, to a number of other Government agencies on problems which, for the most part, have been brought about by the war. For the Inter-American Defense Board a report was completed on the industrial installations in Latin America; this report was also of interest to the War Department. The New York office of the Commission made an invoice analysis of imports for the United States Commercial Company, a subsidiary of the Reconstruction Finance

Corporation, in order to provide it with a basis for allocating certain imports. Information has been supplied also to other subsidiaries of the Reconstruction Finance Corporation. The Commission took an active part in the preparation, by an interdepartmental committee, of the Standard Industrial Classification. This work, although done at the request of the Budget Bureau, was intended primarily for the use of the War Production Board and the Procurement Division of the Treasury Department. Several reports and memorandums also have been prepared for the State Department in connection with problems arising out of the war.

All of the agencies mentioned in this section and those preceding have made extensive use of earlier reports prepared by the Commission, especially its unpublished Summaries of Commodity Information. The Commission has kept these Summaries, which cover all commodities of any material importance, as up-to-date as circumstances have permitted, special attention being given to critical and strategic commodities.

General Activities

The various activities described in this section of the report relate principally to the basic work of the Tariff Commission, such as keeping up-to-date the Summaries of Commodity Information—which form, in war as in peace, the essential foundation for most of the services which the Commission renders. Also described in this section are various projects undertaken to assist in dealing with war-created problems in the fields of foreign trade and international commercial policy. Many of these projects were undertaken as a part of the Commission's contribution to interdepartmental activities, particularly in connection with the implementation of article VII of the Lend-Lease agreements and the carrying out of the "Good Neighbor" program and the trade agreements program.

Studies of foreign countries and areas.

This phase of the Commission's function has been emphasized increasingly in recent years. Work concerning the trade and trade policies of the various countries of the world and of their dependencies has constituted a very important part of the activities of the Commission.

Within the past year the Commission has issued several reports in this field. Among these are Foreign-Trade and Exchange Controls in Germany, Commercial Policies and Trade Relations of the European Possessions in the Caribbean Area, and a preliminary report entitled Puerto Rico's Economy, with Special Reference to United States-Puerto Rican Trade. Summaries of these and other reports that have been made available for public distribution will be found in the appendix.

The report entitled Foreign-Trade and Exchange Controls in Germany analyzes exhaustively the special trade and exchange procedures that were principal features of Germany's trading methods in the period immediately preceding the war, and also the effect of these procedures on the trade of Germany and of other countries. Inasmuch as exchange control and blocked currencies probably will be conspicuous in the post-war trade situation, the analysis of the German experience with such devices in the period before the outbreak of the war will be of considerable interest.

As a companion study to the publication, The Foreign Trade of Latin America, printed by the Commission in 1942, the Commission issued a report entitled Commercial Policies and Trade Relations of the European Possessions in the Caribbean Area. This report sets forth, for each of these possessions, the physical characteristics, population, natural resources, and economy; examines its commercial policy; and analyzes its foreign trade. The data presented in this study will be of value

in dealing with certain post-war problems of the Caribbean area. In cooperation with the Department of State and the Office of the Coordinator of Inter-American Affairs, the Commission also issued this year a Spanish translation of The Foreign Trade of Latin America.

A report on French commercial policy and foreign trade is now nearly completed. Although work on it has been suspended temporarily because of the pressure of assignments for war agencies, the Commission expects to finish the report when circumstances permit.

Some of the less comprehensive reports on the trade and trade policies of various countries and areas which have been or are being prepared at the request of war agencies already have been discussed. Others, of somewhat similar scope, are being prepared on the Commission's own initiative, such as those on Greece and Spain. These reports, like most others relating to the war, are for the time being not distributed outside of Government agencies. They will be of value, however, in connection with plans for post-war trade arrangements.

The Commission is also preparing on its own initiative three reports of major size and importance regarding the trade and commercial policies of foreign countries. One of these deals with the Latin American countries and is designed not only to bring up-to-date material contained in the report already issued on The Foreign Trade of Latin America, but also to offer an extensive analysis of the economy, trade, and commercial policy of each of the 20 Latin American Republics, and the effects of the war upon the economies and trade positions of the several countries. It is planned to make the final report public eventually, but meantime in preliminary form its parts are being made available for the use of Subcommittee V (Post-War Problems) of the Inter-American Financial and Economic Advisory Committee. As the preliminary drafts of the various sections of the report are completed

they are transmitted to Subcommittee V through the United States Interdepartmental Committee on Post-War Inter-American Economic Policy. The Interdepartmental Committee is composed of representatives of the Departments of State, Commerce, Agriculture, and Treasury, and of the Office of the Coordinator of Inter-American Affairs, the Foreign Economic Administration, the Export-Import Bank, and the United States Tariff Commission.

Another major project now in progress is a report on the trade and trade policies of the British Empire, whose constituent areas together account for almost one-third of the international trade of the world. This report will have as one of its principal topics British imperial preferences and their effect on international trade—a subject of vital importance in connection with both article VII of the Lend-Lease agreements and the future trade policies of the United States and the other countries of the world. Sections of the report will deal with the trade and trade policies of the United Kingdom, of each of the self-governing Dominions, of India, and of the Crown Colonies and other British possessions as a group. This study should be very useful to the Congress in formulating the future foreign trade policies of the United States and to the Department of State in its various economic negotiations with British Empire countries.

Now in course of preparation is a report on the economy and trade of Puerto Rico. This is a more detailed and complete study than the preliminary one heretofore referred to, being similar in scope to the report on United States-Philippine trade prepared by the Commission in 1937. The work was undertaken at the special request of the Committee on Territories and Insular Affairs of the United States Senate, to which the preliminary report already has been submitted. This report typifies the factual information which the Commission is able to supply to the Congress.

Work in progress on industries and commodities.

Effects of the war upon selected United States industries.--The effects of the war on United States industry and trade have created problems not only of general foreign-trade policy but also of tariff policy in respect to specific domestic industries. As a result of war conditions, new domestic industries--synthetic rubber is an outstanding example--have been created; others have been greatly expanded; still others have been contracted or adversely affected in one way or another. In consequence, the competitive positions of many domestic industries may have been altered both as regards foreign markets and as regards the markets of the United States. The formulation of the future foreign-trade policies of the United States, therefore, will require that each major domestic industry be studied with a view to determining in what direction and to what extent its pre-war position in respect to foreign competition has been altered by the war.

Realizing this, the Commission in 1943 initiated work on a series of reports on the effects of the war upon selected United States industries with special reference to their competition with foreign industries, particularly in the markets of the United States. This work, which was undertaken in order to have available the data necessary to assist the Congress in determining the future trade policies of the United States, is being expanded and expedited in response to a request recently received from the Committee on Ways and Means of the House of Representatives for reports on the effects of the war on the international competitive positions of important United States industries. Work is in progress on a number of reports and two--raw wool and industrial alcohol--have been completed.

Work on summaries of commodity information.--Fundamental to the greater part of the service rendered by the Tariff Commission is the

compiling and analysis of data relating to the thousands of commodities which appear in the import trade of the United States. As already stated, a large amount of this basic material has been organized in the form of Summaries of Commodity Information. These summaries incorporate information from both Government and trade sources, much of which is obtained by the Commission at first hand in the field. From time to time the Commission has broadened the scope of the summaries so that they might meet changing conditions, especially since the beginning of the defense program. For example, the strategic importance of the commodity, the size of stocks, alternate sources of supply, and the practicability of substitutes have been given greater emphasis. In revising the summaries, the Commission generally gives priority to those commodities of outstanding current importance. In the past year most of these have been the strategic, critical, or surveillance materials which are essential for war production.

Summaries of commodity information continue to be useful in supplying the Congress with basic information on tariff matters and in providing data for the use of those concerned with trade agreements. The demand for them from Government agencies has increased rapidly since the beginning of the defense program.

Industry and commodity reports completed.

Production and Sales of Synthetic Organic Chemicals, 1942.—A preliminary report on United States production and sales of synthetic organic chemicals was issued during the past year. This report gives statistics of production and sales in 1942 of coal-tar dyes, other finished coal-tar chemicals, and synthetic non-coal-tar organic chemicals. Similar information has been issued each year since 1918. Heretofore, subsequent to the issuance of a preliminary report, a final more detailed and analytical report was printed. In order to avoid disclosure

of information that might aid the enemy, however, the detailed final reports for 1941 and the following years will not be issued until after the war. The complete information for 1942 is being compiled and submitted confidentially to the War Production Board, as was done with the data for 1941.

Costs of Wool, Sheep, and Lambs, 1940-43.—Completed primarily for the use of the war agencies was a study on the costs of wool, sheep, and lambs, for the years 1940 to 1943. This study, prepared in cooperation with the Farm Credit Administration, gives the approximate costs of production and income of producers (1940-42 and 1943 estimates) in the Western States, the principal producing region. The material was made available for public distribution.

Silver in Wartime.—Because of the importance that silver has attained since the beginning of the war, the Commission in September 1943 issued a short report on this subject, which was given general distribution. The report deals with new and wartime uses of silver, as well as with the available stocks and supplies.

Changes in Import Duties Since 1930.—The Commission issued this year a compilation which sets forth all the changes in United States tariff duties that occurred from the time the Tariff Act of 1930 became effective until February 1, 1943. It lists changes brought about through Congressional amendment to the Tariff Act of 1930, through Presidential proclamation under section 336 of the tariff act, and through Presidential proclamation in pursuance of the trade agreements program. This edition supersedes a similar compilation published by the Commission in 1939.

Representation on interdepartmental committees.

The Tariff Commission is represented by members of the Commission itself or members of its staff on a number of interdepartmental committees. A considerable amount of this committee activity is directly

identified with the war effort and is conducted under conditions of war-time urgency. Some of it, such as the trade agreements work, is closely related to current operations of the Government in the field of international commercial policy. An important part has to do with problems in the field of international trade and commercial policy which the war is creating. As many of these problems perforce must be the subject of preliminary discussion at this time, it is essential that thorough preparatory work by the governmental agencies concerned be done now, and not be postponed until after the war.

The amount of work done both by the Commissioners and by members of the staff in actual participation on these interdepartmental committees is very substantial. Moreover, these committees together constitute one of the main channels through which factual information assembled in the Tariff Commission is put to use.

Trade agreements program.

The Tariff Commission continues to supply information pertinent to the trade agreements program, and members of the Commission and of its staff continue to participate in the work of the interdepartmental trade agreement committees.

In June 1943 a joint Congressional resolution was approved extending for 2 years the period in which the President is authorized to negotiate agreements under the Trade Agreements Act. During the consideration of the legislation for this extension, the Tariff Commission, on request, assigned members of its staff to work directly with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. Indexes to the hearings were compiled by the Commission's staff. Many special studies were prepared by the Commission on its own initiative or on request of committees or members of Congress, for use in connection with this legislation.

These studies included analyses of trade agreement concessions heretofore made by the United States; of the effects of trade agreement reductions on tariff levels in the United States; of the number of rates reduced or bound against increase by trade agreements; of the relative positions of United States trade with countries with which agreements had been made and those with which none had been made; and of the countries supplying imports of articles covered by trade agreement concessions.

In recent months a large amount of exploratory work has been done by the trade agreements organization with the assistance of the Tariff Commission, looking toward possible new trade agreements with a number of countries or toward possible revision of certain agreements now in effect. The only announcements made during 1943 regarding negotiations for new agreements, however, related to a possible agreement with Paraguay, and to a proposed supplementary agreement with Cuba in which the only import item to be considered was tobacco. Following the hearings, however, the Secretary of State announced, on December 16, 1943, that it had been decided to terminate the negotiations with Cuba. An agreement with Iran was signed April 8, 1943, but has not yet become effective. An agreement with Iceland signed August 27, 1943, became effective November 19, 1943.

During the fiscal year 1943 the Commission issued digests of trade data on articles upon which the United States granted concessions in the trade agreements with Peru and Mexico, and other information regarding these agreements. It also issued a short statement concerning the agreement with Uruguay, which, as regards imports into the United States, related mainly to articles already covered in the agreement with Argentina.

The Tariff Commission continues to assist the Committee for Reciprocity Information by making its staff and office facilities

available for the work of the Committee. The Vice Chairman of the Tariff Commission is Chairman of the Committee for Reciprocity Information.

Activities under sections 336, 337, and 338 of the Tariff Act of 1930 and under section 22 of the Agricultural Adjustment Act.

There has been little work under these sections for several years. Inasmuch as shipping restrictions and other war conditions have limited severely the importation of commercial articles for civilian use, there have been no requests since the United States entered the war for changes in duty under section 336, involving the equalization of foreign and domestic costs of production. No investigations have been instituted under this section for more than 2 years, and few have been undertaken since 1933. Activity under section 338, which relates to trade discrimination by foreign countries, has been small because trade controls throughout the world are on a wartime basis.

Work under section 337 (unfair import practices), never large, likewise has been slight in recent years; the Commission, however, has just completed one such investigation--the first formally ordered since 1936. This investigation was of alleged unfair methods of competition or unfair acts in the importation and sale of Canadian-made medical swabs. The imported swabs were made in Canada on machines which were taken to that country from the United States after the machines and manufacturing process had been judicially held to infringe complainant's patents and an injunction issued to prevent such infringement. The finding of the Commission was as follows:

After full inquiry and consideration in the investigation under section 337 of the Tariff Act of 1930 concerning medical swabs (Docket No. 12) the Tariff Commission finds that the facts disclosed in the investigation do not indicate that the alleged unfair methods of competition and unfair acts have caused substantial injury to the domestic industry or that they have a tendency to injure it substantially. The total imports have been negligible when compared with domestic production and with

sales. The war has created a situation as a result of which imports of swabs have been completely suspended, and there appears to be no likelihood of any consequential importations of swabs in the near future. Because the requirements of the statute regarding substantial injury are not satisfied in this investigation there is no occasion for the Commission to promulgate findings regarding the existence of unfair methods of competition or the efficiency of the domestic industry -- other aspects of the matter. The investigation is therefore terminated.

In making the above finding, however, the Commission announced that it would continue to watch the situation and in the event that circumstances in the future indicate a likelihood of substantial injury to the domestic industry, as required by the statute, the Commission would reinstitute the investigation and give prompt attention to the matter under section 337.

Section 22 of the Agricultural Adjustment Act of 1933, as amended, provides for action restricting imports which are found by the President, after investigation and report by the Tariff Commission, to be interfering with any program undertaken under that act or related acts. Under this section there was made, early in the present calendar year, a report which led to a modification of a previous quota restriction; the change was intended to facilitate importation of wheat and wheat flour purchased by the War Food Administration to meet the shortage of grains for animal feed and for the manufacture of alcohol. For the present, all action under this section is related closely to wartime emergencies, and the Commission keeps currently informed in order to be in a position to report promptly if further modification of existing quota restrictions on agricultural products should appear to be required in the public interest.

FINANCES AND PERSONNEL

Finances and Appropriations

The direct appropriations for the Tariff Commission for the fiscal year 1943 totaled, for salaries and expenses, \$853,200, plus \$62,500 for overtime pay; and for printing and binding, \$15,000.

In addition, working funds from other appropriations, amounting to \$263,107, were transferred to the Commission for services rendered to war agencies. Of all funds available, there remained at the end of the fiscal year unobligated balances totaling \$74,924.

There follows a summary of the net expenditures and obligations from the Commission's regular appropriations for the fiscal year 1943:

Salaries:		
Commissioners -----		\$39,999
Employees:		
Departmental service -----		777,178
Field service -----		34,019
Travel expense -----		9,143
Books of reference and publications -----		3,646
Telephone and telegraph service -----		4,084
Repairs and alterations -----		1,402
Office equipment, supplies, miscellaneous expense -----		7,626
Printing and binding -----		<u>9,514</u>
Total -----		886,611

Personnel

The present members of the Commission are:

Mr. Oscar B. Ryder, Chairman
Mr. Lynn R. Edminster, Vice Chairman
Mr. Edgar B. Brossard
Mr. E. Dana Durand

Mr. Ryder, of Virginia, Chairman of the Commission since July 1, 1942, was again designated for that office by the President, effective July 1, 1943.

Mr. Edminster, of Illinois, was reappointed by the President on May 10, 1943, and confirmed by the Senate May 15, 1943, to succeed himself as a member of the Commission for the term ending June 16, 1949. He was continued as Vice Chairman of the Commission by Presidential designation, effective August 4, 1943.

Of a staff which normally approximates 300, the Tariff Commission now has 53 persons in the military service (51 men and 2 women). Some of the men, although beyond the draft age, were called into the Army for specialized duty because of their training or technical experience.

In accordance with the principles laid down in the Selective Service Act, the Commission has requested deferment for very few of its employees.

APPENDIX: SUMMARIES OF TARIFF COMMISSION REPORTS
PUBLISHED DURING 1943

FOREIGN-TRADE AND EXCHANGE CONTROLS IN GERMANY

This report will be of interest in connection with the consideration of post-war problems of international trade and finance.

It consists primarily of an analysis of the operation of the special trade and exchange procedures that were such conspicuous features of Germany's trading methods under the National Socialist regime. The bilateral exchange-clearing agreements under which German trade was conducted with most other European countries in the several years preceding the outbreak of the present war are analyzed in considerable detail, as are also the German payments agreements with Great Britain and other countries. Similarly analyzed is the aski or inland-account system which was widely applied by Germany in trade with the United States and other countries, including most Latin American countries, with which Germany had no formal exchange agreements of the bilateral clearing or payment types.

Most of the data on which the Commission's report is based were collected before the outbreak of the war in Europe, and the report deals particularly with the period from 1931 to 1939. After summarizing German tariff history and briefly describing the country's tariff system, it turns to the official control of foreign exchange, which was the central feature of the German system of regulating foreign trade as developed by the National Socialist Government. The system of exchange control itself, however, antedated the Nazi regime, having been established in July 1931 to protect the country's currency reserves from the pressure resulting from the deterioration of the German balance of international payments.

THE FOREIGN TRADE OF LATIN AMERICA (SPANISH EDITION)

Because of widespread interest, in Latin America, in the Commission's report entitled The Foreign Trade of Latin America, a Spanish translation was published. Publication of the translation was undertaken by the Tariff Commission in collaboration with the Department of State and the Office of the Coordinator of Inter-American Affairs.

The report examines, for the period 1929-38, the trade of the 20 Latin American countries with the world and, for the period 1929-40, their trade with the United States. It is divided into three parts: Part I deals with the trade of Latin America as a whole, part II with the commercial policy and foreign trade of each of the 20 Latin American Republics, and part III with approximately 30 important Latin American export commodities.

COMMERCIAL POLICIES AND TRADE RELATIONS OF EUROPEAN
POSSESSIONS IN THE CARIBBEAN AREA

This report examines the commercial policies and trade relations of all the European possessions in the Caribbean area. For each possession there is a short description of its physical characteristics, population, natural resources and economy, and a detailed examination of its commercial policy and foreign trade, including the effects of the war; a special section is devoted to the trade relations of each possession with the United States. The report covers the British colonies of the Bahamas, Barbados, Bermuda, British Guiana, British Honduras, Jamaica and Dependencies, the Leeward Islands, Trinidad and Tobago, and the Windward Islands; the French colonies of French Guiana, Guadeloupe and Dependencies, and Martinique; and the Netherlands possessions of Curaçao (Netherlands West Indies) and Surinam (Netherlands Guiana).

PUERTO RICO'S ECONOMY, WITH SPECIAL REFERENCE TO
UNITED STATES--PUERTO RICAN TRADE

At the request of the Hon. Millard E. Tydings, Chairman of the Senate Committee on Territories and Insular Affairs, the Tariff Commission undertook studies of United States--Puerto Rican trade relations. These studies had as their object the determining of the probable economic effects of ultimate independence for Puerto Rico, under some such general plan as contemplated by S.952, a bill providing for Puerto Rican independence. A preliminary report on the subject, based on information already available in Washington, was submitted shortly after the request was made, and a more exhaustive report on the subject is now in preparation.

The preliminary report was devoted principally to a consideration of the character of the island's economy and its dependence on external trade. Among the subjects dealt with were a comparison of the density of population in Puerto Rico and in neighboring areas; the composition of Puerto Rican agriculture and manufacturing enterprise; the distribution of labor force by employment status; Federal expenditures and revenues foregone in Puerto Rico; and the external trade under the Spanish regime and under the United States regime.

The more exhaustive report, referred to above, will be completed shortly after certain field work is done in the island.

TRADE AGREEMENT BETWEEN THE UNITED STATES AND PERU

A report issued under the title, Trade Agreement Between the United States and Peru, contains material made available by the Tariff Commission before and during the negotiations for the trade agreement with Peru, which became effective on July 29, 1942. This material was supplemented by the briefs and testimony presented to the Committee

for Reciprocity Information by interested parties. These data were used by the interdepartmental committees charged with carrying out the trade-agreements program.

By way of introduction, the report presents an analysis of the terms of the trade agreement, a brief survey of the economy of Peru, and data relating to the trade between the United States and that country. Following the introduction are digests of trade data concerning products upon which the United States granted concessions in the agreement. The text of the general provisions of the agreement constitutes an appendix.

TRADE AGREEMENT BETWEEN THE UNITED STATES AND MEXICO

The trade agreement with Mexico became effective on January 30, 1943. Subsequent to that date the Tariff Commission issued a report containing information which the Commission gathered with respect to the commodities on which concessions were granted to Mexico in the trade agreement. Most of the data were assembled by the Tariff Commission in compliance with Senate Resolution 334, Seventy-second Congress, which called for a revision of the Summaries of Tariff Information. This material was supplemented by the briefs and testimony presented to the Committee for Reciprocity Information by persons interested in the agreement. All these data were made available to the interdepartmental trade-agreements organization charged with conducting the negotiations.

The introduction consists of an analysis of the terms of the agreement, a brief survey of the economy of Mexico, and data relating to the trade between the United States and that country. Digests of trade data concerning products upon which the United States granted concessions in the agreement follow the introduction. The text of the general provisions of the agreement appears in the appendix, which also contains,

in summary tabular form, a list of the concessions granted by Mexico and by the United States.

TRADE AGREEMENT BETWEEN THE UNITED STATES AND URUGUAY

A trade agreement between the United States and the Republic of Uruguay became effective January 1, 1943. Later in 1943 the Tariff Commission released an analysis of the terms of the agreement, which contained also a résumé of the commercial policy and exchange control of Uruguay and of its trade relations with the United States.

With the exception of unmanufactured agates, a free-list item, all items on which the United States granted concessions in this agreement are included also in the agreement with Argentina, which became effective November 15, 1941; moreover, the rates of duty on these items are the same in both agreements. The Tariff Commission therefore has not reissued the digests of information pertaining to the commodities concerned. The digests prepared and published for the agreement with Argentina are pertinent also to the agreement with Uruguay.

COMPILATIONS CONCERNING TRADE AGREEMENTS

Analysis of trade agreement concessions.

This compilation consists of statistical tables of United States imports in 1939 of products with respect to which concessions granted in trade agreements were in effect on May 1, 1942. Interpretation of the statistics is made in the accompanying text.

Effect of trade agreement reductions on tariff levels in the United States.

Although based on trade statistics for 1939, the computations in this material reflect trade-agreement reductions through February 1, 1943. The analysis attempts to measure the extent of reductions in duty made by

trade agreements. The comparison is between the rates, when applied to the imports in 1939, in effect before any trade agreements were signed and the reduced rates in effect February 1, 1943.

Major import articles in relation to trade agreements.

In these tables are summarized data for 1939 with respect to all dutiable imports into the United States having a value of \$500,000 or more each in that year, with group totals only for those of lesser value. The commodities are grouped primarily according to whether or not their rates have been reduced by trade agreements and secondarily according to their value.

Number of rates reduced by trade agreements.

The two tables show, by country, as of February 1, 1943, the number of rates reduced or bound by trade agreements in each of the schedules of the Tariff Act of 1930, and the number of articles bound on the free list.

Relative positions of agreement countries as suppliers of certain imports in 1939.

This memorandum contains information as to the extent to which trade-agreement concessions have been granted to the principal suppliers of the various commodities concerned.

United States imports for consumption of agricultural and nonagricultural products.

This material gives data on United States imports for consumption of agricultural and nonagricultural products, free and dutiable, in 1934 and in each year 1937-40. Part I consists of statistics of the total imports in those years from trade-agreement countries, and part II, the statistics of imports for the same periods from non-trade-agreement countries. There are also two summary tables, arranged by product and country group and by region and country group.

CHANGES IN IMPORT DUTIES SINCE 1930

There was issued a new edition of the compilation listing all changes in United States import duties since the Tariff Act of 1930 became effective in June of that year. This publication, entitled Changes in Import Duties Since 1930, supersedes a similar one issued in January 1939 and a cumulative supplement issued in January 1942.

Listed in the compilation are changes brought about through direct Congressional amendment to the Tariff Act of 1930, through Presidential proclamation under section 336 of the tariff act (the flexible provision), and through Presidential proclamation in pursuance of the reciprocal trade agreements entered into under the Trade Agreements Act of June 12, 1934, including the agreement with Mexico, which became effective January 30, 1943. Import taxes imposed under provision of the Internal Revenue Code which are collected under law as tariff duties, and certain processing taxes which apply in effect only to imported merchandise, or to products made from imported merchandise, also are included. As in the earlier editions, for historic purposes the interim changes in duties have been included even though those changes have been superseded.

In addition to general comments on the information supplied, there are suggestions for ascertaining the present tariff status of imported materials and explanations with respect to the special provisions for products imported from Cuba and from the Philippine Islands. Reference also is made to special emergency duty exemptions.

REPORTS ON THE COST OF PRODUCING CRUDE PETROLEUM
IN THE UNITED STATES

At the request of the Office of Price Administration, the Commission conducted investigations of the cost of producing crude petroleum in the United States. These investigations had as their purpose the obtaining

of factual information to aid the Office of Price Administration in regulating crude-oil prices. Data were obtained from more than 2,500 producers, who account for about 70 percent of the domestic output of crude petroleum. The investigations covered the calendar years 1939, 1940, and 1941 and the first 7 months of 1942 and included all the principal pools and fields as well as many of lesser importance.

An original and two supplemental reports were issued. The original report, dated December 1942, covered all the principal producing pools or fields and many of lesser importance. The supplemental reports are more limited in scope: One includes data for 16 selected pools or fields located in 11 States east of California--2 States in the Rocky Mountain area, 7 States in the Midcontinent-Gulf area, together with Illinois and Michigan. The other covers 24 pools or fields in California, of which 20 produce chiefly the heavier grades of oil; for these 20 pools the report shows costs separately for the heavier grades.

WHEAT AND WHEAT FLOUR

On April 24, 1943, the Tariff Commission reported to the President the results of an investigation to ascertain the feasibility of relaxing the import-quota restrictions imposed on wheat and wheat flour by Presidential proclamation effective May 29, 1941, under section 22 of the Agricultural Adjustment Act of 1933, as amended, to permit the quota-free entry of wheat to supplement the short supply of ordinary feed grains in certain feed-deficit areas of the United States. The report recommended that the quotas be suspended insofar as they apply to wheat and wheat flour purchased by the War Food Administrator or any agency or person designated by him.

In its investigation the Tariff Commission found that the increased requirements of foodstuffs of animal origin caused a great expansion in

the demand for concentrated feeds and made it necessary to supplement the supplies of the feed grains with large quantities of wheat ordinarily used for human consumption. The localities most affected were the New England, Middle Atlantic, and Gulf coast areas. Another factor brought out in the investigation was that war requirements had necessitated the expansion of the production of industrial alcohol from grains for use in the manufacture of explosives, rubber, and other articles needed by the military forces.

The shortage of coastwise shipping and the congestion of the railways made it difficult to move adequate supplies of domestic wheat from surplus areas to the areas where the deficit in feed existed. The Department of Agriculture reported that surplus Canadian wheat could be transported to eastern areas of the United States on the Great Lakes, with a saving of domestic rail transportation, and that possibly Australian wheat could be purchased and brought to the United States as return cargo.

Since the import quotas on wheat and wheat flour were imposed to prevent interference by imports with the Government's domestic wheat programs, the Commission recommended that foreign wheat purchased by the War Food Administrator, who is responsible for the Government's wheat program, be permitted to enter quota-free. As a result of the Commission's report presenting these factors, the President on April 29, 1943, issued a proclamation suspending the quota restrictions in accordance with the Commission's recommendations.

COSTS OF WOOL, SHEEP, AND LAMBS, 1940-43

Because of the importance of United States wool production to the war effort, a study was made of financial returns from sheep ranching in Texas and the far West, for the period 1940-43. This was carried

out in cooperation with the Farm Credit Administration, which for a number of years had been recording results of operations by ranchers borrowing from that office, partly in order to determine the soundness of the loans made. From this information and supplemental investment data made available to the Commission, complete costs were obtained for wool and for sheep and lambs. All basic data were supplied by the Farm Credit Administration, care being taken not to reveal cost data for individual ranches.

Three sets of data were used: One covered 532 ranches for 1940 and 1941, another covered 218 of these ranches for 1940-42, and the third covered 326 ranches for 1941-42 and (estimated) for 1943. The second group was small because a majority of the ranchers covered in 1940 and 1941 had retired operating loans 3 or more months before the end of 1942 and their detailed expenditures were incomplete for that year. This group, therefore, contained an undue proportion of the higher-cost ranches and was not fully representative of ranching costs for 1942. The third group (326 ranches) was found to be representative of the region in 1942 and was given major emphasis in the report, but costs were also shown for the other two groups.

SILVER IN WARTIME

In September 1943 the Tariff Commission issued a short report concerning new wartime uses of silver and dealing also with available stocks and supplies of the metal.

Since the beginning of the war, silver has attained a new and important strategic position in the United States. It is being used in the building of airplanes, battleships, submarines, tanks, guns, bombs, torpedoes, and shells. Nearly 60 percent of the silver consumed by private industry in 1942 is estimated to have gone into products

essential to the war effort. Moreover, the demand for silver coins is greater than ever before. As a result, current supplies of silver were inadequate, and many of the former uses, such as the fabrication of tableware, household ornaments, jewelry, and novelties, have had to be curtailed. Government agencies are controlling the distribution of silver, and silver from Government stocks is being loaned and sold for certain industrial purposes. In 1942 an estimated 121 million ounces of silver were required for industrial purposes, and an additional 91 million ounces were used in the manufacture of coins (domestic and foreign), or a total of 212 million ounces.

Silver, because of its special properties, is eminently suited to many industrial applications. In the past its price alone has precluded its use for many purposes; however, by coating with it electrolytically, by alloying it with other metals, by sintering or mixing it with other metals in a powdered form, and by limiting its application to specific parts of products, it is effective in very small quantities. Some of the new uses for silver doubtless will be abandoned after the war, but many of them will continue. Moreover, industries such as that producing silverware will have accumulated a considerable backlog of orders and will require substantial supplies of silver to meet the post-war demand.

PRODUCTION AND SALES OF SYNTHETIC ORGANIC CHEMICALS IN THE UNITED STATES, 1942

A preliminary report giving statistics of production and sales of synthetic organic chemicals in the United States in 1942 was issued by the Commission. (The final report will not be released until the end of the war.) This report incorporated data on the quantity of production and sales and on the value of sales of coal-tar crudes,

intermediates, dyes, pharmaceuticals, rubber chemicals, and other finished coal-tar products and of all synthetic non-coal-tar chemicals.

In 1942 United States production of crude coal tar totaled 761 million gallons, of which the total quantity distilled or topped by producers and refiners amounted to 640 million gallons, compared with 571 million in 1941. The production of coal-tar crudes from coal tar was much higher in 1942 than in 1941.

Sales of intermediates and of finished coal-tar and non-coal-tar products amounted to 932 million dollars, an increase of 28 percent over 1941 sales, which were the highest on record. Those of medicinals increased 60 percent in value and 29 percent in quantity.

The combined output of intermediates and finished coal-tar products in 1942 amounted to 2 billion pounds, compared with 1.8 billion in 1941, and the production of non-coal-tar chemicals increased from 5 billion to 7 billion pounds. There were decreases in the output of dyes (10 percent), flavors and perfumes (20 percent), and coal-tar resins (15 percent), principally because of wartime restrictions on the production and sale of certain products. An increase of 46 percent took place in the production of non-coal-tar solvents and other miscellaneous non-coal-tar chemicals.

UNITED STATES IMPORTS IN 1939 CLASSIFIED
ACCORDING TO TYPE OF DUTY

This report shows the proportion of dutiable imports into the United States subject to each of the three types of duty—specific, ad valorem, and compound.

Imports in 1939 were used as the basis of the tabulation as imports in more recent years have been abnormal on account of war conditions. The tables, one for each type of duty, show the value of imports, the amount of duty, and the equivalent ad valorem rate for each tariff schedule. The most recent material of this nature heretofore available was for imports in the 12 months ended September 1931.