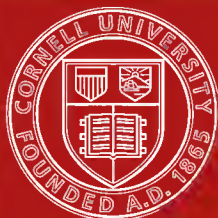


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TARIFF HEARINGS

BEFORE THE COMMITTEE ON
WAYS AND MEANS OF THE
HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS

1908-1909

SCHEDULE L

Silks and Silk Goods



WASHINGTON
GOVERNMENT PRINTING OFFICE

1909
12902

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

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CHOICE E. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

P R E F A C E .

Tariff hearings were begun on November 10, 1908, pursuant to the following notice:

The Committee on Ways and Means will hold hearings on tariff revision, at Washington, D. C., commencing on the following dates:

Tuesday, November 10, 1908, on Schedule A—Chemicals, oils, and paints.

Thursday, November 12, 1908, on Schedule H—Spirits, wines, and other beverages.

Friday, November 13, 1908, on Schedule F—Tobacco, and manufactures of.

Monday, November 16, 1908, on Schedule E—Sugar, molasses, and manufactures of.

Wednesday, November 18, 1908, on Schedule G—Agricultural products and provisions.

Friday, November 20, 1908, on Schedule D—Wood, and manufactures of.

Saturday, November 21, 1908, on Schedule M—Pulp, papers, and books.

Monday, November 23, 1908, on Schedule B—Earths, earthenware, and glassware.

Wednesday, November 25, 1908, on Schedule C—Metals, and manufactures of.

Saturday, November 28, 1908, on Schedule N—Sundries.

Monday, November 30, 1908, on Schedule J—Flax, hemp, and jute, and manufactures of.

Tuesday, December 1, 1908, on Schedule I—Cotton manufactures, and on Schedule L—Silks and silk goods.

Wednesday, December 2, 1908, on Schedule K—Wool, and manufactures of.

Friday, December 4, 1908, on Sections 3-34, and miscellaneous matters.

Hearings on articles now on free list will be held on the above dates in connection with the above subjects to which they most nearly relate.

The hearings will be held in the rooms of the committee, third floor, House of Representatives Office Building.

Sessions will begin at 9.30 a. m. and 2 p. m., unless otherwise ordered.

Persons desiring to be heard should apply to the clerk of the committee previous to the day set for the hearing, to be assigned a place on the programme for that day. A person making such application should state:

1. His name.
2. His permanent address.
3. His temporary address in Washington.
4. Whom he represents.
5. Concerning what paragraphs he desires to be heard.
6. Briefly, what position he expects to advocate.
7. How much time he wishes to occupy.

He should also inclose a copy of his brief and of any documents he desires filed with the committee.

All briefs and other papers filed with the committee should have indorsed on them the name and address of the person submitting them, and the numbers of the paragraphs of the present law (act of July 24, 1897) to which they relate.

WILLIAM K. PAYNE,
Clerk, Committee on Ways and Means.

The committee subsequently extended the time for hearings to December 24, 1908.

On the opening day of the second session of the Sixtieth Congress (December 5, 1908), the following resolution was passed by the House of Representatives:

Resolved, That the Committee on Ways and Means, in their investigation and inquiry for the purpose of preparing a bill to revise the present tariff laws, shall have power to subpoena and examine witnesses under oath, and to send for records, papers, and all other evidence that may be necessary to make the investigation and inquiry full and complete, and that the Speaker shall have authority to sign and the Clerk to attest subpoenas during the recess of Congress.

Pursuant to this resolution, all witnesses appearing before the committee, beginning with the session on December 10, 1908, were sworn before giving their testimony.

The stenographic minutes of each day's proceedings, together with the briefs and memorials filed, were printed and distributed the following morning, and upward of 2,500 copies of this first print were sent out each day. Copies were sent to each witness, with a request that he correct his statement as printed, and return the revised copy to the clerk. Such corrections have been used in preparing this revised edition of the hearings.

In this edition the chronological order of the statements has been disregarded, and the oral statements and papers filed on each subject have been grouped together, following, as far as practicable, the arrangement of subjects in the present tariff law. The date of each oral statement is placed at the beginning of it.

A large number of letters have been filed with the committee which merely stated the attitude of the writer, or else substantially repeated an argument which had already been printed in the hearings. Such letters have not been included in this work, but instead, a statement is made that such letters have been received. They are all on the committee's files, and accessible to the members of the committee. By this means, the size of the volumes, already bulky, has been somewhat reduced, the printing has been expedited, and, it is believed, many undesirable repetitions have been avoided.

WILLIAM K. PAYNE.

JANUARY, 1909.

REMARKS BY THE CHAIRMAN.

Tuesday, November 10, 1908, the chairman of the committee, Hon. S. E. Payne, opened the public hearings with the following remarks:

Gentlemen, the hearings will commence at half past 9 in the morning and continue until 1 o'clock, when a recess will be taken until 2 o'clock. The hearings will then be resumed in the afternoon at 2 o'clock, and if it becomes necessary to take a recess at 6 o'clock the committee can do so and continue the hearings at 8 o'clock.

The opening hearing this morning, as you are aware, is upon the chemical schedule of the tariff, and it is the desire of the committee to hear the parties interested and others who may desire to speak on the subject embraced in the schedule, and also concerning the chemicals on the free list, and so with each paragraph of the bill as we proceed, so that the discussion may continue intelligently, involving every item connected with the subject.

The committee has no apologies to make for the bad acoustics of the hall, as we have nothing to do with that feature. We hope the people in attendance will be able to hear, and I would caution those in attendance that they speak in a sufficiently loud tone of voice that the committee can hear.

December 22, 1908, at the close of the formal hearings, the chairman said:

Gentlemen, in accordance with the resolution of the committee passed two weeks ago this closes the hearings and there will be no further hearings by the committee unless they desire information on some subject and invite gentlemen to be present to give them that information—that is, there will be no hearings for volunteers as distinguished from those who may be sent for by the committee. Of course, any persons desiring to present briefs and file them can do so, and they will be printed with the hearings. The only difficulty in regard to that is that if they are not brought in promptly they will be printed in a subsequent volume. I think we have material now for five or six volumes, and belated briefs and papers will be printed in a subsequent volume with the index.

Before we adjourn I want to thank the members of the committee for their uniform courtesy, and especially their indefatigable inquiries tending to bring out the facts in reference to the tariff and in order to aid in perfecting the bill. I think the minority members of the committee especially are entitled to thanks for their perseverance and patience in getting at the facts.

Mr. COCKRAN. As the senior member of the minority, Mr. Chairman, I want to say that nothing could be fairer than the manner in which this investigation has been conducted, and no inquiry could be fuller in its scope or more fruitful in its results.

The CHAIRMAN. The chairman is very much gratified at the gentleman's statement. The committee will now stand adjourned.

SCHEDULE L.

SILKS AND SILK GOODS.

SCHEDULE L—SILKS AND SILK GOODS.

SILK COCOONS.

[Paragraph 661.]

M. W. GUSTIN, SALEM, MO., RECOMMENDS THE PLACING OF A DUTY OF FIVE DOLLARS PER POUND ON COCOONS.

SALEM, Mo., *November 30, 1908.*

HON. SERENO PAYNE,

Chairman Committee, Washington, D. C.

DEAR SIR: AS the honorable committee over which you preside is considering the tariff question with a view to having some changes made, I ask your indulgence to call attention to what might be made by proper protection a very profitable industry over a large area of the United States.

Experiments for a number of years conducted at national expense have demonstrated that wherever in this country the Osage orange (our common hedge plant) will thrive silk cocoons can be produced, the tender leaves of that tree being as good, if not better, food for the silkworms than mulberry leaves. That much is repeatedly set forth in public official reports. Ex-Governor Colman, of this State, when in charge of the Agricultural Department during one of Cleveland's administrations, said the solution of the silk industry (raw silk and cocoons) here would be a home market; that the price in competition with China, France, Italy, and Japan is the mountain our home producers will not climb.

You know how to get over that mountain. An import duty of \$5 per pound on cocoons, with corresponding increase for each stage of manufacture, would place the home producer of cocoons on top of that mountain, from whence they would have a "down-hill pull."

Furthermore, while that industry would be developing—growing up to meet the home supply—the duty on the imports which would still be required would yield from \$50,000,000 to \$100,000,000 revenue per annum (a sum which would come in good play right now); a revenue which would be paid by the more wealthy people, in that case being a pride tax which they would be glad to pay. Nothing makes a silk dress or a silk hat so valuable to the owners thereof as the fact that some one else, or, more so, no one else, can afford to wear them.

Very respectfully,

M. W. GUSTIN.

CARDED AND SPUN SILK.

[Paragraphs 384 and 385.]

CHENEY BROTHERS, SOUTH MANCHESTER, CONN., THINK THE SPUN-SILK SCHEDULE SHOULD NOT BE CHANGED.

SOUTH MANCHESTER, CONN., *January 6, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The source of all silk is the cocoon or protecting shell made by the silkworm as a shelter for itself while in the chrysalis state. Inside this cocoon the worm is transformed first into a chrysalis and then into a moth, which liberates itself by piercing the cocoon. The cocoon is formed of a continuous fine fiber secreted by the worm and deposited layer upon layer, and held in place by a gum secreted with it by the worm. The cocoon has much the shape and general appearance of a large peanut.

Raw silk is made by unwinding these fibers from the cocoon before the moth has pierced it, in much the same way that a lady unwinds a ball of yarn. A certain number of moths are always allowed to come out, that they may lay eggs for the next year's crop. The cocoons from which they have escaped can no longer be reeled into raw silk and are known as "pierced cocoons."

In reeling raw silk a large amount of waste is made, which is in the form of a tangled mat known to the trade as "frisons." Again, in the process of winding this raw silk on bobbins, there is produced another kind of waste, known as "winders' waste." These three materials, i. e., pierced cocoons, frisons, and winders' waste, with some other relatively unimportant wastes, are classed together as waste silk and constitute the raw material from which spun silk is made. It should be understood that this waste silk is composed entirely of perfectly new, sound fiber, and has no similarity to the waste rags and other previously manufactured and worn materials from which woolen shoddy is made. There is no silk material corresponding to shoddy.

It is this yarn, called spun silk, which we now have under consideration. It is made as follows:

The natural silkworm gum adhering to the fiber is removed by immersion in boiling soapsuds or other chemical treatment, or by maceration or decay. All three processes have been or are now in practical operation, both in this country and abroad. After the fiber is ungunmed it is combed and put through complicated processes of drawing, roving, and spinning, similar to those employed in the manufacture of worsted yarns. The filaments are exceedingly fine and delicate, and have to be treated with much more care than wool. This necessitates the employment of a great deal of highly skilled labor.

On the continent of Europe spun silk is known as "schappe," and to a certain extent the term has been transplanted to this country. As much of the spun silk or schappe of Europe was formerly made from stock which had been ungunmed by the old process of maceration, a false impression gained credence that there is a real distinction between the schappe from macerated stock and the spun silk from

boiled stock. They are the same thing and, as a matter of fact, the older processes are giving way, both in this and European countries, to chemical ungumming. There is absolutely no difference between the processes of manufacture of these yarns except the initial one of the ungumming. They are practically identical in character and appearance, except that the silk from boiled stock is cleaner and whiter than the other. They are used interchangeably for the same purposes. The contention that schappe is not spun silk has been thoroughly argued before the appraiser of the port of New York, and a decision has been rendered to the effect that they are the same.

It is stated that spun silk from macerated stock is not made in this country, and that for sanitary and other reasons it can not be successfully made here, and it is therefore argued that a reduction of duty upon carded and combed silk (384, Schedule L, Dingley tariff) would foster the growth of a new industry of schappe spinning in this country, which does not and under present conditions can not exist. This presentation of the case is entirely misleading, for the maceration of silk stock not only can be successfully done in this country but has actually been done on a very large scale, but has been practically abandoned in favor of better processes. If for any reason it was necessary to make spun silk from macerated stock and at the same time avoid the disadvantages attendant upon using that method of ungumming the raw material here, the way is now open to do so, as the waste can, under the present tariff law, be macerated abroad and imported in the ungummed state free of duty, which would certainly be more favorable to the building up of a supposed new industry than the suggested plan of importing macerated combs under a duty even as low as that recommended.

What does not exist in this country is the incomplete industry of silk spinning without the accompanying branch of combing, and to create it by allowing the importation of combed silk at less than a protective rate would be a great injustice to the completely organized industries already existing. The labor and capital employed in combing are equally entitled to protection with those employed in the more advanced processes.

The proposal to make a reduction of duties upon "tussah" spun silk yarns should not receive favorable consideration. Tussah is a more or less vague name applied to a wide range of silks obtained from a number of different species of wild silk cocoons found in various parts of the world. The methods and machines required for the manufacture of tussah yarns are the same as those for making other spun silks. The yarn is naturally dark in color, but when bleached it is only distinguished from other qualities by an expert. Tussah yarns have been successfully made in this country, and if they are not spun in large quantities, it is because they and other low grades of yarns have not been sufficiently protected.

On account of the complicated and expensive machinery used, the amount of skilled labor employed and the great burden of carrying large stocks of such an expensive material, both in the raw, in process, and in finished yarn, it requires a very large capital to install a plant for the manufacture of spun silk and to operate it successfully. Moreover, the article is one in which the prices of both raw and finished product fluctuate more rapidly and over a wider range than is

usual in cotton, wool, or other textiles, and the risk is consequently great.

These reasons to a certain extent explain why the industry has not made more rapid development in this country, but a more potent reason is that it has not had the same degree of protection under which the cotton, wool, and other textile industries have made such rapid advances. The fact that two-thirds of all the spun silk used in the country is imported is evidence that the present tariff rates are hardly protective. This section of the Dingley tariff is at present on a revenue rather than on a protective basis, as is illustrated by the fact that during the ten years for which we have reports of imports under the law the duty collected upon spun silk has amounted to \$11,952,034.47, against only \$8,098,827.48 for woolen, worsted, and cotton yarns combined. The disparity between the cost of manufacturing in this country and Europe is very great. The wages which we pay are two or three times as much as are paid for the same class of labor in England, France, or Switzerland, and three or four times as much as in Italy.

The manufacture of spun silk has been established with modern machinery in the Orient, and is being carried on so successfully that the yarns are being offered on this market in competition with American and European qualities. We have to pay from 10 to 20 times as much for skilled labor as it costs in India, China, and Japan. There is great danger ahead in this oriental competition, not only in spun silks, but in a wide range of woven goods, which are being imported and consumed in place of the silk goods manufactured here. The competition of the Orient in some lines of silk goods is already more serious than that of Europe.

It is very true that specific rates of duty have many advantages over ad valorem rates, especially because they are more easily assessed and evasions of the law are more difficult, and a very serious attempt has therefore been made to work out a plan for specific rates for the spun-silk schedule. The outcome of this study seems to be that it is not possible to formulate a strictly specific schedule which will bear evenly upon all qualities and operate with justice to all interests. The nearest approach possible is to make an ad valorem classification with graded specific rates to apply to each class.

As the value and the degree of protection required are not determined by any physical property such as size (or count), twist, or anything which can be accurately described or arbitrarily determined, value is the sole factor which can with satisfactory results be used as a basis upon which to levy duties. Yarns of the same count, twist, and number of strands are sold at the same time in different qualities at from say \$1 to \$3 per pound, and it is obvious that it would be grossly unjust to collect an equal tax upon the low grade as upon the high. Should the rate be fixed at a point which would give fair protection to the best grades, it would be prohibitive upon the low grade; that is, the users of first-quality yarns, as, for instance, the velvet and plush weavers, could import them very advantageously, while the consumers of low-grade yarns, such as are largely used by the weavers of silk goods, intended for piece dyeing and printing, would be at a great disadvantage.

The schedule for spun silk in the Dingley tariff law has worked well, and the records show that the duties collected upon the different qualities have, when reduced to an ad valorem equivalent, borne with a surprising degree of equality upon all. It is very doubtful if a better plan can be formulated, and it is earnestly advised that no change be made, unless it be an increase upon the lower grades.

No change should be made in the manner of levying duty upon dyed yarns, attempting to base the rate upon the weight of the yarn as it was before dyeing. In the first place the dyeing industry in this country should not be denied the protection it deserves and needs, and in the second place it would be found impossible to check declared weights, as silk is capable of being weighted to almost any extent up to, say, 300 to 400 per cent.

We remain, yours, respectfully,

CHENEY BROTHERS,
By J. W. CHENEY, *Treasurer.*

SPUN SILK, SCHAPPE, AND PILE FABRICS.

[Paragraphs 384, 385, and 386.]

STATEMENT OF SIDNEY BLUMENTHAL, OF 453 BROOME STREET, NEW YORK CITY, RELATIVE TO SILK PRODUCTS.

TUESDAY, *December 1, 1908.*

The CHAIRMAN. Upon what do you desire to be heard?

Mr. BLUMENTHAL. I represent some of the manufacturers of silk velvets.

Mr. UNDERWOOD. What is the paragraph that you wish to speak on?

Mr. BLUMENTHAL. Paragraphs 384, 385, and 386. The manufacturers whom I represent do not desire to take up the time of the committee, but merely desire to express their wish that the committee may see it possible to adopt specific duty so far as such may be equitable, and to that effect we have prepared a brief, which we would like to hand to the committee for consideration when the time comes.

The CHAIRMAN. It may be printed in the record.

(Following is the brief referred to:)

NEW YORK, *November 30, 1908.*

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

DEAR SIR: On account of the difficulties in appraising values of schappe and spun silk yarns, which appraisement is necessary, under an ad valorem or compound duty, we strongly advise that in the proposed new tariff law a strictly specific duty be imposed on all schappe and spun silk (including tussah silk yarns). The reasons in favor of this change are many, and we believe that the change would be beneficial to the Government and importer alike.

First. Such a change would be no experiment, as under the present law the duty on cotton yarns is solely specific and it has worked very satisfactorily.

Second. There would be absolutely no question as to the assessment and collection of the correct amount of duties, and this would be equally beneficial both to the Government and to the importers.

Third. Manufacturers of goods into which these yarns enter, usually make contracts sufficient to meet their requirements for a year or more in advance, the goods being delivered and invoiced by the foreign spinner as required. The American manufacturer has to sell the goods into which these yarns enter six to eight months in advance of deliveries, and if during the time he is making up goods there is a sudden advance in market prices of silk yarns for immediate use, and he is compelled to pay a duty based on such present market prices, a serious loss is incurred on the goods which he has already sold, and business is interrupted.

We recommend the retention of the present rates on velvets, plushes, and other pile fabrics as scheduled in paragraph 386 of the present law, and we recommend including in this schedule hatter's plush, which in the present law, under paragraph 461, in black, for use of men's hats, comes in at 10 per cent. As this is an article of luxury, there seems to be no good reason why it should not come in at the same duty as all other plushes, thereby allowing it to be made in this country. Under the present duty there are, of course, no mills making this article in the United States.

We inclose herewith schedule which we recommend to replace paragraphs 384, 385, and 386 of the present law.

Very sincerely, yours,

THE SALT'S TEXTILE MANUFACTURING COMPANY,
 FREDK. E. KIP, *President*.
 SIDNEY BLUMENTHAL & Co. (INC.),
 SIDNEY BLUMENTHAL, *Treasurer*.
 THE AMERICAN VELVET COMPANY,
 CHAS. A. WIMPFHEIMER, *Proprietor*.
 A. WIMPFHEIMER & BRO.

Substitutes proposed for present paragraphs 384, 385, and 386.

Par. 384. Silk partially manufactured from cocoons or from waste silk, and not further advanced or manufactured than carded or combed silk, thirty cents per pound.

Par. 385. Thrown silk, not more advanced than singles, tram, organzine, sewing silk, twist, floss, and silk threads or yarns of every description, except spun silk, thirty per centum ad valorem; tussah spun silk in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound on all numbers up to and including number seventy. Tussah spun silk in numbers above seventy and all other spun silk, in all numbers up to and including number two hundred and thirty, in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, forty cents per pound and one-tenth of a cent per number per pound; all spun silk yarns above number two hundred and thirty, in singles, or advanced beyond the condition of singles by grouping or twisting two or more

single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound and two-tenths of a cent per number per pound; if colored, bleached, or dyed, there shall, on all of the foregoing tussah and other spun silk yarns, in addition to the duties provided above, be levied, collected, and paid a further duty of five cents per pound; if dyed, and the weight is increased by the dyeing over ten per centum beyond the original weight of the undyed yarn, there shall be levied, collected, and paid a still further additional duty of ten cents per pound; the duty on colored, bleached, or dyed yarns shall be assessed, levied, collected, and paid on the weight of the yarn before bleaching, dyeing, or weighting, and such original weight and the weight after dyeing shall be stated on the consular invoice; the numbers herein referred to are the French or Continental System of numbers based on the number of meters of yarn in a kilogram of weight.

Par. 386. Velvets, velvet or plush ribbons, chenilles, or other pile fabrics, cut or uncut, composed of silk, or of which silk is a component material, not specially provided for in this Act, one dollar and fifty cents per pound and fifteen per centum ad valorem; plushes, including hatters' plush, composed of silk, or of which silk is a component material, one dollar per pound and fifteen per centum ad valorem; but in no case shall the foregoing articles pay a less rate of duty than fifty per centum ad valorem.

Substitute proposed for present paragraph 385.

Tussah spun silk in singles or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound on all numbers up to and including seventies; tussah spun silk in numbers above seventies, and all other spun silk in all numbers up to and including two hundred and thirties singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, forty cents per pound and one-tenth cent per number per pound; all spun silk yarns above two hundred and thirties in number in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound and two-tenths cent per number per pound; if colored, bleached, or dyed there shall, on all of the foregoing tussah and other spun silk yarns, in addition to the duties herein provided, be levied, collected, and paid an additional duty of five cents per pound; if dyed and the weight is increased by the dyeing over ten per cent beyond the original weight of the undyed yarn, there shall be levied, collected, and paid a further additional duty of ten cents per pound.

The duty on colored, bleached, or dyed yarns shall be assessed, levied, collected, and paid on the weight of the yarn before bleaching, dyeing, or weighting, and such original weight shall be stated on the consular invoice.

The numbers herein referred to are the French, or Continental, system of numbers, based on the number of meters of yarn in a kilogram of weight.

Schedules by comparison.

Count.	Proposed duty.	Value.	Present duties.
	40 cents per pound and one-tenth cent per number.		
		<i>Francs.</i>	<i>Cents per pound.</i>
100.....	\$0.50	14	48½
110.....	.51	15	50
120.....	.52	16	51
130.....	.53	17	52½
140.....	.54	18	64
150.....	.55	19	65
170.....	.57	20	68
180.....	.58	21	67½
190.....	.59	22	69
200.....	.60		
210.....	.61		
220.....	.62		
	25 cents per pound and two-tenths cent per number.		
231.....	.71		
240.....	.73		
250.....	.75		
300.....	.85		

TUSSAH YARN.

		<i>s. d.</i>	<i>Cents per pound.</i>
67.....	\$0.25	3 3	32

Referring to the tariff on schappe, spun silk, and tussah spun silk, the following recommendations should receive serious consideration:

The specific duty has, in practically every line, facilitated the work of the appraiser, assisted the prompt delivery of merchandise, and eliminated the problems of the value of materials, to find which the Government spends much money in maintaining a special service of information, and it has finally excluded attempts at undervaluation such as may have been possible under an ad valorem duty.

To the extent to which the specific rate of duty has been operative on the yarns above referred to it has, therefore, proven of great advantage, and a further step forward would, it seems evident, be to rely on the purely specific duty instead of the compound one now prevailing, partly specific and partly ad valorem.

Of course, the tariff maker must take cognizance of existing industries and how they are affected by changes in duties.

The silk spinner in this country confines himself to making purely spun silk, producing no schappe at all. It appears that one of the reasons why schappe is not produced here is because of the insanitary condition and the nauseating smell attached to making the combings fit for schappe. In so far, therefore, as it is desirable to assist the industry for spinning schappe in this country, it should be made possible and at least easier to import the combings fit for making schappe at the lowest rate of duty consistent with the cost of waste silk comb-

ings made in this country. The committee should carefully examine this point so as to make it possible to import combings, if it is desired that the spinning of schappe in this country shall be encouraged and made possible in the future.

Yarns.

The cost of making yarns from waste silk differs between foreign and American spinners, both in singles and two plys, only in the matter of labor. It is acknowledged by the most important spinners in England and in France that the amount of labor used in spinning and the expense involved is, if anything, larger when the yarns are made from a poor grade of material than from a good grade of material. In any event, it is not larger in the latter than it would be in the former instance. The staples in the lower qualities are short and the spinning is harder and all the other processes necessary are more costly. As a reasonable conclusion, a specific duty ample to pay for the difference in labor involved in producing the cheapest quality would, if made the basis for a tariff, be ample for the protection of the American spinner.

If this idea is followed out it will be evident that the natural tendency of the weaver would be toward the importation and use of higher qualities; the industry would accordingly be lifted to a higher level and the consumption of merchandise would be increased, because the consumer got better goods and the tendency toward lower-grade products would be counteracted, and while protecting the American spinner there would yet be an increased revenue to the Government due to the larger general consumption of yarns.

The basis for a purely specific duty should be made dependent upon the fineness of the yarn, insomuch as the variation in count is practically the only difference in the cost of labor and expense in producing spun silk yarns.

Cotton yarns in 100/2 equal in fineness of count spun silk or schappe of 170/2—that is to say, there are an equal number of yards to the pound in these numbers.

Cotton yarns of the fineness of 100/2 pay 33½ cents per pound in duty; the proposed duty for schappe yarns of the same count would be 57 cents, almost double.

The proposed schedules sent herewith permit of assessing duties in a specific manner, absolutely fixed and collectible and approximating the duties now in force.

Tussah spun silk.

None of this is produced in this country, and while it may be possible to establish the industry here under a protective tariff undue weight should not be laid on the production of tussah yarns as against the importance of supplying the weaving industries now consuming and in need of such materials.

The industry of the weaving producer, which is firmly established, can be developed to a considerable degree without jeopardizing any existing (or rather nonexistent) tussah spinning plants, if a lower rate of duty is proposed on coarse counts (such as only tussah is

spun in), a rate substantially three-fourths of that imposed on other spun-silk yarns.

Dyed silk yarns.

It is a good suggestion that all dyed yarns be submitted to a duty based on the weight of the raw—that is, the undyed yarn—and both the raw and the dyed weights should be reported on the invoices.

It appears that the cost of dyeing—that is, the charges of the dyers in this country at the present time equals that of the European dyers; in other words, the dyeing is done as cheap here as it is in Europe. It is a question, therefore, to what extent a duty should be imposed on the dyeing. The only competition that European dyers offer to American dyers is in the superiority of their work, chiefly in blacks, but not in the price. It is a broad question as to how far the weaving industry should be jeopardized by excluding such foreign dyeing, which is only possible by reason of its marked superiority (not involving in any sense the difference in the labor cost).

A duty of 5 cents per pound for dyeing charges of pure dyes and weight up to 10 per cent and of 15 cents per pound for heavier weighting (all charges based on the raw weight of silk) is suggested.

It appears to be the thought of the Tariff Revision Committee that the rates of duty should be so imposed as to give advantage to countries who favor the United States, and on that idea a maximum and minimum tariff is to be made the basis of negotiations by the Government. Therefore, the scale submitted is recommended as a minimum tariff.

If a tariff law is now framed on the lines recommended by those most conversant with the needs of the industries, we all hope it will remain in operation for at least ten years to come or longer, much the same as the tariff now in force has been in existence. It is therefore wise and necessary to seriously contemplate the growing importance of those industries which are dependent on foreign spun silks and schappe, chiefly because they can not be obtained here in America.

If the weaving of silks, using spun yarns, grows at the same rate as it has been growing during the last five years the amount of schappe and spun yarns consumed in this country will be stupendous and vastly larger than the entire continent of Europe and England will be consuming.

As opposed to this, there is no prospect of the spun-silk industry or schappe industry here in America growing in anything like the proportion necessary to meet the weavers' requirements. Upon the two or three spinners now making yarn from silk waste in this country a sense of the responsibility, therefore, should weigh very heavily to explain why and to what extent the enormous weaving interests dependent upon this material should be handicapped and jeopardized in their growth, so that they, the few yarn spinners, can continue on with the present limited yarn production.

It is therefore fair to contemplate the legitimate claims and contentions for even lower rates than those herein suggested. If a lower duty than that herein proposed is adopted, a reduction corresponding to the lower cost of imported yarn in this market could be made on such imported woven goods as are made in part out of

schappe and spun-silk yarns—such as velvets, plushes, etc.—and could be readily adopted.

SIDNEY BLUMENTHAL & Co. (Inc.), *Shelton, Conn.*,

SIDNEY BLUMENTHAL, *Treasurer.*

THE SALT'S TEXTILE MANUFACTURING Co., *Bridgeport, Conn.*,

F. E. KIP, *President.*

THE AMERICAN VELVET Co., *Stonington, Conn.*,

CHAS. A. WIMPFHEIMER, *Proprietor.*

A. WIMPFHEIMER & BRO.

Mr. UNDERWOOD. On this first paragraph, "Silk partially manufactured from cocoons or from waste silk," under that paragraph, what is the amount of goods produced in this country?

Mr. BLUMENTHAL. I am not quite positive as to that, but I believe that the census statistics of the United States show that at the last census a production of 570,000 pounds of spun material, at a valuation of about a million and a half, was produced.

Mr. UNDERWOOD. There are no importations in this line of goods at all, are there?

Mr. BLUMENTHAL. I am not certain as to materials partially manufactured but not yet spun.

Mr. UNDERWOOD. You know of none in your trade, do you?

Mr. BLUMENTHAL. I am not directly concerned in the operations, excepting that we use materials similar to those which are made here, and the process of this initial operation, of one part of the manufacture, is one that I have not looked into as deeply as should be required to give you an intelligent answer.

Mr. UNDERWOOD. I do not see any report in the government statistics of any importations, and therefore I presume that the present duty is prohibitive. Do you know anything to the contrary?

Mr. BLUMENTHAL. I do not know anything to the contrary.

Mr. UNDERWOOD. And if it is a prohibitory duty, I presume there would be no objection to our making a reduction in that clause?

Mr. BLUMENTHAL. None that I can see, unless it shall cripple existing industries, which might offer serious objections to such a proposition.

Mr. UNDERWOOD. Paragraph 385, "Thrown silk, not more advanced than singles"—are you familiar with the industry in that schedule?

Mr. BLUMENTHAL. Somewhat.

Mr. UNDERWOOD. What is the production of the American article?

Mr. BLUMENTHAL. I think I mentioned it just now. The paragraph, I believe, that you refer to includes thrown silks and spun silks, does it not? I haven't the paragraph clear in my mind.

Mr. UNDERWOOD. "Thrown silk, not more advanced than singles, tram, organzine, sewing silk, twist, floss, and silk threads or yarns of every description, except spun silk, 30 per cent ad valorem."

Mr. BLUMENTHAL. There is a vast industry in the thrown-silk division of silk manufacture, and practically the largest proportion of that used in manufacture is produced in this country.

Mr. UNDERWOOD. Do you think that 99 per cent is produced?

Mr. BLUMENTHAL. I should not say as to that figure, but not very far from it; somewhere between 95 and 99 per cent.

Mr. UNDERWOOD. Most of that silk is made by machine work, is it not; not hand labor?

Mr. BLUMENTHAL. Very largely machine work.

Mr. UNDERWOOD. Therefore it could stand a reasonable reduction in order to obtain some revenue?

Mr. BLUMENTHAL. I am not sure as to that, not having given it any consideration.

Mr. UNDERWOOD. The next paragraph is 386.

Mr. BLUMENTHAL. The brief is more in regard to the other portions of the paragraph to which you have alluded. You have only referred to thrown silk. There are also other rates of duty to which this paragraph refers. In the matter of materials spun from the waste silk, concerning which you asked me before, and the duties operative now in protection of manufacture and for the purpose of giving the Government revenue, they are compound. At one time, and for many years, they were ad valorem. At the present time they are partly specific and partly value duties. We suggest in our brief, so far as possible, a specific duty, a weight duty, be practically adopted for the purpose of having stability and uniformity both in the revenue to the Government and in the protection of the manufacturer and consumer using the material.

Mr. UNDERWOOD. You have filed tables for the committee?

Mr. BLUMENTHAL. I have, sir.

Mr. UNDERWOOD. Are you familiar with the velvet schedule?

Mr. BLUMENTHAL. Rather.

Mr. UNDERWOOD. What is the amount of production in this country?

Mr. BLUMENTHAL. Production in the velvet industry has increased very, very largely during the past fifteen years; I believe more so during the past five to eight years. None the less, importations have kept pace in growth with the increase of industry, so that there has been no vital advantage apparently, either in the importer's or the manufacturer's favor.

Mr. UNDERWOOD. I notice the importations under this schedule amount to 735,000 pounds at a valuation of \$2,683,000. What percentage would you say that was of the total consumption in America?

Mr. BLUMENTHAL. The foreign valuation?

Mr. UNDERWOOD. Yes.

Mr. BLUMENTHAL. That would mean duty paid about \$3,500,000 or \$4,000,000, I should say. I estimate the production in this country at present at from \$6,000,000 to \$7,000,000. So that there is possibly one-third of the total consumption imported.

Mr. UNDERWOOD. That is, one-third imported and two-thirds produced here?

Mr. BLUMENTHAL. I should think so.

Mr. UNDERWOOD. Is the price of the goods fixed by close competition in this line of goods?

Mr. BLUMENTHAL. Very much so.

**SIDNEY BLUMENTHAL, NEW YORK CITY, FILES SUPPLEMENTAL
BRIEF FOR AMERICAN SILK MANUFACTURERS.**

NEW YORK, *December 16, 1908.*

HON. E. J. HILL,

House of Representatives, Washington, D. C.

MY DEAR SIR: The opportunity for securing such facts as we intended to lay before the Committee on Ways and Means not hav-

ing been sufficient in point of time to allow us to have them ready when we had the privilege of presenting our brief on December 1, I take the liberty of inclosing an additional statement which I ask you to kindly bring to the attention of the Committee on Ways and Means so as to supplement and strengthen the recommendations we have made with regard to a specific duty on spun silk, schappe, etc., substantially as proposed in the schedule which was suggested to take the place of the one now in operation, covering paragraph 385, by the Salts Textile Company, Bridgeport, American Velvet Company, Stonington, and Sidney Blumenthal & Co. (Incorporated), Shelton, all of Connecticut, representing themselves and other manufacturers. We are entirely at the command of the Committee on Ways and Means for any further information that is in our power to furnish.

Thanking you for your courtesy, I am,

Yours, very truly,

SIDNEY BLUMENTHAL, *Treasurer.*

NEW YORK, *December 16, 1908.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Since we appeared before your honorable body on December 1, we have had an opportunity to compile some further information, not available to us up to that time, which we respectfully submit for your consideration, in conjunction with the brief already filed.

The following is a list of the importations of spun silk and schappe yarns according to the figures compiled by the United States Government:

For the year—	Total pounds imported.	Average foreign value.
1890.....	884,000	\$2.15
1891.....	1,820,000	2.15
1892.....	490,000	2.23
1893.....	758,500	1.77
1894.....	437,500	1.64
1895.....	843,000	1.51
1896.....	783,000	1.28
1897.....	782,000	1.35
1898.....	957,000	1.23
1899.....	1,703,000	1.15
1900.....	2,320,000	1.52
1901.....	1,645,000	1.52
1902.....	2,002,000	1.45½
1903.....	1,923,000	1.46½
1904.....	2,052,000	1.48
1905.....	2,304,000	1.34
1906.....	2,253,000	1.45
1907.....	2,545,000	1.50

Eighteen hundred and ninety was the last year prior to the enactment of the McKinley tariff. The McKinley tariff being in operation from 1891 to 1895, was succeeded by the Wilson tariff from 1896 up to part of 1898, and the Dingley tariff, now existing, followed at the compound rate which is now prevailing. During the McKinley tariff the rate was 35 per cent, the Wilson tariff then followed with 30 per cent ad valorem and was succeeded by a compound rate of duty intended to restore the duties to an equivalent of 35 per cent, the

point at which they were operative during the existence of the McKinley tariff. We respectfully submit that in estimating an equivalent for the ad valorem of 35 per cent the Dingley tariff was based on the value of importations, as they were made into the ports of the United States during the preceding years of 1896, 1897, 1898. It will be noticed that the average values of all importations during 1896 was \$1.28; 1897, \$1.35; 1898, \$1.23; 1899, \$1.15 per pound, the average value rising for the year 1900 to \$1.52 and falling back to \$1.34 in 1905. Taking this period of ten years, from 1896 to 1905, inclusive, as a basis it will be seen that the average value is somewhere between \$1.15 and \$1.52 for the purposes of estimating the point at which a specific duty can be fairly imposed. It will be conceded that a specific duty, if fair to the Government and to the producer in this country at a normal time, becomes doubly effective, both from the point of revenue and from the point of protection in times of depression, and is only slightly lowered in percentage at a time when the revenues are naturally increased by the larger business which causes the advance in raw materials and always at a time when the producer himself suffers least from foreign competition, a competition which is mainly injurious at times when low-priced raw materials and excess stocks on hand threaten to make it unfair.

During the period of ten years, since the compound rates now prevailing have been in existence, over 20,000,000 pounds of Schappe and spun-silk yarns have been imported into the United States. As a matter of fact, the imports of spun silk have increased between 1890 and 1905, according to the statistics of the United States Census, to the extent of 190 per cent, whereas the number of employees and the wages involved in the production of silk goods of all kinds in this country have increased by only 60 per cent, and the estimated increase of spun-silk yarns made in this country during the same period is hardly 50 per cent.

According to the census statistics of the year 1900, pages 203 and 204, the production of velvets in this country aggregated \$4,959,971, chiefly in the popular grades, such as go largely into the consumption and are bought by the wage-earner of the United States. In spite of the fact that the manufacturers of these goods, through improvements in machinery and cutting down of profits, have reduced the prices of the manufactured velvets considerably during that time, it is estimated that the production of velvets and plushes in this country is now hardly less than \$7,000,000, an increase of fully 40 per cent in eight years.

A still larger increase has resulted in the use of spun silks for the weaving of silk fabrics other than pile fabrics.

Furthermore, we draw your attention to the report recently issued showing that the invoice value of the importations for the year ending June 30, 1908, 2,140,848 pounds of spun silk (of a foreign value of \$3,702,232), practically equaled those for the year ending June 30, 1907, of 2,545,000 pounds, at a foreign value of \$3,789,845.

If the average value of imports of the years from 1896 to 1899, on which the Dingley tariff was based, is taken at \$1.28 and is compared with the average value of the importations for the year ending 1908, which is \$1.72, it will be seen that the consumer in 1908 was made to pay 33 per cent more duty than that which was contemplated by the schedule of the Dingley tariff bill at the time it was made effective in 1898.

Under dates of December 12 and 16, 1908, we have on file letters from the representatives of the two largest spinners of Schappe and spun silk in the world, certainly the largest importers of materials into the United States, the Société Anonyme de Filatures de Schappe of Lyons, and the Société Industrielle pour la Schappe of Basle, as follows:

Referring to your verbal request, below statement of percentage of numbers of Schappe yarns, shipped to the United States by the Société Anonyme de Filatures de Schappe, Lyons, for eighteen months from June 1, 1907, to November 30, 1908.

Numbers.....	50	70	80	85	100	110	120	140	160	200	250
Percentage...	1.26	8.89	1.07	1.16	35.78	1.02	0.20	5.52	11.30	33.97	0.10

The proportion of importations of Schappe yarn from Société Industrielle pour la Schappe of Basle, expressed in percentage, were as follows:

	70.	80.	100.	120.	140.	160.	180.	200.	250.
1907.....	.....	4.5	45.5	.....	3.0	8.75	0.75	37.5	.....
1908.....	5.25	4.5	40.0	0.25	3.0	4.00	0.375	44.5	0.125

Taking these importations as a basis for the application of specific duties such as we have proposed to the Ways and Means Committee, it is plain that the basis we have suggested would be, not only specific but also as equitable as the rates of duty heretofore prevailing. If the duty had been collected according to the aforesaid purely specific schedule, as submitted to your honorable committee, for the importations of the year 1907, it would have amounted to \$1,328,875 as against the duties actually collected of \$1,427,480. These were collected on an average foreign value basis of \$1.50. This (\$1.50) we contend is a price higher than that which served the framers of the Dingley tariff bill as a basis for computing their compound rate of duty which was intended to be equivalent to 35 per cent. Per contra, if the rates of duty we propose would have been applied to the importations for 1907 at an average foreign value of \$1.40 they would have been just equal to the duty collectable under Dingley rates. One dollar and forty cents is considerably higher than the average value prevailing in the years just before and after the framing of the Dingley tariff.

The importations of the two companies whose figures are taken for this comparison are computed by number, or count, or size, because:

First. There are no government statistics accessible giving such information, grouped otherwise than by value.

Second. These two companies in the aggregate furnish (conservatively estimated) from 70 to 75 per cent of all the importations made into the United States, and it is fair to presume that the figures which they have compiled as to their importation would reasonably apply to the importations as a whole.

Respectfully submitted.

SIDNEY BLUMENTHAL & Co. (INCORPORATED),
 SIDNEY BLUMENTHAL, *Treasurer.*
 THE SALTS TEXTILE MANUFACTURING Co.,
 FREDK. E. KIP, *President.*
 THE AMERICAN VELVET Co.,
 CHAS. A. WIMPFKIMER, *President.*

**THE CHAMPLAIN SILK MILLS, WHITEHALL, N. Y., SUBMITS A
TENTATIVE SCHEDULE FOR SPUN SILK.**

WHITEHALL, N. Y., *February 2, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: A serious attempt having been made to lower the duties now fixed on spun silk imported from abroad, we desire to call your attention to causes underlying this request, and the reason why it should not be granted. On the 1st of December last there was submitted by Sidney Blumenthal, at the hearing conducted by you for the consideration of silk schedules, a memorandum signed by himself and others, requesting a change in the tariff schedules covering spun silk, but it may be noted at once that these gentlemen recommended "the retention of the present rates on velvets, plushes, and other pile fabrics," articles in the manufacture of which spun silk is used. The reason assigned for requesting the change in the tariff on spun silk was that specific duties would be more agreeable than the present form, which might be called a compound or mixed form, partly ad valorem and partly specific. Carefully reading the report of the proceedings had before you on that day, we can not find anywhere a frank statement on the part of the then petitioners that they desired a lesser duty on spun silk, but we do find proposed duties on a purely specific basis that are decidedly lower than what now prevail. The questions asked of Mr. Blumenthal by members of your committee would indicate that at that time you were not aware that the parties appearing before you and presenting to you a proposed schedule of tariffs on spun silk were not spun-silk manufacturers. Your attempt to obtain information from Mr. Blumenthal by questioning disclosed the fact that he had no intimate knowledge of the industry. Of course, the truth of the matter, as no doubt you are aware at present, is that the signers of the petition filed with you on December 1, presented by Mr. Blumenthal, were each and every one importers and users of spun silk, but not manufacturers. They desired as low a duty as they could obtain on spun silk. They were quite willing to retain their present duties on plushes and velvets, but their reason for presenting the schedule was that they prefer specific duties on spun silk.

The schedule prepared by them, called "Schedule by comparison," does not correctly set forth the real protection afforded, nor the real duties collectable on spun silk yarns manufactured in this country, this because the lower or cheaper grades of spun silk yarns are the ones that have been imported, while the higher or better grade yarns are the ones that have been manufactured in this country. The partly ad valorem duties under the present law are sufficient to give the American spinner protection on the higher grade of goods, and are insufficient to protect him on the lower grade of goods; hence it has been the lower grade of goods that has been imported in major part, and per pound duty collected would necessarily be lower than what it would be if the higher grade of yarn, such as is manufactured in America, had been equally imported. To accept the per pound duty collected under the present law as a proper basis of specific duty

would be to take a figure that has been too low to protect the American spinner on the cheaper yarns and would certainly be too low to protect him on the higher grade yarns. The net result of such a method of fixing a new duty would be to deprive the American spinner of all protection.

In the report of your proceedings this statement is found, made by Mr. Blumenthal and others: "The spun-silk manufacturer in this country confines himself to making purely spun silk, producing no schappe at all." It may be startling to your committee to be informed in the face of such a statement that there is absolutely no difference between schappe and spun silk, that the two things are identical—that they are interchangeable terms and exist only in the difference in language of the countries that produce the goods. Not to burden you with too lengthy an argument, we will sum up this phase of the matter by saying that this question was judicially passed upon by the Board of Appraisers of the port of New York, in which instance it was decided that spun silk and schappe are the same thing. (*F. Vietor & Achilles v. United States*, No. 3959.) There is a slight variation in the early processes of making spun silk (or schappe) in various countries. The European continental spinner and the English spinner differ in this regard. In America both processes are being used. As the industry in this country is younger than either in England or Europe, it has adapted methods from both regions.

Based on this misleading idea of a difference between schappe and spun silk, a request was made of you to remove the duty from the combings of schappe, and this was done on the plea that it would assist the industry for spinning silk yarns in this country. We would explain to you that the combings are the result of about the fourth or fifth operation in the production of spun silk, operations which at least require as much skill (in fact they require more skill) as subsequent operations, and for the performance of which a great deal of labor and machinery is required. Without doubt the European spinner can produce his combings cheaper than the American spinner, because he can perform every process in the manufacture of spun silk cheaper, and to allow the combings to come in free of duty would be simply to deprive the American spinner of just that much protection. It would make practically valueless a large investment in equipment, consisting of buildings and machinery, and would throw out of employment a large proportion of those engaged in the spun silk industry. The men performing these operations, particularly the combing, or dressing, as it is sometimes called, are specially trained for this work, just as a machinist or carpenter is trained for his particular work, and to deprive the comber or dresser of his field of employment would be to change him from a skilled mechanic to a common laborer. In fact, there would be as much justification for bringing in silk yarn in the unfinished state, but further along in process, let us say before it was doubled and twisted, or gassed. Undoubtedly the European spinner could land it in this country at a price much cheaper than the American could produce it (were the tariff to be removed on the article so unfinished), and a very small amount of labor would then be used to finish the article. If the argument were to be carried along sufficiently, we would reach the absurd conclusion that bringing the yarn in all but bundled would

be still more desirable. The amount of labor employed in bundling the yarn, however, would hardly justify any protective tariff whatever.

WHY A COMPARATIVELY LARGER AMOUNT OF SPUN SILK USED IS NOT PRODUCED IN THIS COUNTRY.

Some criticism has been directed against the American spinner because he does not produce a larger proportion of the yarn used in this country. The fact is pointed to that there is an importation of about 2,500,000 pounds, two-thirds of the entire consumption. If there were no tariff at all, we assure you, gentlemen of the committee, that there would be no spun silk made in the United States; if the protection were not larger, but differently specified, we believe that practically all of the spun silk used in this country would be manufactured here. There is no theoretical or practical reason that would prevent this. Every form or grade of spun silk can be made in this country, but the American spinner has been confined to the higher grades, especially of late years. It is interesting to note how this occurred. When the tariff was originally placed upon spun silk, a certain percentage was fixed on the value of goods imported. Spun silk at that time was considerably higher in price per pound than to-day, because the raw material from which spun silk is made was then much higher than it is to-day. The per pound duty which Congress originally intended spun silk to have, on account of fixing the duty on an ad valorem basis, was never realized, excepting for a very short time. As soon as the price of raw material dropped, the price of spun silk dropped and the per pound duty dropped. The American spinner found himself deprived of a large portion of the protection that Congress had intended he should have. Fortunately, on the higher grade of goods there was still enough duty to cover the difference in cost of labor in Europe and America, and the American spinner continued making the higher grades in competition with the foreigner, and as the country's business has expanded so has the spun silk industry of America, but only in the narrow field indicated. On the cheaper yarns he has always been outstripped by the European; on the better grades there has always been a steady growth of the industry, but because of its being confined to so narrow a field and because of the narrow margin of protection, the spun silk industry of the United States has not expanded as have other textile industries that have been afforded a much greater protection. There are instances of spun silk manufacturers in this country who have found the field for the woven article much more inviting and have expanded as weavers to a far greater extent than they have as silk spinners, these weavers purchasing a large portion of the yarns they use from Europe. Had the protection been sufficient, these parties would have expanded their spun silk business just as rapidly as their weaving departments, and have given employment to thousands of individuals in this country instead of Europe. This would not only have had an effect on the labor of the spun silk industry direct, but all those lines which are a source of supply, machinery, etc., for the spun silk industry. If Congress would establish the per pound duty originally intended on spun silk and would protect the American spinner on the cheap grades as well as the better grades, the American

spinner would produce all the yarn that is needed in this country, the same as the velvet manufacturers produce practically all the velvet that is required in America.

A new and grave danger has arisen in the last few years to the American spinner of silk yarns. Backed by enormous capital, abundant supply of cheap labor, proximity to the great source of supply of the raw material, the Japanese and other orientals threaten to drive the American manufacturer out of existence. Nothing but sufficient protection can preserve our American industry against oriental competition.

We are not opposed to a specific duty that will sufficiently cover the difference of labor now existing between this country and others on all grades. As shown above, had we had a specific duty from the beginning, we would now be further advanced. What we object to is the attempt of users to lower the protection afforded us, which is absolutely necessary for our existence, on the theory that it would cheapen their product. Of course, the removal of tariffs on any industry in this country not as well developed and well fortified in the way of labor and otherwise as the same industry in other countries would cheapen the product and all articles manufactured therefrom. No doubt, plushes and velvets, and other woven articles might be cheaper if there were no duty on spun silk, but equally possibly, dresses might be cheaper if there were no duty on the fabrics, and so on down the line. Each manufacturer might ask that the material which he uses be unprotected; thus down the line until we undermine the whole theory of tariff protection. We deem it unnecessary to argue this question as to whether there should be tariff protection or not, as the members of this committee, and Congress will attend to that particular subject, having apparently, without question, received their instructions from the people at the polls at quite a number of elections in the past.

Frankly advocating the protective system as being the foundation for the wonderful growth and prosperity of our country, we ask of you to afford us the same protection, comparatively, as is afforded to other industries, thus enabling our industry to grow to its proper proportions, and give employment to a properly large amount of capital and a same large number of people, the number reaching into the thousands.

The spun silk manufacturers of America, we may suggest in all modesty, are possessed of the same average business acumen and intelligence as are possessed by the average manufacturer in other lines. They have no obstacle to their growth, excepting the difference in labor between this country and other countries, and if this difference be removed by a sufficient protection, their industry will become as important a factor as that of any other branch of textile manufacturing.

We submit herewith a schedule and a comparison of the duties heretofore paid and collectible under the present tariff law. We have asked for a specific duty, which would amount to an increase on the lower grades, thus enabling us to manufacture the same; on the higher grades, we are asking for the same, or less, than we have always received. While it has not made us immensely wealthy, it has allowed us to manufacture and make a reasonable profit. We assure

your committee that the difference in cost of labor in Europe for manufacturing spun silk, plus expenses (expenses not including mere corporation salaries, but all the essential expenses for the running of the business), is over \$0.80 a pound.

The following schedule gives data for four years, 1904, 1905, 1906, and 1907, to bring the matter up to date. This schedule shows the importations of spun silk during these periods, classified as to value, so as to correspond with the present partially ad valorem scheme of levying duties, and shows the number of pounds of the different values imported each year, foreign value, the duty on each quality, and the cost made up of the invoice value plus the duty. To arrive at the exact selling price of this imported yarn in this country, however, there should be added to the figures in the fifth column freight, marine insurance, brokerage, etc.

Schedule showing importation of silk into the United States during the years of 1904, 1905, 1906, and 1907.

1904.

Value.	Foreign value per pound.	Duty per pound.	Cost (price and duty) here per pound.	Pounds.
Not exceeding—				
\$1 per pound.....	\$0.78	\$0.31	\$1.00	323,988
\$1.50 per pound.....	1.34	.50	1.84	1,019,830
\$2 per pound.....	1.62	.64	2.26	717,449
\$2.50 per pound.....	2.12	.81	2.93	33,654
\$3 per pound.....	2.68	1.00	3.68	1,280
Total.....				2,096,201

1905.

Not exceeding—				
\$1 per pound.....	\$0.72	\$0.30	\$1.02	459,573
\$1.50 per pound.....	1.36	.50	1.86	991,538
\$2 per pound.....	1.71	.65	2.36	857,618
\$2.50 per pound.....	2.26	.84	3.10	18,525
\$3 per pound.....	2.59	.99	3.58	383
Total.....				2,327,637

1906.

Not exceeding—				
\$1 per pound.....	\$0.71	\$0.30	\$1.01	360,549
\$1.50 per pound.....	1.37	.50	1.87	1,043,373
\$2 per pound.....	1.78	.65	2.43	896,425
\$2.50 per pound.....	2.22	.82	3.04	10,306
\$3 per pound.....	2.70	1.00	3.70	322
Total.....				2,310,975

1907.

Not exceeding—				
\$1 per pound.....	\$0.78	\$0.31	\$1.09	315,120
\$1.50 per pound.....	1.35	.50	1.85	492,042
\$2 per pound.....	1.82	.67	2.49	238,457
\$2.50 per pound.....	2.25	.83	3.08	507,728
\$3 per pound.....	2.50	.97	3.47	14,861
Total.....				2,568,208

By examination of this schedule we find that there were imported the following amounts of spun silk:

	Pounds.
1904 -----	2, 096, 201
1905 -----	2, 327, 637
1906 -----	2, 310, 975
1907 -----	2, 568, 208

The year 1907 was abnormal in many ways; prices soared in all grades of goods, due to the unprecedented prosperity of the country; all manufacturers increased their capacity, as did the spun-silk manufacturers, but the sudden increase in trade could not be met by as sudden an increase in production. Leaving the year 1907 out of consideration, we find by examination of this schedule that as long as the duty collected was below \$0.85 the foreigner could import at liberty, that as soon as the duty collected passed the \$0.83 mark the importations became comparatively less, but it must also be noticed that the duty never, on any grade, was prohibitive; the foreigner could always compete with the American. While these importations were going on there was a production of spun silk of about 1,000,000 pounds a year in this country. A careful computation of the selling prices, for the last five years, of domestic spun silk shows the average to have been about \$2.83 per pound; thus you will perceive that, while a third of the yarn used in this country was produced here and two-thirds imported, the third which was made in this country was of the higher-priced goods. The reason for this is that so long as the duty under the ad valorem scheme was less than \$0.83 per pound the American was not in position to compete with the European; the American manufacturer's business was confined entirely to the higher grades. Had he had the same per pound protection for the cheaper goods, he would have been in position to have competed on all grades of spun silk used in this country.

Within this limited field of high-priced goods the American manufacturer has made steady progress, and there is to-day a capacity of about 1,250,000 pounds per annum. If the duty were to be made below the \$0.83 per pound mark on the higher-priced goods, as it has been upon the lower grade of goods, the American spinner's business would be sacrificed. The amount of labor upon the lower grade of goods is about the same as upon the higher-grade goods—at least as much—and, therefore, the lower-grade goods never had sufficient protection to make up the difference in labor in this country and in Europe. By fixing a specific duty of \$0.85 all around the American manufacturer would be protected on all classes of spun silk, and the result would be that three times the capital and three times the amount of labor would be employed in the manufacture of spun silk as at present. Such a specific duty and protection, while increasing and enlarging the industry in America, would do no harm, even supposing, which is most unlikely, that the American spinner would not respond to this incentive of a reasonable profit on the lower goods as well as on the higher-grade goods, for the importations would continue. The result would be a higher revenue to the Government, a slightly increased cost of the fabric woven from silk, which, being purely an article of luxury, no hardship would ensue, nor would the manufacturer of woven goods (that is, he who uses spun silk) be injured, as his protection would still be

ample. Right here it is important to impress upon the mind the fact that spun silk has received less protection than any other branch of the silk industry, therefore the slow increase of the spun-silk industry, as compared to velvets, plushes, and other silk lines. The highest protection under the ad valorem scheme accorded the spun-silk manufacturer enabled him to make only a meager business profit; none the less, his manufacturing capacity has increased slowly, but surely, year by year, and is to-day increasing, but only within the narrow field of higher-priced goods, as set forth above.

There has been filed with your committee a proposed schedule of duties covering the silk industry by a committee of the Silk Association of America. This committee is appointed by the Silk Association, but it must be made clear that it does not act for any individual member of the association, and no member of the association is bound by its suggestions, for the reason that its schedule is filed without consultation or authorization of the individual manufacturers. In the present instance the schedule thus proposed by the silk committee covering spun silk was never referred to the undersigned for observation, criticism, or approval. The gentlemen composing the membership of this Silk Association committee all have interests adverse to the spun-silk manufacture. One member of this committee, a gentleman of highest integrity and great ability, it is true, is a spun-silk manufacturer, and a large one, but he is a much larger manufacturer of goods made from spun silk. He is not a specialist in spun-silk manufacture, such as we are, and he could well afford to use the spun silk which he produces himself, and receive his protection through the finished article. It can well be a matter of indifference to him whether he increases his spun-silk manufacture or his weaving, and it may well be that he prefers to increase his weaving, as the latter is much more profitable, and much less vexatious. He purchases a large part of the spun silk which he uses, that is, the cheaper grades, and he may be well content to have the tariff on the cheaper grades as low as formerly, and even to accept a reduction of the tariff on the higher grades, as long as he receives his full protection on the woven article which is made from spun silk.

All the other members of the committee could buy spun silk cheaper if the tariff were reduced. For these reasons, the schedule proposed by the Silk Association committee is not one that represents the real interest of the spun silk manufacturer, nor, as it happens, the real interest of the Government, nor the real interest of the people of the United States, conceiving a protective policy as a whole to be desired. The spun silk industry should be able to furnish labor to thousands of people in this country that are not now employed therein; the 2,500,000 pounds and over of spun silk that are yearly imported could be made in this country, and these 2,500,000 pounds per annum of the past would soon be (with a natural growth of the silk industry) 3,000,000 and 4,000,000. There is not one reason, aside from the labor cost, why spun silk can not be made as well in this country as in Europe. Its process of manufacture is thoroughly understood, the nucleus of skilled and unskilled labor is here, the business organization is here. Just as other industries which were European were made American by protection (instances are too thoroughly in mind of this committee to need even enumeration), so spun silk can be made an American industry, to answer all the needs of the American

consumer. There would follow a far-reaching effect in other lines through the growth of this industry. At present, most of our machinery and many of our supplies must be brought from Europe; with the growth of the industry here, there would speedily arise the manufacture of machinery needed and the necessary supplies, and once the American machine builder becomes interested in the manufacture of spun silk (and the amount of such machinery needed would be enormous) we would find the inventive faculty that has modernized other industries pushing the American manufacture of spun silk ahead of the European. The American machine builder, while he has done wonders for the cotton and woolen industry, has never exerted his wonderful ingenuity in behalf of spun silk. With an industry three or four times, or possibly five times, as large to cater to, the American machine builder's interest would be aroused, and another industry, employing much skilled labor, would be benefited.

We append herewith a schedule showing the duties per pound as they now exist, the duties per pound under the proposed schedule of the Silk Association, and the duties per pound as proposed by us. It will be seen that the Silk Association schedule calls for a decided cut in protection. Our schedule proposed would lower the tariffs on the very highest grade goods and raise them on the lower grades. We really strike a fair average. The difference in any case is not enormous. Speaking generally, the raise in duties on the lower grades between our schedule and that of the Silk Association is about 14 cents a pound, but it is just enough to make up the profit on spun silk. We can not impress this too firmly on the minds of your committee. The profit, after allowing for necessary expenses, depreciation, ordinary interest on the money invested, is, on the average, not above this 14 cents per pound. To gain 14 cents a pound in behalf of the weaver of silk would benefit him but little, if any; to cut off 14 cents more a pound from the spun silk manufacturer would spell his destruction; to place a higher duty on the lower grades of spun silk would increase the revenues of the Government without injury to anyone, until such grades were made in this country. When these grades of goods are made in this country, it will bring employment to thousands of people.

Any further information in particular that we can furnish you we will exert ourselves to supply.

Respectfully submitted.

CHAMPLAIN SILK MILLS.

EXHIBIT A.

SUGGESTED SCHEDULE.

Silk manufactured from cocoons or from waste silk of any kind and no further advanced or manufactured than carded or combed silk, 40 cents per pound.

Threads or yarns, if single, 50 cents a pound, plus one-quarter of a cent per pound per number; if two-ply, 60 cents a pound, plus one-eighth of a cent per pound per number; if three or more ply yarn, 60 cents a pound, plus one-quarter of a cent per pound per number; if in the gray, on bobbins, spools, or beams, 10 cents per pound addi-

tional; if colored, bleached, or dyed in skeins, 10 cents per pound additional; if colored, bleached, or dyed on bobbins, spools, warps, or beams, 20 cents per pound additional.

In assessing the duty on thread or yarn manufactured from cocoons or from waste silk, the number shall be that indicated by the French or metric system of 1,000 meters per kilogram per number; in all cases the number shall refer to the size of singles of which said yarn is composed.

EXHIBIT B.

Application of various tariff schedules and proposed schedules to spun silk yarns of various sizes and values.

Size of yarn, French count.	Foreign cost.		Duty at 37½ per cent.	Duty under present tariff.		Duty under Silk Association schedule per pound.	Duty under our proposition per pound.
	Per kilo.	Per pound.		Per pound.	Per cent.		
	<i>Francs.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
	31.50	2.75	1.035	1.015	36.8	0.70	0.85
	30.00	2.63	.985	.995	37.8	.70	.85
	29.00	2.54	.95	.98	38.6	.70	.85
	28.50	2.50	.935	.88	35.8	.70	.85
2-200.....	27.50	2.41	.905	.86	35.7	.70	.85
	26.00	2.28	.855	.84	36.8	.70	.85
	24.50	2.14	.80	.82	38.3	.70	.85
	23.00	2.01	.755	.80	39.8	.70	.85
	22.75	1.99	.745	.70	35.2	.70	.85
	21.50	1.88	.705	.68	36.2	.70	.85
	20.50	1.79	.67	.67	37.4	.70	.85
	30.00	2.63	.985	.995	37.8	.64	.77
	29.00	2.53	.95	.98	38.6	.64	.77
	28.50	2.50	.935	.875	35.0	.64	.77
2-140.....	26.00	2.28	.855	.84	36.8	.64	.77
	24.50	2.14	.80	.82	38.3	.64	.77
	23.00	2.01	.755	.80	39.8	.64	.77
	22.75	1.99	.745	.70	35.2	.64	.77
	21.00	1.84	.69	.675	36.7	.64	.77
	19.00	1.67	.625	.65	38.9	.64	.77
	17.50	1.53	.575	.63	41.2	.64	.77
	17.00	1.49	.56	.525	35.2	.64	.77
	29.00	2.54	.95	.98	38.6	.55	.75
	28.50	2.50	.935	.875	35.0	.55	.75
	26.00	2.28	.855	.84	36.8	.55	.75
	24.50	2.14	.80	.82	38.3	.55	.75
	23.00	2.01	.755	.80	39.8	.55	.75
1-100.....	22.75	1.99	.745	.70	35.2	.55	.75
	21.00	1.84	.69	.675	36.7	.55	.75
	19.00	1.67	.625	.65	38.9	.55	.75
	17.50	1.53	.575	.63	41.2	.55	.75
	17.00	1.49	.56	.525	35.2	.55	.75
	16.00	1.40	.525	.51	36.4	.55	.75
	15.00	1.31	.49	.495	37.8	.55	.75
	14.00	1.23	.46	.485	39.4	.55	.75

THE AMERICAN SILK SPINNING COMPANY, PROVIDENCE, R. I.,
SUBMITS WHAT IT CONSIDERS AN EQUITABLE CLASSIFICATION
AND RATE FOR SPUN SILK.

PROVIDENCE, R. I., *February 11, 1909.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: Referring to your esteemed favor of the 4th instant, I herewith respectfully submit our reasons for protesting against the proposed change in duty on spun silk, and suggest the adoption of a

schedule which will be beneficial to the country at large, and which will enable our industry to live and grow.

To put it concisely, there are three strong reasons which we would urge for not lowering the present duty by 15 to 20 per cent as proposed:

1. The saving to the consumer based on a variation of a full 25 cents per pound would be at the most 2 cents per yard on a yard of silk or velvet of an average grade such as we inclose both finished and unfinished. This difference is infinitesimal particularly on a luxury.

2. About 70 per cent of all imported spun silk yarns are manufactured by two continental trusts—the Société Anonyme and the Société Industrielle—which are combined as to absolute dictation of prices, amount of output, division of territory, increase of machinery, etc.

3. As the proposed reduction falls heaviest on a quality which would be the largest amount of our output, it would virtually put us out of business.

This last reason is, of course, the principal one with us. We can submit sworn affidavits as to wage schedules and prices paid in Switzerland and Italy, the two lowest priced labor countries in Europe.

Incidentally a lower tariff would reduce the income of the Government at least \$750,000 on a luxury.

In place of the proposed schedule submitted by the committee of the Silk Association of America, we respectfully recommend the following schedule:

Silk manufactured from cocoons, or other waste silk of any kind, if not further advanced in manufacture than carded or combed silk, 40 cents per pound; if threads or yarns, and valued at not over 90 cents per pound, 35 cents per pound; if threads or yarns in the greige, not dyed or bleached, valued at over 90 cents per pound, in skeins, warps, or cops, etc. (p. 4 of proposed schedule), 50 cents per pound and one-fourth cent per number per pound, weight of cops to be included in weight in which duty is assessed; if advanced beyond the condition of singles by grouping or twisting two or more single yarns together, 60 cents per pound plus one-fourth cent per number per pound; if on hobbins, spools, etc. (p. 4 of proposed schedule), the rest of the schedule would be acceptable as proposed by the Silk Association schedule.

Yours, very respectfully,

AMERICAN SILK SPINNING COMPANY,
M. C. MIGEL, *Treasurer.*

ARTIFICIAL SILK.

[Paragraph 385, under provisions of section 7.]

BRIEF OF AMERICAN BRAID MANUFACTURERS RELATIVE TO ARTIFICIAL SILK AND HORSEHAIR BRAIDS.

682 BROADWAY, NEW YORK CITY,
Saturday, November 28, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish briefly to give you an idea of the importance of this industry.

1. It employs directly about 35,000 people besides giving employment indirectly to many thousands of employees of box manufac-

turers, paper manufacturers, printers, lithographers, dyers, spinners of cotton and wool, and silk throstlers, and represents an investment of \$12,000,000 to \$15,000,000.

2. The braid industry of the United States began in about 1850, at which time there was a limited amount of cotton braids manufactured in the United States.

3. The first wool braid manufactured in the United States was in 1860 and this was worsted skirt braid used for binding the bottom of ladies' dresses. Later they commenced manufacturing pure dye silk braids for use on men's wear, and only a few firms were manufacturing fancy braids and trimmings.

4. The latter industry did not make much progress until the enactment of the McKinley protective tariff in 1890.

5. When the Wilson tariff bill became a law the industry received a setback. The lower tariff on braids, as well as other articles, permitted the import of braids cheaper than the American manufacturer could produce them. This condition lasted until the Dingley bill (the present tariff of 1897) became a law.

6. This put a better protection on these goods so that progress was again made.

7. Shortly after the Dingley bill became a law new materials were invented called "artificial silk" and "artificial horsehair," which were used largely in the manufacture of braids and trimmings.

8. As these materials and the braids and trimmings made therefrom were not known at the time of the enactment of the Dingley tariff, they were not therein provided for. Consequently the American manufacturers did not receive sufficient protection on braids and trimmings made from these materials. Large quantities were imported from Europe owing to insufficient protection. The duty on artificial silk was assessed at 30 per cent and on artificial horsehair 20 per cent. The braids and trimmings made from artificial silk were assessed at 60 per cent ad valorem, which gave us a protection of only 30 per cent above the duty on the material instead of 60 per cent as on other braids and trimmings made from silk, wool, and other materials.

9. Braids made of artificial horsehair were assessed at 20 per cent, thereby giving the industry no protection on these braids, as both the raw material and the manufactured article were assessed at the same rate of 20 per cent ad valorem.

10. In braid manufactured in the United States the material consumed is approximately 40 per cent of the cost and the labor and expenses are 60 per cent of the cost.

11. In Europe, where most of this class of goods is manufactured, the labor and expenses are about one-third of what they are in this country. Therefore, assuming that their material costs them the same as ours (through our having a compensatory duty to cover the duty on the material) their material would amount to 40 per cent of our cost and their labor and expenses would be only one-third of 60 per cent of our cost, which would be equal to 20 per cent, thus making their total cost equal to 60 per cent of our cost.

12. If 60 per cent ad valorem duty be added to this (in addition to compensatory duty, to cover duty on material) it will make their total cost landed, with 60 per cent duty added, equal to about 96 per

cent of our cost, which would result in putting us in a position to compete with them without said rate of duty being at all prohibitive.

13. We therefore ask on all our braids a compensatory duty equal to the duty assessed on the raw material and in addition thereto 60 per cent ad valorem.

14. On trimmings made from braids, or trimmings in which braids are used, there should be an extra duty to cover the difference in cost of the extra labor necessary to make these trimmings, as the price for labor on these trimmings in Europe is equal to 25 per cent of the price paid for the same labor in the United States, and we therefore ask to have a new paragraph inserted covering such trimmings.

Respectfully submitted.

BRAID MANUFACTURERS OF THE UNITED STATES,
HENRY W. SCHLOSS, *President.*

STATEMENT OF CHARLES A. ERNST, OF LANSDOWN, PA., REPRESENTING MANUFACTURERS OF ARTIFICIAL SILK AND ARTIFICIAL HORSEHAIR YARNS.

TUESDAY, *December 1, 1908.*

The CHAIRMAN. You wish to be heard upon artificial silk?

Mr. ERNST. Yes.

Mr. UNDERWOOD. What is the paragraph, Mr. Ernst?

Mr. ERNST. Paragraph 385.

The CHAIRMAN. You may proceed, Mr. Ernst.

We represent the manufacturers of artificial silk and artificial horsehair yarns of the United States.

These goods were not produced at the time of the enactment of the Dingley tariff law of 1897, and therefore were not provided for therein. Although this industry is still in its infancy, there are already produced in Europe more than 10,000,000 pounds annually, of which more than 1,000,000 pounds are imported into the United States each year.

In the United States this industry is just out of the experimental stage, and there was produced last year about 40,000 pounds.

These yarns have been assessed at various rates of duty under the similitude clause, according to the different rulings of the courts. According to the last ruling now in force artificial silk yarn is assessed at 30 per cent ad valorem and artificial horsehair yarn is assessed at 20 per cent ad valorem.

We strongly recommend that a duty on all these yarns be made a specific duty at the rate of 60 cents per pound, which is just about sufficient to compensate the American manufacturer for the difference between the cost of labor in Europe and in this country.

As the European price of these yarns does not fluctuate much, the minimum being about 13 marks per kilo and the maximum being about 17 marks per kilo, or an average of 15 marks per kilo, which is equivalent to \$1.62 per pound; this duty of 60 cents per pound which we request would therefore be equivalent to about 37 per cent ad valorem and is the very lowest duty at which this industry could successfully compete with the European manufacturers.

To enable the consumers of these yarns in this country, who are principally manufacturers of braids and trimmings, to compete with the European manufacturers of braids and trimmings, we recommend that a compensatory duty of 60 cents per pound be assessed upon artificial silk braids and trimmings (to compensate for the same duty on the yarn) in addition to the protective duty of 60 per cent ad valorem.

We add hereto a new paragraph, which we recommend to be inserted in Schedule L, covering artificial silk and artificial horsehair yarns:

"Artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either animal, vegetable, or inorganic material, shall pay a duty of 60 cents per pound. If colored, bleached, dyed, spooled, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, the duty levied shall be 60 cents per pound and 5 cents per pound additional for each of the above operations."

I represent the Genasco Silk Works, Lansdowne, Pa., and Henry Bernstein of the Art Fiber Co., Norristown, Pa.

Mr. UNDERWOOD. What is the present duty that you are paying under this similitude clause?

Mr. ERNST. The present duty is 30 per cent ad valorem.

Mr. UNDERWOOD. What would a 60 cent a pound duty amount to ad valorem?

Mr. ERNST. About 37 per cent.

Mr. UNDERWOOD. In other words, you want an increase of duty of 7 per cent?

Mr. ERNST. Exactly.

Mr. UNDERWOOD. What is the consumption of this class of goods in this country to-day?

Mr. ERNST. They are importing at this time about 1,000,000 pounds of silk and about 200,000 pounds of horsehair yarn.

Mr. UNDERWOOD. What is the production of the American manufacturers in silk?

Mr. ERNST. Last year about 40,000 pounds.

Mr. UNDERWOOD. And of horsehair yarn, how much?

Mr. ERNST. Last year it was trifling. The year before that about 10,000.

Mr. UNDERWOOD. So that at present the foreign article has control of the American market?

Mr. ERNST. Exactly.

Mr. UNDERWOOD. And the present duty is not sufficiently equalized?

Mr. ERNST. We have not been able to put the American manufacture on a basis which is sufficiently attractive for anyone to invest any more capital in it.

Mr. UNDERWOOD. Are these goods machine made or handmade?

Mr. ERNST. Largely labor; a large portion of the cost is labor cost.

Mr. UNDERWOOD. Where does the imported article come from?

Mr. ERNST. The principal factories are in Besançon, France; Tubize, Belgium; Elberfeld, in Germany, and Spreitenbach, a little town near Frankfort. There is also one in England near Coventry.

Mr. UNDERWOOD. What is the difference in labor cost between this country and the other countries?

Mr. ERNST. About 60 cents a pound.

Mr. UNDERWOOD. Have you any advantage in the raw material over the foreign producer?

Mr. ERNST. No, sir. We are at a little disadvantage in chemicals, but that is about compensated for by the freight charges and other incidental charges of importation.

Mr. HILL. Do the factories that are making artificial silk in the United States use a chemical process or alcohol?

Mr. ERNST. A chemical process. Alcohol is not used in any process in the United States.

Mr. HILL. Where is your factory?

Mr. ERNST. At Lansdowne, near Philadelphia; a suburb of Philadelphia.

Mr. HILL. The process in Europe has not been adopted?

Mr. ERNST. There are two processes over there, one consuming alcohol and the other not.

Mr. HILL. You do not use alcohol?

Mr. ERNST. We do not use it; no.

Mr. GAINES. Has not the denaturing of alcohol made it cheap enough to be used in that process?

Mr. ERNST. It was supposed to before the law was passed, but it was afterwards found that the labor cost was too high to enable it to be established here on that basis.

STATEMENT OF A. S. WAITZFELDER, OF 682 BROADWAY, NEW YORK CITY, REPRESENTING THE BRAID MANUFACTURERS' ASSOCIATION, HENRY W. SCHLOSS, PRESIDENT.

TUESDAY, December 1, 1908.

Mr. UNDERWOOD. What paragraph do you wish to speak upon?

Mr. WAITZFELDER. A paragraph that is not provided for in the present tariff, artificial silk braids. I have some samples here of the goods. [Exhibiting samples to the chairman.] They are made of artificial silk.

We represent the braid manufacturers of the United States. We manufacture braids and trimmings, made of various materials, which are treated in the tariff in various schedules and in relation to which we have already filed several briefs.

Since the enactment of the present Dingley tariff law of 1897, new materials known as artificial silk and artificial horsehair have been invented which were not known at that time and which have since become the materials most largely used in the manufacture of braids and trimmings. These yarns are manufactured from solutions of cellulose, etc. The braids and trimmings made from these yarns show a brilliancy and firmness not obtainable from any other material and have therefore to a large extent supplanted the use of real silk in the manufacture of braids and trimmings.

These yarns and the braids and trimmings made therefrom were not known at the time of the enactment of the Dingley tariff law and were consequently not provided for therein.

They have been assessed at various rates of duty according to different rulings of the courts, under the similitude clause in the

tariff act. According to the last ruling, now in force, artificial silk yarn is assessed at 30 per cent ad valorem and artificial horsehair yarn is assessed at 20 per cent ad valorem. Artificial silk braids and trimmings are assessed at 60 per cent ad valorem.

This therefore gives the domestic manufacturer of artificial silk braids and trimmings a differential duty of only 30 per cent ad valorem above the duty assessed on yarns used in these braids and trimmings. On real silk braids and trimmings, as well as on worsted braids, we have a differential protective duty of 60 per cent ad valorem above the duty on the raw material, which is the very lowest rate of duty at which we are enabled to compete with foreign manufacturers. This is evidenced by the fact that even on those braids and trimmings on which a 60 per cent differential duty is assessed there have been large importations.

It can therefore be readily seen that with only 30 per cent differential duty on artificial silk braids and trimmings, the domestic braid manufacturer is absolutely in no position to compete with the European braid manufacturer, except when braids and trimmings are in such demand that a prompter delivery can be made than by placing orders abroad.

The record of imports bears out these facts, showing that since artificial silk braids and trimmings have been manufactured the importation of braids and trimmings has enormously increased. We therefore recommend the insertion of, in Schedule L, a new paragraph covering artificial silks and artificial horsehair yarns, and assessing thereon a specific duty which will cover the difference between the cost of labor here and abroad in the manufacture of these yarns.

On braids, trimmings, etc., made from these yarns, we recommend a compensatory duty equivalent to the duty assessed on the yarn, and in addition thereto 60 per cent ad valorem.

This would give us the same protection on these braids and trimmings which we have at present on braids and trimmings made of other yarns, and would be the lowest duty which would enable us to compete with the foreign manufacturers, as shown by figures submitted in our other briefs.

We annex hereto two paragraphs as above referred to, recommending that same be added to Schedule L.

Artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either animal, vegetable, or inorganic material, shall pay a duty of 60 cents per pound.

Laces, and articles made wholly or in part of lace, edgings, insertings, galloons, chiffon or other flouncings, net or nettings, and veils, neck ruffings, ruchings, braids, fringes, trimmings, bandings, including hat bands, beltings, bindings, cords, tassels, cords and tassels, ribbons, webs and webbings, embroideries and articles embroidered by hand or machinery, or tamboured or appliquéd, clothing ready-made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the above-named articles, made wholly or in chief value of artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either ani-

mal, vegetable, or inorganic material, shall be subject to a duty of 60 cents per pound and in addition thereto 60 per cent ad valorem.

Under the tariff of 1897 the duties prescribed were:

Section 1, paragraph 385. Silk threads or yarns of every description, except spun silk, 30 per cent ad valorem.

Paragraph 390. Braids, fringes, trimmings, embroideries, etc., made of silk, or of which silk is the component or chief material, 60 per cent ad valorem.

Paragraph 302. Cotton yarn not advanced beyond the condition of singles, 3 cents per pound up to No. 15, etc., and if advanced beyond the condition of singles by grouping or twisting two or more single yarns together, on all braids exceeding No. 20 and up to No. 80, one-fourth of 1 cent per number per pound, and on No. 80 and above, three-tenths of 1 cent per number per pound.

SEC. 6. On all raw or unmanufactured articles not enumerated, 10 per cent ad valorem, and on all manufactured articles not enumerated, 20 per cent ad valorem.

SEC. 7. Articles not enumerated but similar in material, quality, texture, or use to the enumerated article shall pay the same rate of duty on the enumerated article which it most resembles, and if it equally resembles two or more enumerated articles then the rate of duty on the highest.

Under these acts the Board of General Appraisers (by T. D. 24155) assessed a duty of 30 per cent ad valorem, under paragraph 385, section 1, act July 24, 1897 (U. S. Comp. St. 1901, p. 1668), on so-called "artificial silk yarns," under the similitude clause, as being most like silk yarn.

The importers claim that same were most like and therefore dutiable as cotton yarns or else as articles not enumerated.

United States circuit court of New York, in Von Burnuth appeal, sustained the opinion of the Board of General Appraisers (133 Fed., 800), December, 1904, but in Von Burnuth's appeal^a the circuit court of appeals decided that the yarn was more like cotton than like silk, and should be classified under paragraph 302 as cotton yarn.

Under this ruling the appraisers appraised the artificial silk yarn as cotton yarn advanced beyond the condition of singles at one-fourth of 1 cent per number per pound.

This largely increased the duty, and the importers protested, and the final result was that the protests were abandoned and the assessments made by the collector under the previous decisions of the Board of General Appraisers at 30 per cent ad valorem were adjudged to stand as assessed.

I have the paragraph here which we propose, if you wish me to read that, or I would be pleased to answer any questions which any of you gentlemen may wish to ask.

Mr. HILL. Does it cost us any more to weave the fabric from the artificial silk than the natural silk?

Mr. WAITZFELDER. Approximately the same.

Mr. HILL. What you are asking for is substantially an ad valorem duty?

Mr. WAITZFELDER. The same that is on the real silk braids.

^a Treasury Decisions, vol. 11, No. 23, June 7, 1906.

The CHAIRMAN. How do they classify this silk in the tariff act?

Mr. WAITZFELDER. Under the last ruling of the court it has been assessed under the similitude clause the same as silk yarns, and the braids have been classified under that clause the same as silk braids.

The CHAIRMAN. That is still in litigation, is it not?

Mr. WAITZFELDER. Yes, sir.

The CHAIRMAN. Although the Government has collected duty the same as upon the others?

Mr. WAITZFELDER. Yes, sir.

Mr. HILL. Are all of the samples that you have submitted here made of artificial silk yarn?

Mr. UNDERWOOD. And what is it made of?

Mr. WAITZFELDER. It is made of a solution of cellulose, using therefor either raw cotton or wood fiber, or any other material of which the principal component is cellulose. It is treated chemically, and drawn through small tubes to make the filament or fiber, which is afterwards spun or twisted into yarn.

Mr. HILL. Will it go to pieces when wet?

Mr. WAITZFELDER. Not to the same extent as it originally did. They have improved it very much in that respect. It will stand a certain amount of moisture without being injured.

Mr. GAINES. Does it burn very easily?

Mr. WAITZFELDER. Not at all. The first product did, but it has been denitrated, so it is not more combustible than any other real silk fiber.

Mr. GAINES. A great deal of it is made from scrap silk, isn't it, silk cloth?

Mr. WAITZFELDER. Not at all. They have to take a vegetable fiber, not an animal fiber like real silk.

Mr. HILL. Would you think it was right or wrong to require the manufacturer of silk fiber, made partially of artificial silk and the rest natural, to specify the same on the label; that is, to specify that the artificial silk was contained in the product?

Mr. WAITZFELDER. I do not see what the advantage would be.

Mr. HILL. I mean of advantage to the buyer, not the manufacturer.

The CHAIRMAN. What is the effect of water on artificial silk?

Mr. WAITZFELDER. It makes it very brittle, easily broken.

Mr. HILL. It is a very serious question whether a lady's dress hung up in a closet in a damp climate, containing artificial silk, will not cause that article to disappear in the fabric?

Mr. WAITZFELDER. It would be less durable than if it was made entirely of real silk; there is no question about that.

Mr. HILL. The question is whether there should not be a distinction required, so that the buyer would know what he was buying.

Mr. WAITZFELDER. Well, it would not be objectionable to have that distinguished. So far artificial silk has been used very little for weaving fabric such as dresses. Principally it is used for making braids and dress trimmings and other articles in which durability is not an essential quality.

Mr. RANDELL. This is a new industry, is it not?

Mr. WAITZFELDER. So far as it relates to artificial silk it is an essentially new industry.

Mr. RANDELL. It is an infant industry throughout the world, is it not, and it is an industry which promises to give large uses for cotton.

Mr. WAITZFELDER. Yes, sir; millions of pounds of cotton have already been used in manufacturing this silk yarn.

Mr. RANDELL. Do you not think that if the supply could be furnished to the people now that the consumption of these goods would be very great?

Mr. WAITZFELDER. These goods which we make?

Mr. RANDELL. Yes; that there would be a rapid increase in the amount used.

Mr. WAITZFELDER. Well, they are essentially luxuries, and therefore the protective duty which is put on them would not to any appreciable extent diminish the consumption.

Mr. RANDELL. What do you mean by "luxury?"

Mr. WAITZFELDER. Used for purposes of ornamentation.

Mr. RANDELL. Not goods for ordinary common use for common people?

Mr. WAITZFELDER. They are used principally for trimming high-priced garments.

Mr. RANDELL. The product is made much cheaper than silk, is it not?

Mr. WAITZFELDER. No, sir; the price per pound is lower than the price per pound of silk, but the specific gravity of the material is very much heavier than the specific gravity of silk, which difference in weight almost compensates for the difference in price.

Mr. RANDELL. This will not give any cheaper silk, or anything that resembles silk, but it gives a different article that will cost about as much as silk?

Mr. WAITZFELDER. The present price is about the same as silk, but the artificial silk possesses more brilliancy and firmness than real silk.

Mr. RANDELL. I am not asking about that. This does not offer a cheap commodity to the world, but a different commodity, that has its own advantages?

Mr. WAITZFELDER. You are correct about that.

Mr. GRIGGS. What does this cost per yard?

Mr. WAITZFELDER. That which you hold in your hand would cost about 25 cents a yard.

Mr. GRIGGS. What would the same in silk cost?

Mr. WAITZFELDER. Silk braid of about the same width and body would be about the same price, approximately.

The CHAIRMAN. It makes a market for cotton, does it not?

Mr. WAITZFELDER. It certainly does, a very large market for cotton.

Mr. RANDELL. I thought you said that it was a luxury.

The CHAIRMAN. When the ladies learn about it, it is easy to test it and see whether it is artificial or real silk by the application of water to the sample.

Mr. WAITZFELDER. Yes; they could do that.

Mr. GRIGGS. Then would you advise ladies to carry a bottle of water around with them when they go shopping?

Mr. RANDELL. Do you mean to say that this silk will wash out of the dress?

Mr. WAITZFELDER. Not nearly as badly as that. After it was very damp it would weaken it and possess much less durability than braid or trimming made of real silk.

Mr. CLARK. If this silk sells as high as real silk, and if it is liable to go to pieces, what will anybody buy it for?

Mr. WAITZFELDER. It is used principally for braids and trimmings, which do not have to stand much wear, but which are used for ornamentation. It is used very little for weaving into fabrics which require great durability.

Mr. CLARK. Will it last as long in a dry place as real silk?

Mr. WAITZFELDER. Yes; it will. It is not higher priced than real silk. It is also very much more sightly on account of the added brilliancy and firmness. We have already succeeded in selling quite a quantity in place of the real silk. It is preferred on account of the better appearance that it makes.

**THE CLEVELAND (OHIO) ART SILK COMPANY SUBMITS BRIEF
RELATIVE TO ARTIFICIAL SILK AND HORSEHAIR.**

CLEVELAND, OHIO, *November 28, 1908.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: About five years ago artificial silk and horsehair were classified as collodion, paragraph 17, with a duty of 65 cents per pound specific and 25 per cent ad valorem.

At that time we organized a company and began experimenting on different processes for making artificial silk, which experiments have been very costly.

The demand for artificial silk is at present enormous, but as is well known is largely of foreign manufacture.

During the time we perfected our process for making artificial silk, for some reason, this article was reclassified as silk, paragraph 385, with only 30 per cent ad valorem duty, which crippled this infant industry, so that we could not compete with the foreign goods on account of the much lower selling price.

A greater part of the foreign artificial silk and horsehair imported into this country is a collodion product, made by either the Chardonett, Lehner, or Bronnert, and Schumberger process, and therefore it should never have been reclassified, but owing to the fact that artificial silk and horsehair is also made from hydrocellulose, viscoes, and other material, we therefore are asking to have artificial silk and horsehair made from nitrocellulose, hydrocellulose, viscoes, or from any other material classified in a paragraph by itself with 65 cents per pound specific and 25 per cent ad valorem duty, same as at first obtained.

The reason we need this protection asked for is principally on account of the difference in wages paid in this country and in Europe, as wages are a large part of the cost of production, particularly in the beginning, when all of the labor employed is unskilled and must be educated.

The protection asked for is certainly very reasonable, as it would only advance the selling price to about \$2.80 per pound, and such

protection would start at once a large industry in this country, giving employment to large numbers.

We understand that in Europe at the present time about 12 or 15 factories are employing from 300 to 5,000 people each, making a total production of about 25 tons of artificial silk per day.

Yours, very truly,

THE CLEVELAND ART SILK CO.,
HENRY HERTEL, *Manager*.

HON. PAUL HOWLAND, M. C., SUBMITS LETTER OF THE CLEVELAND (OHIO) ART SILK COMPANY RELATIVE TO ARTIFICIAL SILK AND HORSEHAIR.

CLEVELAND, OHIO, *January 26, 1909.*

HON. PAUL HOWLAND, M. C.,
Washington, D. C.

DEAR SIR: I delayed writing, knowing that on your return to Washington you would be very busy.

When Mr. Tinnerman and myself called on you, we did not thoroughly explain our wants and therefore I take the liberty of writing you at this time, kindly asking you to suggest to the Committee on Ways and Means that a duty of 65 cents per pound specific and 25 per cent ad valorem on artificial silk and horsehair asked for, very reasonable, for reasons already mentioned in our brief now on file with the Committee on Ways and Means.

This infant industry (artificial silk) when first started in Europe, about six or seven years ago, has grown so rapidly that they are now employing at least 25,000 people.

Why should not this country make all or a great part of what is used here. The demand for such silk is growing more and more every day, because a new use for it is found right along, but that will only be possible if the protection asked for is granted, which protection amounts to about the difference in wages paid in this country and in Europe.

For an illustration I inclose a separate sheet showing the number of help required in a European factory making 350 kilos (770 pounds) per twenty-four hours, working three shifts.

There is no doubt that if the duty asked for on artificial silk is granted, in a very short time this country will have a new industry giving employment to at least as many people as are now employed in Europe, and instead of this country producing about 40,000 pounds annually, as has been stated, the amount would be nearer 5,000,000 pounds.

In conclusion, I will say that we are making the kind of silk that the manufacturers prefer (hydrocellulose silk), which is far superior to viscoes silk on account of its strength, tenacity, and elasticity; also superior to nitrocellulose silk, being free from all danger in poisonous vapors and explosive substances, which makes the nitrocellulose process very dangerous. We may also add that our silk at the present time has more strength, tenacity, and elasticity than

any silk in the market, and we think that in the near future we will be able to make it strong enough so that it can be used in broadgoods and ribbons; but with the present 30 per cent ad valorem duty it can not be made with a profit, and if the duty asked for is not granted this industry can never prosper, because of one principal reason—that our high wages against the low wages in Europe is the most important item in the cost of production.

Thanking you in advance for whatever you can do to help this new industry, we remain,

Yours, very truly,

THE CLEVELAND ART SILK COMPANY.
HENRY HERTEL.

EXHIBIT A.

Showing the amount of help employed in a European factory making 350 kilos (770 pounds) per twenty-four hours, working three shifts: Manager, 1; assistant manager, 1; chemist, 1; cashier, 1; office help, 4. Washing and bleaching cotton department: Foreman, 1; men for machines, 2; men for boiling, 2; man for packing, 1; men for rinsing, 2; man for picking, 1. Mixing and filtering department: Foreman, 1; men for mixing, 2. Spinning department: Men for spinning, 180; men for washing, 30; men for drying, 15. Reeling department: Girls for reeling, 105; boys for reeling, 35. Twisting department: Girls for twisting, 80. Other parts of the factory: Men for manufacture of ammonia, 3; men for ice machinery and pumps, 2; men for washing skeins, 2; men for repairs and carpentry, 6; men instructors, 5; men porters, 2; firemen, 2; engineers, 2; electrician, 1; glassblowers, 2; plumber, 1. Making a total of 493 people, which number would also have to be employed in this country to make 770 pounds per twenty-four hours, working three shifts, amounting to about \$825.25 for labor, which amount is more than double what would have to be paid in Europe to make the same amount.

**COLNÉ & COMPANY, NEW YORK CITY, ASK THAT PRESENT DUTIES
BE RETAINED ON ARTIFICIAL SILK.**

NEW YORK, *December 8, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In connection with the revision of the tariff on silks, we wish to call your attention to the duties now collected on artificial silk—30 per cent ad valorem.

On behalf of parties intending to start the manufacture by a new process of this artificial silk here, we would ask that the present duty be not lowered. This style of silk, to our knowledge, is not manufactured here, or, if any is made, it must be in a very small quantity.

We have in abundance in this country the raw material for this manufacture. The making of this silk is now in successful operation

in France and England, Belgium, and Italy. Owing to the low price of labor in those countries this new manufacture could not be made successful here if the present rate of duty is not maintained. As labor is the principal cost in making this silk, we are here under a disadvantage. On the other hand, if the present duty is maintained or raised, we will be able to compete with importation. If we are encouraged by maintaining the present tariff, our proposed works will employ a large number of hands, as a great part of the process is carried on by hand labor.

We send you herewith a sample of some of this silk made in France. The demand for this material is great, and if we are not hampered by the tariff we will be able to create an industry which will be quite beneficial to the workingman, as well as the owners.

We presume it is not necessary to remind your committee that protection has been the means of creating a large number of industries in this country which are now in successful operation.

We ask to be the means, with your help, of contributing another enterprise to the prosperity of the country.

Yours, very truly,

COLNÉ & Co.

COLNÉ & CO., NEW YORK CITY, FILE SUPPLEMENTAL INFORMATION RELATIVE TO IMPORTATIONS OF ARTIFICIAL SILK.

11 BROADWAY, NEW YORK, *January 1, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We have addressed to your committee a letter dated December 8, concerning the duty on artificial silk. Since that time we have received data which we think will bear on the question.

We are informed that last year \$63,000,000 of raw silk has been imported. From Japan, \$40,000,000; from Italy, \$13,000,000; from China, \$8,250,000, and from France, \$1,500,000.

We have read the testimony before your committee of Messrs. Ernst and Wartzfelder, and we fully concur in their recommendation of a duty of 60 per cent ad valorem.

Owing to quite recent improvements in the manufacture of this artificial silk it has taken a large extension in Europe. Naturally, if we can not get the proper protection for our intended works here we shall have to abandon our intentions. As a consequence the European manufacturers will export their silk in large quantities, and we shall not only have to pay large sums of money for the supply of the silk manufacture and the trimming business, but we will be prevented from developing a business which is bound to become important.

Your committee will be able to judge of the future of this business by examining the samples of the latest improved manufacture sent to us from Europe, which we are sending you under separate cover.

Yours, very truly,

COLNÉ & Co.

VON NOSTITZ & TRUBE, NEW YORK CITY, WISH INCREASE ON
BRAIDS OR DECREASE ON ARTIFICIAL SILK.

106 GRAND ST., NEW YORK,
January 1, 1909.

HON. SERENO E. PAYNE,
Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: We take the liberty of addressing you, as we have heard that you may be interested in hearing opinions of manufacturers.

We are manufacturers of braids for dress-trimming purposes, on which the duty is 60 per cent. The artificial silk that we use is an imported article, on which the duty is 30 per cent, and we find that we are losing considerable orders through the fact that imported braids can successfully compete with ours. Accordingly, it would be of interest to the American manufacturer either to have the duty on the braids increased or on the artificial silk (which we call our raw material) decreased.

Most respectfully, yours,

VON NOSTITZ & TRUBE,
Novelty Braid Mills.

CHIFFONS AND MOUSSELINE DE SOIE.

[Paragraph 387.]

NEW YORK, November 17, 1908.

HON. SERENO E. PAYNE,
Chairman of Ways and Means Committee,
Washington, D. C.

HON. MR. PAYNE: Trust you will pardon our intrusion on your most valuable time, but circumstances compel us to write to you in regard to some revision of an article in the present tariff. This article is not manufactured in the United States but imported from and made in Lyon. The article is provided for as follows:

Woven fabrics if dyed or printed in the piece, of which duty is \$3.25 per pound, but not less than 50 per cent—weighing not more than one-third ounce per square yard—per pound, \$4.50, but not less than 50 per cent.

We are importers of chiffons and mousseline de soie, under which heading the above duties are quoted. Now, in order to reduce the duty to \$3.25, 99 per cent of the importers add the weight in the dye, and by doing this they give to the public an article that is liable to rot, and the public does not derive the benefit of the right article. If this matter could be corrected and the article brought over in its natural state, without the addition of the weight, the public would get the proper value and there would be no interference with the revenues.

Yours, very respectfully,

GERMAIN, HOFFBAUER & HELM CO.
ALBERT GERMAIN, *President.*

BRAIDS AND TRIMMINGS.

[Paragraph 389.]

UNITED STATES BRAID MANUFACTURERS RECOMMEND CHANGES
IN CLASSIFICATION OF ARTICLES OF SILK.NEW YORK CITY,
682 BROADWAY, *November 28, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We recommend that the following items be stricken out of paragraph 389 and inserted in paragraph 390, namely: "*Beltings, bindings, cords, cords and tassels,*" so that paragraph 390 shall read as follows:

Laces, and articles made wholly or in part of lace, edgings, insertings, galloons, chiffon or other flouncings, nets or nettings and veiliings, neck ruffings, ruchings, braids, fringes, trimmings, *beltings, bindings, cords, tassels, cords and tassels*, embroideries, and articles embroidered by hand or machinery, or tanned or appliquéd, clothing ready-made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the above-named articles made of silk, or of which silk is the component material of chief value, not specially provided for in this act, and silk goods ornamented with beads or spangles, of whatever material composed, sixty per centum ad valorem: *Provided*, That any wearing apparel or other articles provided for in this paragraph (except gloves) when composed in part of india rubber, shall be subject to a duty of sixty per centum ad valorem.

The reason we recommend the above articles being stricken out of paragraph 389 and inserted in paragraph 390 is that they resemble more nearly in texture, quality, and use the articles enumerated in paragraph 390, such as braids and trimmings, than they do the articles enumerated in paragraph 389, and are made by manufacturers of braids and trimmings.

We recommend that the present duty of 60 per cent ad valorem in paragraph 390 be retained, as that rate is necessary to compensate for the difference between cost of labor in this country and in Europe.

Respectfully submitted by the Braid Manufacturers' Association of the United States.

HENRY W. SCHLOSS, *President.*

SILK CRAVATS.

[Paragraph 390.]

STATEMENT OF CHARLES RUSTON, JR., OF No. 10 WEST TWENTIETH STREET, NEW YORK CITY, REPRESENTING JAMES KEISER, OF NEW YORK.

THURSDAY, *December 17, 1908.*

(Mr. Ruston was duly sworn by the acting chairman, Mr. Dalzell.)

MR. RUSTON. I would like to say, gentlemen, that I come here this morning—and I am representing simply our own concern—to speak regarding the subject of silk cravats, which some people call neck-

ties; but we didn't come here to ask any increase of duty nor a reduction, but simply that the tariff remain as it is at the present time. I have a statement here that will boil the whole matter down, and if I read it it will probably save time.

Mr. DALZELL. You may read it.

Mr. RUSTON (reads):

Manufacturing silk cravats is a distinct industry. Cravats are in a great majority of cases made from silks that are woven specially for this purpose, and such silks, as a rule, are not suitable for any other purpose.

There are probably 150 to 200 concerns engaged in the silk-cravat industry. Many of these concerns have only a few thousand dollars capital. There are a few, probably about half a dozen, having a capital of from \$100,000 to \$200,000. The business annually of these concerns ranges from about \$30,000 to \$50,000 each, up to several hundred thousand. There are probably only six or eight concerns whose business ranges between \$500,000 and a million. The total annual business on a rough estimate is probably at least \$25,000,000.

There is absolutely no trust combination or understanding, secret or otherwise, existing between the various concerns, and such we believe impossible.

Competition has lowered the price to the minimum; in fact, there is a large amount of business done, particularly in the medium and lower priced lines, at practically little more than a mere commission for profit. There have been no large individual fortunes built up from the profits in this business.

The consumer has been able to get exceedingly good value at the various prices of 25 cents, 50 cents, \$1, and above. It is only necessary to examine the retail stocks to be sure of this. In fact, we have heard many people say that they thought it was possible to get better value in this country in cravats than abroad. This is due to the keen rivalry among competing manufacturers, particularly smaller ones with perhaps insufficient capital employing no salesmen, and also to the almost continuous unloading of surplus stock, because of change of style, by either manufacturer or retail dealer in one locality or another.

Under the present duty of 60 per cent since 1897 the business has grown rapidly.

Under the old duty of 50 per cent previous to 1897 the importation of foreign cravats, mostly English, was developed, and this part of the business seemed to be growing rapidly until it was largely cut off, excepting where consumers were willing to pay the price for a luxury, by the increase of 10 per cent duty in 1897. We have heard some manufacturers say that the duty should be 70 per cent on silk cravats. Our own opinion is that it should certainly remain at not less than 60 per cent. Any reduction in duty would result in either forcing a number of concerns out of business or the price paid to labor would have to be reduced. There are probably 40,000 to 50,000 people engaged in this industry. If the duty was reduced the conditions under which we would have to do business would be worse than they were previous to 1897, as the price of labor in the last ten or fifteen years has advanced from 25 to 50 per cent, and from everything we have been able to gather there has been far from any such increase in the price of labor in Europe, particularly in England, from which country we would feel the keenest competition. The difference, therefore, between labor here and abroad is greater to-day than when the old duty of 50 per cent was in force.

As there is practically very little, if any, export business in silk cravats, any lowering of duty would not gain us the export trade, and our only market would be seriously interfered with.

As about 60 per cent of the wholesale selling price paid for silk cravats is made up of labor apart from raw material or profit, it can easily be seen that 60 per cent duty is none too much to protect us against the conditions governing labor abroad.

Mr. DALZELL. Are there any importations?

Mr. RUSTON. There are a few at the present time, sir; but I do not think it is a large item.

Mr. UNDERWOOD. What is the volume of business of the cravat industry in this country?

Mr. RUSTON. Well, it is pretty hard to get at that fact, but as near as I can estimate it I think it is at least \$25,000,000.

Mr. UNDERWOOD. Do the importations amount to as much as a million dollars?

Mr. RUSTON. I do not believe they do; no, sir. They did at one time; but it is pretty hard to ascertain that, as they come in under the heading of articles made from silk—that is, silk fabrics—so that I do not know that there is a record on that particular item.

Mr. UNDERWOOD. Then the duty is prohibitive now?

Mr. RUSTON. Well, no; it is not.

Mr. UNDERWOOD. Practically prohibitive, is it not?

Mr. RUSTON. No; I do not think so, sir. You see, the margin of profit in our business is very close and the trade is very discriminating in buying. The styles differ a great deal. I honestly believe that if the duty was reduced to where it was before, 50 per cent, under the conditions upon which labor is working to-day, that there can be large quantities of cravats imported here which would be distinctly to the disadvantage of that labor employed to-day.

Mr. UNDERWOOD. You are looking at the fact that American labor has increased in the last ten years, but overlooked the fact that labor the world over has also increased in the last ten years.

Mr. RUSTON. Do you think it is in any such proportion?

Mr. UNDERWOOD. I think so, from my information.

Mr. RUSTON. Fifty per cent?

Mr. UNDERWOOD. The proportion of increase abroad has been as great as at home.

Mr. RUSTON. Here is a point that I would like to call your attention to, and of course we are governed by experience, for that is all we have to go by as business men. We know that when the duty was 50 per cent there were large quantities of cravats imported, and it cut into our industry here.

Mr. UNDERWOOD. How much was imported when the duty was 50 per cent?

Mr. RUSTON. The nearest that I can answer that question is that in 1894 the imports—these are the figures given me by our customs broker, but I have no figures of my own—

Mr. UNDERWOOD. I would like to have your figures on that question, and you can verify them.

Mr. RUSTON. I would like to say that I do not vouch for these figures, but he told me that the imports on articles made from silk were \$7,571,000.

Mr. UNDERWOOD. That was in 1894?

Mr. RUSTON. Yes, sir.

Mr. UNDERWOOD. How about the total volume of business in this country at that time compared with what it is to-day?

Mr. RUSTON. Well, I should not think that it was much more than half. Our business, our general industry, has grown rapidly in the last ten years.

Mr. UNDERWOOD. Would you say it amounted to fifteen millions of dollars?

Mr. RUSTON. It might; yes, sir.

Mr. UNDERWOOD. Then under a 50 per cent ad valorem rate the American producer controlled half of the market at that time?

Mr. RUSTON. Yes; but, you see, you must bear in mind that this seven and one-half millions includes the articles made from silk, and ours is only a very small part of that.

Mr. UNDERWOOD. That is what I asked you. Then, how much of that 7,500,000 was cravats, do you think? Estimate it.

Mr. RUSTON. Well, I really would not like to estimate that. I am guided by my own experience, but I know that it was quite general, and the importation of cravats cut quite a figure in the industry.

Mr. UNDERWOOD. Of course, you do not expect us to fix a duty here that will give you an absolute "corner" on the American market. The cravat is a luxury, and naturally a revenue article, and you do not expect to have the duty fixed so that it will give you a "corner" on the American market, and with no importations coming in?

Mr. RUSTON. I desire to take exception to that. I do not think the cravat is a luxury. Most of us go in a class of society that requires us to wear cravats.

Mr. UNDERWOOD. Same as a lady who goes to a ball is required to wear a lace dress, but still we put them in the list of luxuries.

Mr. RUSTON. There are all sorts and kinds of cravats. You can get them down as low as 25 cents apiece.

Mr. DALZELL. These cravats can come in under the paragraph relating to wearing apparel?

Mr. RUSTON. Yes; the silk is 50 per cent.

Mr. DALZELL. The figures would be difficult to get accurately.

Mr. UNDERWOOD. That was why I was trying to find out whether he had that information.

Mr. RUSTON. I have never had it specifically.

Mr. RANDELL. It looks as if the common cravat should have a lower tariff than the finer quality, but the finer quality comes in under the 50 per cent and the others under the general item of 60 per cent.

Mr. DALZELL. These come in under the paragraph relating to wearing apparel.

Mr. UNDERWOOD. I presume that there is a very small portion of the cheaper cravat imported, mostly high grade?

Mr. RUSTON. I think it is mostly high grade; yes, sir.

Mr. GAINES. Do you know about those answers that you are making, that they are mostly high-grade imports?

Mr. RUSTON. I have no figures to be guided by; no.

Mr. UNDERWOOD. I was asking for information in relation to his business.

Mr. GAINES. Exactly; and I wanted to know whether he had definite information about it.

Mr. UNDERWOOD. You are in that business, are you not?

Mr. RUSTON. Yes, sir.

Mr. UNDERWOOD. You know, when you go into a haberdasher's store, what is imported and what is not?

Mr. RUSTON. As a rule we can tell.

Mr. UNDERWOOD. From your observation and experience, is not the imported cravat usually the high-grade goods?

Mr. RUSTON. Yes; mostly.

Mr. HILL. Is there any peculiar thing that would separate this article of cravats or neckties from the schedule in which it is now placed, paragraph 390, so that it would have a different duty in case a desire was shown to change the duty of that general schedule?

Mr. RUSTON. I do not think so; no.

Mr. HILL. A very small part, probably, of the articles embraced in section 390 you do ask a change upon; that is, you do not ask for an increase of duty on everything?

Mr. RUSTON. No, sir; I am not asking for a change of duty at all, but that the duty should remain the same, my plea being that the margin of profit is so close that a slight reduction of duty would seriously injure the industry.

Mr. RANDALL. Where do you draw the dividing line between the high and low grades of cravats?

Mr. RUSTON. Well, 25 and 50 cents, possibly, at retail is considered the lower-priced line, and those retailing for \$1 and above, the better grades.

SILK EMBROIDERIES.

[Paragraph 390.]

THE LACE AND EMBROIDERY MANUFACTURERS' ASSOCIATION, NEW YORK CITY, RECOMMENDS NEW CLASSIFICATION.

488 TO 492 BROADWAY,
New York City, November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The articles in this paragraph (390) in which we are especially interested are machine-made silk embroideries and machine-made silk embroidered laces. These goods are the highest type of luxuries. In the present act they pay a duty of 60 per cent ad valorem. Of the total amount of these goods consumed in this country about 75 per cent are imported and only about 25 per cent are manufactured here.

None of these goods have been manufactured in this country for export. We therefore ask that a sufficient duty be assessed to cover the difference between the cost of production in Europe and this country, and we submit herewith figures showing what duty will be necessary to cover that difference.

The foundation of silk embroideries is mostly silk net, woolen, or silk piece goods, all of which pay a duty of 50 per cent or over. Most of these goods (for instance, silk nets and chiffons) are imported, and we have practically on our embroideries no differential duty above the duties on those materials. In order to cover the difference in cost between the labor and expenses here and abroad in the manufacture of these goods on the Schiffler embroidery machine, our figures show that a duty at the rate of one-fifth of 1 cent per yard for each 100 stitches of the embroidery produced by one needle is required, and in addition thereto 60 per cent ad valorem.

We also submit a calculation showing the difference of labor and expenses for embroideries and laces on the Swiss embroidery machine operating with double-pointed needles.

In order to cover the difference in cost between labor and expenses here and abroad in the manufacture of these goods, our figures show

that a duty at the rate of one-fifth of 1 cent per yard for each 20 stitches of the embroidery produced by one needle is required, and in addition thereto 60 per cent ad valorem.

We inclose paragraphs covering these articles, which we respectfully ask to have inserted in Schedule L. At the end of paragraph 390 add the following:

And it is further provided, That any of the articles enumerated in this paragraph, and of which real silk or artificial silk is or the two collectively are the component material of chief value, and which wholly or in part are manufactured or produced by the Schiffl embroidery machine, pay a duty at the rate of one-fifth of one cent per yard for each one hundred stitches of the embroidery produced by one needle, and in addition thereto sixty per centum ad valorem. Each penetration of the fabric by the needles of the embroidery machine to be counted as one stitch.

And it is also provided, That any of the articles enumerated in this paragraph, and of which real silk or artificial silk is or the two collectively are the component material of chief value, and which wholly or in part are manufactured or produced on a machine known as the Swiss embroidery machine operating with double-pointed needles, pay a duty at the rate of one-fifth of one cent per yard for each twenty stitches of embroidery produced by one needle, and in addition thereto sixty per centum ad valorem. Two penetrations of the fabric by the needles of this embroidery machine to be counted as one stitch.

DETAIL OF CALCULATION—SCHIFFLI MACHINE.

As a basis we take a so-called "burnt out" net top embroidered lace 10 inches wide. The foundation is a silk bobbinet. The embroidery material is artificial silk; the design of 6/4 repeat counts 2,000 stitches for every needle. The calculation shows what the cost would be in this country, produced on a 6½-yard Schiffl machine:

Silk bobbinet, 72 inches wide, 2 times 6½ yards=13½ yards, at \$1.20.....	\$16.20
Prepared cotton cloth, 72 inches wide, 2 times 6½ yards=13½ yards, at 16 cents..	2.16
Stitches (United States count), 7 times 2,000=14,000 stitches, at 25 cents.....	3.50
Overseer, 1 day, at \$1.50.....	1.50
Shuttle filler, 1 day, at 75 cents.....	.75
Mender, 1 day, at \$2.....	2.00
Artificial silk, 4½ pounds, at \$3.20.....	14.40
Cutting out 14 strips, 6½ yards each=94½ yards, at 10 cents.....	9.45
Burning out 13½ yards, 72 inches wide, at 10 cents.....	1.35
Boxes, cards, wrappers, etc., 7 pieces, 13½ yards each, at 10 cents.....	\$0.70
Manufacturing expenses, 5 per cent.....	2.60
Profit, 20 per cent.....	10.40
Total.....	65.01

Ninety-four and one-half yards, \$65.01.

Below we give the cost of the above design as it would be in Switzerland:

	Francs.
Silk bobbin net 72 inches wide, 2 times 6½=13½ yards, at 3.75 francs.....	50.63
Prepared cotton cloth 72 inches wide, 2 times 6½ yards, at 0.60 francs.....	8.10
Stitches (Swiss count), 7 times 1,000=7,000 stitches, at 0.11 francs.....	7.70
Overseer, 1 day, at 2.50 francs.....	2.50
Shuttle filler, 1 day, at 1.25 francs.....	1.25
Mender, 1 day, at 3 francs.....	3.00
Power, oil, etc.....	2.80
Artificial silk, 2 kilograms, at 20 francs.....	40.00
Cutting out 14 strips. 6½ yards each=94½ yards, at 0.17 francs.....	16.07
Burning out 13½ yards, 184 centimeters wide, at 0.03 francs.....	5.52
Boxes, cards, wrappers, etc., 7 pieces, at 13½ yards each, at 0.60 francs.....	4.20
Expense, 5 per cent.....	7.09
Case, packing, etc.....	50

	Francs.
Legalization.....	.01
Freight and insurance.....	.70
Profit, 20 per cent.....	30.02
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Total.....	180.09
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180.09 francs.....	\$34.97
Duty, 60 per cent ad valorem.....	20.98
One-fifth of a cent 100 stitches per yard.....	3.78
<hr/>	
94½ yards.....	59.73

DETAIL OF CALCULATION—DOMESTIC COST OF ARTICLES—HAND
MACHINE.

Assuming a pattern of 300 stitches; insertion embroidered on taffeta silk in various colors of silk thread (stitcher makes 5 bands per day—each band 300 stitches, 5 times 300—1,500):

1,500 stitches (cost of stitcher 20 cents per hundred).....	\$3.00
Threader.....	1.25
Mender.....	1.25
10 yards of taffeta silk at 65 cents.....	6.50
16 nadlichs of silk at 20 cents.....	3.20
Carding and boxing.....	.50
<hr/>	
	15.70
Manufacturing expenses, 12 per cent.....	1.88
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Cost of 50 yards.....	17.58

DETAIL OF CALCULATION—FOREIGN COST OF ARTICLES.

Assuming a pattern of 300 stitches; insertion embroidered on taffeta silk in various colors of silk thread (stitcher makes 5 bands per day—each band 300 stitches; 5 times 300 = 1,500):

1,500 stitches (cost of stitcher 7 cents American money).....	\$1.05
Threader.....	.50
Mender.....	.40
10 yards of taffeta silk, at 44 cents.....	4.40
16 nadlichs of silk thread, at 16 cents.....	2.56
Carding and boxing (5 pieces).....	.40
<hr/>	
	9.31
Manufacturing expenses, 5 per cent.....	.47
Legalization, freight, and insurance.....	.06
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Duty, 60 per cent.....	5.90
<hr/>	
	15.74
Add 1 cent for each 100 stitches.....	1.50
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50 yards cost.....	17.24

LACE AND EMBROIDERY MANUFACTURERS'
ASSOCIATION OF THE UNITED STATES.

A. H. KURSHEEDT,
President.

SILK GLOVES.

[Paragraph 390.]

STATEMENT OF JULIUS KAYSER, OF NO. 524 BROADWAY, NEW YORK CITY, RELATIVE TO SILK GLOVES.

TUESDAY, *December 1, 1908.*

Mr. UNDERWOOD. What paragraph do you propose to speak to?

Mr. KAYSER. Paragraph No. 390, silk gloves.

Mr. GRIGGS. Are you a manufacturer or importer?

Mr. KAYSER. A manufacturer.

The CHAIRMAN. You may proceed, Mr. Kayser.

Mr. KAYSER. I come before you to give you some information as to the magnitude of this business that is a comparatively new one. I want to tell you that last year about 975,000 dozen of silk gloves were manufactured in this country, and probably 125,000 or 150,000 dozen imported. The importations were unusual, and only owing to the fact that the manufacturers in this country could not produce the quantity required.

The CHAIRMAN. How do you designate these goods?

Mr. KAYSER. As silk gloves. I wish to state that this importation that I have just mentioned was a very unusual one. Prior to 1906 I do not believe that there were 5,000 dozen silk gloves imported into this country, and I do not believe that at any time within the last twenty-five years there were 10,000 dozen imported into this country.

The CHAIRMAN. These gloves are not mentioned by their name in the tariff?

Mr. KAYSER. Not in any special schedule. They come in under knitted wearing apparel.

Mr. UNDERWOOD. The ordinary importations amount to nothing?

Mr. KAYSER. To nothing, and never have.

Mr. DALZELL. Gloves are specifically excepted in paragraph 390, which reads as follows: "That any wearing apparel or other articles provided for in this paragraph except gloves."

Mr. UNDERWOOD. And it reads, "when composed in part of india rubber."

Mr. KAYSER. I understood it was paragraph 370, with a duty of 60 per cent ad valorem.

Mr. DALZELL. Then they must come under knit gloves.

Mr. KAYSER. Yes; knit gloves; they are a knit fabric.

Mr. DALZELL. Very well, proceed.

Mr. KAYSER. I do not ask for any advance in the tariff. I think it would be advisable to have a specific duty and a percentage about the same as it is now in place of the ad valorem. The difference in the labor cost in the two countries on gloves is about four to one. I have the prices paid in Saxony and our average prices paid here, and it shows, by the earnings of the girls who work—the principal part of the work is done by girls with sewing machines, who earn an average wage of \$9 per week. The wages in Saxony are not more than 8 or 9 marks a week, with sixty hours of labor, against fifty-five hours of labor here.

Mr. GRIGGS. How long have you been manufacturing gloves?

Mr. KAYSER. Since 1888.

Mr. GRIGGS. Was that the beginning of the glove industry in this country?

Mr. KAYSER. That was the beginning.

Mr. GRIGGS. That was twenty years ago?

Mr. KAYSER. Twenty years.

Mr. GRIGGS. Has the industry pretty nearly grown by this time?

Mr. KAYSER. Yes.

Mr. GRIGGS. But still we have to take care of it.

Mr. KAYSER. No, no; it isn't that.

Mr. GRIGGS. It is not quite 21 years old?

Mr. KAYSER. Not quite 21, and an infant industry comparatively, but I am not afraid of foreign competition so far as that is concerned, excepting the great difference in the cost of labor. The greater part of it is labor; two-thirds of it is labor.

Mr. GRIGGS. Is that what you want the protection for, the difference in the cost of labor?

Mr. KAYSER. That is it.

Mr. GRIGGS. Please show us exactly what it is; that is, put it in your brief.

Mr. KAYSER. I will.

Mr. GRIGGS. Show us the exact difference in the cost of labor here and in Saxony.

Mr. KAYSER. We have a factory there ourselves, so I claim to be thoroughly posted. The gloves that we make there are not silk gloves, however.

Mr. GRIGGS. I should think that you are pretty well off if you manufacture at both ends.

Mr. KAYSER. We make cotton gloves there, not silk.

Mr. GRIGGS. You ought to put a cotton-glove factory in the South, and not in Saxony.

Mr. KAYSER. If you will give us proper working forces there, hands to make them, I would be inclined to do it.

Mr. GRIGGS. You employ cheap labor in Saxony and high labor here?

Mr. KAYSER. Yes.

Mr. GRIGGS. You are not a philanthropist on this question?

Mr. KAYSER. Hardly; we would not want to call ourselves philanthropists. But what we have done, we have given the people of this country a good article which gives satisfaction, as the result shows—an increase of 975,000 dozen gloves last year. I doubt whether in any year there has been imported 150,000 dozen silk gloves into this country.

Mr. RANDELL. Do they have a duty on these gloves in Saxony?

Mr. KAYSER. There is a duty on everything in Germany.

Mr. RANDELL. You favor that duty there, do you, for the protection of your industry there?

Mr. KAYSER. No; I do not care at all. We only manufacture those goods for the market here. We do not care for the German market.

Mr. RANDELL. You are protected by a protective tariff over there, and you want a protective tariff here; and you manufacture in both places?

Mr. KAYSER. Our manufacture over there has nothing to do with our ideas on the tariff at all. It is simply to give us better facilities for those who handle these goods in this country.

Mr. RANDELL. Suppose the labor cost was more there than here, would you be willing to take off the tariff?

Mr. KAYSER. Yes, certainly; we would want no tariff at all.

Mr. UNDERWOOD. You say that the production of this class of goods in the United States is 975,000 dozen?

Mr. KAYSER. Of course, that is an estimate of the production of my competitors. Our production alone was 480,000 dozen last year.

Mr. UNDERWOOD. And that the importations in a normal year will amount to about 10,000 dozen?

Mr. KAYSER. Less than that; that has been exceptional. Long gloves are now worn in enormous quantity. The manufacturers in this country could not supply the whole demand.

Mr. UNDERWOOD. Then the importations are very much less than 1 per cent of the total production?

Mr. KAYSER. Yes, I can say.

Mr. UNDERWOOD. How much duty do these goods pay when they come in?

Mr. KAYSER. Sixty per cent.

Mr. UNDERWOOD. Then you have an industry here upon which the tax amounts to 60 per cent, and the importations are less than 1 per cent. There practically is no revenue paid to the Government, and you think the Government ought to maintain the same prohibitive duty that you have to-day?

Mr. KAYSER. I think so.

Mr. UNDERWOOD. Why should you think so?

Mr. KAYSER. Well, firstly, the tendency of these Saxony manufacturers is to depreciate quality.

Mr. GRIGGS. But you are one of them.

Mr. KAYSER. And for the benefit of the consumer here, he is better off if those goods could not be imported at all. Whatever money they pay for them is thrown away. That is the history.

Mr. UNDERWOOD. Then you are a philanthropist. You want to insure the American consumers against purchases that are bad.

Mr. KAYSER. It has worked that way every time. They can make these goods of much lighter silk and load them in the dye, and instead of getting articles placed before the consumer which are cheaper articles, the consumer gets the worst of it.

Mr. UNDERWOOD. This very large production in this country and very small importation indicates very clearly that foreign manufacturers can not enter the home market at the present rate of duty?

Mr. KAYSER. I would like to explain that to a certain extent. As I say the silk-glove industry was never anything until we took hold of it. I made the article, took out a patent on the finger ends—upon silk gloves there is a liability, if the finger ends cut through, to do great damage after one or two wearings—but I took out a patent in 1887 to reenforce the ends, making an article which would wear, and through that succeeded in making an article like these gloves. During the time I had the patent they were barred from importing those goods, and they did not have any other kind of gloves in this country.

Mr. UNDERWOOD. Then you not only want a protection with a prohibitive duty in this country, but you also have your goods protected by a patent?

Mr. KAYSER. The patent has expired.

Mr. UNDERWOOD. Under this present duty, since 1888, you have built up an industry in this country that has now obtained a monopoly in the American market. Is not that so?

Mr. KAYSER. Yes, sir; the industry has monopolized this market to a great extent.

Mr. UNDERWOOD. Don't you think, under those circumstances and the fact that the Government is needing revenue, that this 60 per cent duty ought to be reduced?

Mr. KAYSER. I doubt whether the Government would derive any revenue from that. I want to say that we personally do not have the monopoly; that is, I haven't got it personally. I have a number of competitors.

Mr. UNDERWOOD. But your industry has a monopoly of the American market?

Mr. KAYSER. It has, so far.

Mr. UNDERWOOD. Now, Mr. Kayser, are you doing any exporting of these goods abroad?

Mr. KAYSER. A very small quantity; very insignificant.

Mr. UNDERWOOD. How much do you export?

Mr. KAYSER. I do not believe we exported altogether 500 dozen.

Mr. UNDERWOOD. Is that all you have exported in the history of your business?

Mr. KAYSER. Yes, sir.

Mr. UNDERWOOD. Then you are not engaged in the export business in any way?

Mr. KAYSER. No.

Mr. UNDERWOOD. Are any of your competitors exporting this line of goods?

Mr. KAYSER. No.

Mr. BOUTELL. Your gloves are better gloves than the foreign gloves, are they not?

Mr. KAYSER. We try to make them so; to have them better.

Mr. BOUTELL. Very much better?

Mr. KAYSER. Very much better; yes, sir.

Mr. BOUTELL. That would account, would it not, for the fact that you and the American manufacturers substantially control the market?

Mr. KAYSER. That is the sole reason, I believe, and the best proof of that is that when they had no competition, when no silk gloves were made in this country, they never succeeded in selling to any extent, and it is not a large article in Europe.

Mr. BOUTELL. How many employees have you in your factory?

Mr. KAYSER. Altogether we have about 2,800.

Mr. BOUTELL. How many are there engaged in other factories of the same kind in the United States?

Mr. KAYSER. I should say about an equal number.

Mr. BOUTELL. So therefore there are between 5,000 and 6,000 altogether?

Mr. KAYSER. Fully that, and more indirectly in the different operations required which the other manufacturers do not do themselves—

that is, sewing the silk, dyeing, and things of that kind. I should say about 7,000 engaged altogether in this industry.

Mr. BOUTELL. In general terms, and round figures, how much capital is there engaged in this industry in this country?

Mr. KAYSER. I should say between \$5,000,000 and \$6,000,000.

The CHAIRMAN. I want to ask a question or two about your patent. How long does it run, or when did it expire?

Mr. KAYSER. It expired in 1904. The patent was taken out in 1887.

The CHAIRMAN. So that does not protect you any longer?

Mr. KAYSER. It protects us no longer.

Mr. GRIGGS. You are in a pretty prosperous condition, are you not?

Mr. KAYSER. Yes.

Mr. GRIGGS. Making money?

Mr. KAYSER. I want to state further that our pay roll—

Mr. GRIGGS. I asked you if you are making money?

Mr. KAYSER. We have made money up to now. What we will do in the future we do not know. Things have changed greatly in the last few months, but I think we will always be able to make something. I wish to state that our pay roll for the last year was \$1,400,000 in the different factories.

Mr. GRIGGS. What was your gross income?

Mr. KAYSER. Something over four millions and a half. the total sales. Part of this income is particular importations. We import probably three-quarters of a million of those sales, so it is not all from the manufacture.

Mr. GRIGGS. And that makes your pay roll \$2,000,000?

Mr. KAYSER. Possibly fully that, if not more.

AMERICAN MAKERS OF SILK GLOVES WISH PRESENT DUTIES MAINTAINED AND SEPARATE CLASSIFICATION GIVEN.

WASHINGTON, D. C., December 16, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,

Washington, D. C.

SIR: The undersigned manufacturers of silk gloves respectfully submit to your committee the following statement, to be considered in connection with the testimony given by Mr. Julius Kayser, of New York, on December 1, 1908:

Relative to the great manufacturing industries of this country, and also possibly excepting Julius Kayser & Co., the manufacturers engaged in making silk gloves are small and independent manufacturers. These manufacturers are confronted with a very high labor rate. Kindred industries in this country, such as hosiery and underwear, pay much smaller wages than do silk-glove manufacturers.

Without further thought we can not agree with Mr. Kayser that the present ad valorem duty of 60 per cent should be changed to a specific rate. We are building up an industry that actually does pay high wages, and an industry which is growing and has grown, in the past three years, enormously in volume. The price of our raw silk is, in a measure, fixed the world over (it is true that the European manufacturer has a great advantage in the throwing or

twisting of this silk that the American manufacturer can not obtain), and our increased cost for the better grades means increased cost of labor for each better grade. Therefore, it would seem that an ad valorem duty, properly administered, better protects our industry.

The present duty of 60 per cent is by no means prohibitive, and our business is conducted in keen competition with the European manufacturers. Our burdens are much greater than the European manufacturer's in every respect. His investments are not nearly so burdensome as ours. Mr. Kayser's remarks as to imports may be misleading. It is true that prior to 1904 the importation of silk gloves amounted to very little. However, this was not due to a prohibitive tariff, but to the fact that the silk-glove business in America was largely controlled by Mr. Kayser and by another American manufacturer.

These men had secured patents on improved methods of reenforcing the finger tips of silk gloves, which practically barred the inferior European product and also barred American competition. When these patents expired in 1904 the importations steadily increased until they reached fully 15 per cent of the total consumption in 1907, as Mr. Kayser's figures show, and after the expiration of these patents other manufactories for silk gloves sprang up and have rapidly created a great business in this country.

Our best estimates show that the 60 per cent duty does not keep out the foreign glove, but that, on the contrary, so far as the duty is concerned, the foreign glove can supplant ours.

A great consideration in ladies' gloves has been the sudden changes in fashions, which have made it difficult for the large merchants and wholesalers to contract for their requirements in Europe nine months in advance. They naturally prefer to wait until they know the styles their trade will demand and then have their needs supplied at short notice by the American manufacturer; and just here a danger is arising to our industry.

The styles will be more fixed in the future, probably, than in the past and we will lose the protection that this consideration gave us. Then will come the time when we will depend upon the protection against the foreign cheap labor that a tariff affords.

When these styles become fixed the foreign manufacturer can store up goods to await quick orders. His investment will be much less than ours can possibly be, because his labor is, in many cases, as Mr. Kayser states, five-sixths less than ours. A silk glove manufacturer in Nottingham, England, told one of the undersigned that he could obtain the services of 200 women in his city at the wage of \$1.50 per week to do the work that the undersigned paid women \$1.50 per day and upward.

Mr. Kayser states that he makes only cotton gloves in his German factories and that he makes them exclusively for the American market. We quite agree with the statement of Judge Griggs, that we ought to make cotton gloves in this country. We believe that we ought to make all kinds of ladies' gloves as well as men's in this country.

At the present tariff on cotton gloves (50 per cent ad valorem) it is impossible to compete with Europe. There is not a pair of cotton gloves made in the United States to-day; the German and English manufacturers control the business, and even the United States

Government pays tribute to these manufacturers in placing their army and navy contracts.

Some of us have tested this cotton manufacture at considerable expense, and have always found that the foreign goods (owing to cheap labor) could be produced at a profit below our cost of production. The Reading Glove and Mitten Company, Reading, Pa., produced cotton gloves for three years and lost money each year. Their books and records are at the disposal of your committee.

It may seem strange that silk gloves could compete with European manufacturers at 60 per cent ad valorem, and that cotton gloves can not with 50 per cent ad valorem. To some extent this is explained by a comparison of raw materials, the raw silk being free and the cotton yarns paying a duty of 24 to 60 cents per pound. This cotton yarns, on which there is a great labor item, is principally made in England, and not made in this country. The German manufacturer pays a nominal duty on this English yarn, which duty is refunded to him by the German Government if the manufactured goods are exported.

Our belief is that a reduction in the present tariff would mean less work in our factories and necessarily lower wages to those employed.

In quality our production is now the best in the world, and this production is given to the public at a fair price. There is every indication of a great demand for the silk glove if the present high standard of quality can be kept up. We believe that only the American manufacturer will keep this quality up; that if the foreign manufacturer crowded us out of business a lower level in the trade would be reached. We are in this country and back up the style, fit, and wearing qualities of our goods. If these qualities are not right the customer can go to us directly if necessary. With the foreign manufactured article there is no redress except to use it or not, as the consumer pleases.

We respectfully submit that our present rate of duty on silk gloves ought to be maintained and that these gloves, if necessary, should be put in a paragraph by themselves or joined with other fabric gloves in a paragraph. We protest that the duty on our product ought not to be lowered simply to classify it with other silk manufactured articles.

Most respectfully submitted.

The Gloversville Silk Mills, by Albert M. Banker, President, Gloversville, N. Y.; Niagara Silk Mills, by J. T. Shanahan, President, North Tonawanda, N. Y.; Clark Textile Co., by J. H. Clark, President, Saratoga, N. Y.

**OTHER AMERICAN MANUFACTURERS OF SILK GLOVES WRITE
IN ADVOCACY OF RETENTION OF PRESENT DUTIES.**

WASHINGTON, D. C., December 14, 1908.

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

SIR: The undersigned manufacturers of silk gloves respectfully submit to your committee the following statement, to be considered in connection with the testimony given by Mr. Julius Kayser, of New York, on December 1, 1908

We do not agree with Mr. Kayser that the present ad valorem duty of 60 per cent should be changed to a specific rate. The market price of raw silk is subject to violent fluctuations; within the last eighteen months the price of the same standard quality has been as low as \$3.40 and as high as \$6 per pound. Prices of our finished product have fluctuated in proportion, and no specific duty could be fixed to cover such a wide range of prices and give us at all times the protection that Congress intended us to have.

The present duty of 60 per cent is by no means prohibitive; our business is conducted in keen competition with the European manufacturers. Mr. Kayser's remarks as to imports are misleading. It is true that prior to 1904 the importations of silk gloves amounted to very little. This, however, was not due to a prohibitive tariff, but to the fact that the business in silk gloves was controlled by two large American manufacturers, of which Mr. Kayser was one, who had secured patents on an improved method of reinforcing the finger tips of their gloves, which practically barred the inferior European product. When these patents expired, in 1904, the importations commenced to increase steadily, until they reached fully 15 per cent of the total consumption in 1907, as Mr. Kayser's figures prove. There is no doubt that importations would reach much larger proportions if it was not for the fact that ladies' silk gloves are subject to sudden changes in fashion, which makes it difficult for the wholesaler to contract for his requirements abroad six or nine months in advance. He naturally prefers to wait until he knows exactly what styles his trade will demand, and then have his needs supplied at short notice by the American manufacturer.

A careful comparison of foreign and domestic cost would show that under the present law the foreign manufacturer still has the advantage on account of the extremely low wages paid by the German manufacturer, and a reduction in the rate would no doubt mean less work and lower wages for the American factories. Mr. Kayser, who owns a large glove factory in Germany, states that he pays 8 to 9 marks a week in Germany for the same work that he pays \$9 a week for in America.

It will be noticed that Mr. Kayser states that he only makes cotton gloves in his German factories, and that he makes them exclusively for the American market. We quite agree with the suggestion of Judge Griggs, that we ought to make cotton gloves in this country. Under the Dingley tariff, which fixes the rate of duty on cotton gloves at 50 per cent ad valorem, it is impossible to compete with Europe. There is not a pair of cotton gloves made in the United States to-day. The market is controlled by German and English manufacturers, and even the United States Government has to place their army and navy contract with the importers. Some of us have tested this matter again and again at considerable expense, and have always found that foreign goods could be landed at New York, duty paid, considerably below our cost of production. One factory, the Reading Glove and Mitten Company, was producing cotton gloves for three years and was losing money each year. The books and records of this concern are at the disposal of your committee, and the officers have signified their willingness to furnish any information desired in proof of our contention.

It might seem strange that, while with the 60 per cent protection on silk gloves we are able to get our share of the trade and successfully com-

pete with the European manufacturers, with 50 per cent protection on cotton gloves we can not compete at all and have been driven out of the market. To some extent this is explained by the comparison of the raw materials, which is raw silk for the silk glove maker and fine cotton yarn for the cotton glove industry. Raw silk is on the free list, while fine cotton yarns, such as are used by the glove manufacturers in England and Germany, pay a duty of from 24 to 60 cents per pound if imported into the United States. The German manufacturer pays a nominal duty on English yarn, which is refunded by the German Government if the goods are exported.

A few comparisons of foreign and domestic costs will prove to your committee the inadequate protection provided by the present rate of 50 per cent ad valorem.

Comparative cost of a lady's cotton glove, sold at wholesale at about \$1.50 to \$1.75 per dozen pairs, made of No. 80 combed yarn, weighing 8 ounces per dozen pairs:

	Germany.	United States.
Yarn.....	\$0.28	\$0.40
Other material.....	.15	.25
Wages.....	.25	.95
Mill expenses.....	.12	.15
	.80	1.75

Difference in cost, 95 cents; duty collected, 40 cents.

Comparative cost of a lady's lisle glove, sold at wholesale at about \$2.50 to \$2.75 per dozen pairs, made out of 160/2 lisle yarn, weighing about 10 ounces per dozen pairs:

	Germany.	United States.
Yarn.....	\$0.60	\$0.90
Other material.....	.20	.30
Wages.....	.35	1.35
Mill expenses.....	.20	.25
	1.35	2.70

Difference in cost, \$1.35; duty collected, 68 cents.

Cotton gloves are now classed as cotton wearing apparel, and are assessed under paragraph 314 of the Dingley Act.

Inasmuch as the present rate of 50 per cent ad valorem is absolutely inadequate, and inasmuch as the law about to be framed is supposed to protect American industries to the extent of the difference between the American and the foreign cost (to say nothing of a margin for profit) we respectfully ask that your committee fix a rate of duty on cotton gloves that will make it possible for us to get at least a share of the American trade, and that will put us on a competitive basis with the European mills, who are now monopolizing this particular industry. With this end in view we would suggest that cotton gloves be taken out of their present classification, and made dutiable under a new paragraph, to read as follows:

Gloves and mittens, including those commercially known as "fabric gloves" composed of cotton or other vegetable fiber, finished or unfinished, valued at not more

than one dollar per dozen pairs, eighty cents per dozen pairs. Valued at more than one dollar and not more than one dollar and fifty cents per dozen pairs, one dollar per dozen pairs. Valued at more than one dollar and fifty cents per dozen pairs and not more than two dollars per dozen pairs, one dollar and fifty cents per dozen pairs. Valued at more than two dollars per dozen pairs and not more than three dollars per dozen pairs, two dollars per dozen pairs. Valued at more than three dollars per dozen pairs, eighty per centum ad valorem.

The above to be the minimum rates, and the maximum rate to be twenty per centum ad valorem in addition to all the foregoing.

Most respectfully submitted.

THE E. RICHARD MEINIG Co.,
 GEORGE D. HORST, *President, Reading, Pa.*
 READING GLOVE AND MITTEN MANUFACTURING Co.,
 JNO. H. MALTZBERGER, *Secretary.*

**JULIUS KAYSER & CO., NEW YORK CITY, SUBMIT INFORMATION
 RELATIVE TO DEVELOPMENT OF SILK-GLOVE INDUSTRY.**

524-528 BROADWAY, NEW YORK,
January 19, 1909.

HON. SERENO E. PAYNE,

Chairman of Committee on Ways and Means.

DEAR SIR: In submitting this brief in relation to the proposed tariff on silk gloves, coming now under section 390, present tariff, it may be in place to give a synopsis of the birth and growth of the silk-glove industry in this country.

Permit me to state that prior to 1888 silk gloves were not made in this country. The article was mostly imported from Germany, and, being very inferior in quality and high in price, did not find much favor, and I doubt that more than 50,000 dozen were imported annually prior to 1888. Believing that if a good silk glove could be made in this country and sold at a moderate price the article could be made popular, I started the industry in 1888, in which year I made and disposed of about 1,200 dozen. The business steadily grew, and while for the first six years I had no competition, there are now more than fifteen firms competing for the business. As far as I am able to ascertain, the following is a fairly correct list of reliable domestic silk-glove manufacturers:

Fownes Bros. & Co., Amsterdam and New York, N. Y.

Merrill Silk Company, Hornell and Wellsville, N. Y.

Niagara Silk Mills, North Tonawanda and Manlius, N. Y.

Gloversville Silk Mills, Gloversville and Lyons, N. Y.

William Lefé & Co., Gloversville, N. Y.

Hall-Jones Company, Gloversville, N. Y.

Clark Textile Company, Saratoga Springs, N. Y.

Jennings Lace Works, Brooklyn and New York, N. Y.

C. R. Morley Glove Company, Dunkirk, N. Y.

H. S. Hall, Jersey City, N. J.

L. M. Blumstein Silk Fabric Company, Fultonville, N. Y.

Reading Glove and Mitten Manufacturing Company, Reading, Pa.

Richard E. Meinig Company, Reading, Pa.

Crown Silk Manufacturing Company, Bangor and Easton, Pa.

Thissen Silk Company, Bangor, Pa.

I would estimate that \$5,000,000 to \$6,000,000 capital is at present invested in the business, and from 6,000 to 7,000 hands employed, the bulk being females. The average wages paid for female labor are

\$9.85, working 55 hours per week, and about \$23.65 for males. The wages paid in Saxony for the same class of goods are very low, females averaging not over 9 marks (\$2.16), working 60 hours per week, and males 24 marks (\$5.76).

During the years 1906, 1907, and up to July, 1908, an abnormal condition prevailed in the silk-glove industry in Europe as well as this country. Short sleeves for ladies' dresses came in fashion, creating an extraordinary demand for long silk gloves, which it was impossible for manufacturers to supply. Prices for this article advanced to more than double the normal and the German manufacturers were overwhelmed with orders, which had the effect to temporarily advance the wages paid operators in Germany to more than double the regular rates. This demand has subsided and the wages in Germany have returned to the former rates, which are as stated in my brief. The wages paid to our operators here are given at the present rates.

The gloves made in this country may be classified in three qualities:

1. Gloves sold to the dealer for \$3.72. The value of the raw silk in this glove is \$1.06, the total cost of the glove \$3.35. This price includes sewing thread, fasteners, and boxes, which items amount to about 28 cents. Of these 28 cents more than half is labor, so that \$2.15 of the total cost of the glove is labor. The difference in the cost of labor between this country and Germany would be \$1.61 on this glove.

2. Glove sold to the dealer for \$4.87½. The value of the raw silk in this glove is \$1.05, the total cost of the glove \$4.05. Cost of labor, \$3, including cost of sewing thread, fasteners, and boxes, amounting to 28 cents. Of these 28 cents more than half is labor. The difference in the cost of labor between this country and Germany would be \$2.15 on this glove.

3. Glove sold to the dealer for \$6.74. The value of the raw silk is \$1.50, total cost of the glove being \$5.65. This includes sewing thread, fasteners, boxes, and facing, amounting to 40 cents, of which more than half is labor. The difference in the price of labor between this country and Germany would be \$3.05 on this glove.

In view of these facts I believe that the interests both of domestic manufacturers and of honest importers would be better served by having a schedule of specific duties to take the place of the present ad valorem schedule, and therefore, in accordance with your request, desire to herewith submit the following schedule of duties:

TWO-BUTTON LENGTH.

(12 inches in length over all.)

Silk gloves valued at—

Not more than \$2.50 per dozen	\$1. 25 per dozen and 10 per cent ad valorem.
Not more than \$4 per dozen	2. 00 per dozen and 10 per cent ad valorem.
Not more than \$6 per dozen	3. 00 per dozen and 10 per cent ad valorem.
Over \$6 per dozen	60 per cent ad valorem.

LONG GLOVES.

Length over all—

16 inches	\$2. 00 per dozen and 10 per cent ad valorem.
20 inches	2. 75 per dozen and 10 per cent ad valorem.
24 inches	3. 50 per dozen and 10 per cent ad valorem.
28 inches	4. 25 per dozen and 10 per cent ad valorem.
32 inches	5. 00 per dozen and 10 per cent ad valorem.
Over 32 inches	5. 75 per dozen and 10 per cent ad valorem.

JULIUS KAYSER.

SILK UNDERWEAR.

[Paragraph 390.]

THE AMERICAN HOSIERY CO., NEW BRITAIN, CONN., URGES RETENTION OF PRESENT RATES ON SILK KNIT GOODS.NEW BRITAIN, CONN.,
December 1, 1908.COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We believe that the present rate of duties on manufactures of silk, especially the knit goods listed in paragraph 390, should be maintained for the following reasons:

In the production of silk underwear, in all the processes of knitting, seaming, looping, stitching, finishing, etc., there must be perfect work and the greatest care. Such costly material as silk can only be intrusted to the most competent and skillful workmen.

It is an article of luxury and is not an article of general use, but yet the silk industry is a large and important one in this country, and it would be a mistaken policy on the part of the Government to reduce the figures of Schedule L, so that the manufacturers of Europe and especially of China and Japan, who are already making great progress in the modern methods of silk manufacture, with their low priced but efficient labor, should not crowd out the business which has made such commendable progress in this country.

For many reasons we would prefer specific duties on knit silk underwear and hosiery which are now included in paragraph 390, but on account of the difficulty in arranging the specific rates so as to apply to the great variety of weights, qualities, and gauges (by "gauges" we refer to the relative coarseness or fineness as determined by the number of stitches per inch), we would suggest no change, but would urge that the present rate, 60 per cent, in paragraph 390 should be the minimum.

In fact, any material reduction in the present tariff on silk underwear and hosiery would be prohibitive of its manufacture in this country.

The present rate imposes no burdens upon people of limited means in this country, as silk underwear is properly regarded as one of the luxuries of modern life, and its use is confined to comparatively well-to-do people.

Respectfully submitted.

AMERICAN HOSIERY COMPANY,
EDWARD H. DAVISON, *President.*
GEORGE S. TALCOTT, *Treasurer.*

VELVET CASES.

[Paragraph 391.]

AMERICAN VELVET CASE MAKERS ASK A SEPARATE AND SPECIFIC CLASSIFICATION FOR THEIR PRODUCTS.

WASHINGTON, D. C.,
December 1, 1908.COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: It is my duty to present to you the situation of the velvet case makers of this country, which has by an anomalous working of the tariff law been well-nigh done to death. It is our misfortune that the conditions of the business make impossible any exact demonstration thereof. We realize that by submitting certain standard products with affidavits showing their component and total costs here and abroad our case would be impregnable. There is, however, such a diversity in the product—one arising from its very nature—that this is impossible.

The case-making industry covers cases for rings, brooches, earrings, scarf pins, breastpins, lockets, watches, silverware, fountain pens, penholders, knives, and other articles too numerous to mention. They all, however, possess the one common characteristic, to wit, that of being expensive luxuries appealing to the taste. As a result there is a bewildering diversity of size, shape, color, and materials. An exact duplicate is rare.

At present under section No. 391 these cases come in as articles manufactured, of which silk is the chief component value, and pay a duty of 50 per cent.

Now, the injustice of this lack of separate classification arises from the fact that the greater part of the material used in the making is taxed from 60 to 100 per cent ad valorem. In other words, the foreign makers get their material, velvet, plush, satin, and so forth, into this country in the manufactured state at a less rate than the same goods would pay in the piece. The domestic maker by this provision has a handicap to start with, so that instead of being protected he is discriminated against. Assuming that the labor difference was covered by the 50 per cent, which is not so, the American maker would be handicapped by the difference on materials approximately 25 per cent thereof. But the labor difference is much greater than 50 per cent. The wages here are from five to ten times greater than paid in Europe. This is in part compensated by the greater efficiency of the American labor. The work itself is entirely done by hand and manifestly the difference can not be thus wholly made up. As near as it is possible to approximate it the labor cost here is 300 per cent more than in Saxony. That this is a conservative estimate will be plain to you gentlemen when you consider the difference between workmen is never great enough, unaided by machinery, that one should do five times as much of the same work in a given time as the other. Here again we are handicapped by the impossibility of giving the exact figures. In this country men are employed at from \$2.50 to \$3 per day; women, from \$1.25 to \$1.50, depending on localities. In Saxony the men receive in our money from 35 to 60 cents per day, and

the women and children from 10 to 25 cents. Here the men workers exceed in number the women, while abroad the latter are in the greater majority. Here the shop system prevails, while in Saxony it is sweat shop exclusively. That is to say, it is done in the huts and hovels of the unfortunate peasantry.

German and American wage standards and conditions are well known to the members of this committee; I take it they need no proof on these points but will take judicial notice thereof. In many of our industries by improved machinery we are able to overcome this difference in wage standards, but in the case-making industry this does not obtain and it is almost all entirely hand work. We feel certain that with a few years of real protection that the inventive genius of our mechanics would, stimulated by the reward of reasonable profits, be brought to bear on the details of this business and eventually result in machinery which will permit us to even up the conditions as has occurred in so many other industries. At present the only set-off against the great difference in wages is the character of the work people themselves. That because of their intelligent diligence they do in large part overcome this handicap is a striking testimonial to them and proves them worthy of help by this committee. Now, gentlemen, I have placed before you certain facts indisputable, known to all men, requiring no man's oath or opinion to show their truth or foundation. These facts have shown the need of protection for this industry. I will now endeavor to show to you by like arraignment of verities the justice and advisability of placing us in a section apart with a rate equalizing the conditions. As the situation now is, the foreign-made case has practically driven the American from the market, and the work now done is either special orders or small lots which permit the payment of the higher wages. The inevitable result of the increase would be a greatly augmented business here; finding employment for thousands at good wages. As to the effect on the revenue it would result in a larger return because the velvets, plushes, satins, etc., would be imported at the piece rate and thus pay half again more duty. Where this would not be so the boxes would continue to come over, paying the increased duty. I submit that no tariff provision ever framed could fall more lightly on the consumer. It would mean that whenever one purchased an article of luxury that was cased he would pay from 10 cents to 15 cents more than at present, if he wanted the case, depending on its elaborateness. A diamond ring worth \$500 sold in a case costing, say, 40 cents, would, if this increase is granted, cost him, say, 10 cents to 15 cents more.

I will now bring to your attention two concrete examples: The first is a ring box. This was made in New York City some twelve years ago by the thousands; to-day it is not made at all because it is sold here by importers for \$3 per dozen, which is \$1 less than the bare cost of making it by workmen and 25 cents less than the actual cost of using in part girl labor. The cost of the material is about \$1, of labor \$3. On the other side, materials cost 58 cents and the labor 60 cents; total, \$1.18 per dozen. They are sold for about \$2 and the duty brings the price here up to \$3. The second example is a brooch box. The conditions are identical, the difference being merely slightly higher cost as regards the material, due to the larger size.

I will now call your attention to some examples of the discrimination against us as to materials. I offer for your inspection samples of satin, velvets, and plushes of varying grades, all in common use, with the figures showing the exact duty paid thereon, which can be verified by the custom records. I could also submit at least about 40 more such instances, but these will suffice to show the general condition. There are two grades of satin used by the European makers that owing to the pound rate can not be sold in this country at all. Another element which enters into the price difference is the fact that these materials taxed in the box form pay the 50 per cent duty only for the amount actually used. Here the maker pays duty on the whole piece, and the inevitable waste in cutting up and the selvage he must pay duty on. Further, should he import them in the strip form, which he could do to better advantage, another 15 per cent is added on the cost of the goods to him. The cost per dozen for the ring boxes is \$3.93; of the brooch boxes, \$4.58; they are sold in the market for \$3 and \$3.50, respectively. Abroad the proportion of labor and material cost is about the same, but in this country the labor cost is from two to three times greater than the material. To offset this difference we would suggest first, the placing of our industry under separate classification, and, second, the retention of the present ad valorem duty, 50 per cent, and the addition of a duty for each piece of 10 cents to 15 cents. We feel that with a few years of such protection we would be able to make these boxes at a much less cost and thus reduce the price to the consumer, giving him a better box at the same rate that he is at present paying. This has been the way it has worked out in other industries and this is the way it will work out in this of ours.

Respectfully submitted.

H. A. ANDREWES,
Counsel to Velvet Case Makers' Committee.

RIBBONS.

[Paragraph 391.]

STATEMENT OF B. A. LEVETT, OF 24 STATE STREET, NEW YORK CITY, REPRESENTING THE STAR RIBBON COMPANY AND GEORGE QUACKENBUSH.

TUESDAY, December 1, 1908.

Mr. LEVETT. The merchandise that I desire to speak on to-day consists of ribbons cut from a fabric represented by this sample [handing sample to chairman of the committee.] It is a fabric woven in the piece, designed to be cut into ribbons.

Mr. DALZELL. What paragraph is this?

Mr. LEVETT. Paragraph 391, for manufactures of silk not specially provided for. Imported ribbons similar in character to our ribbons did pay at one time 60 per cent, but in a decision of the circuit court about four years ago it was held that ribbons were dutiable as manufactures of silk.

There are two domestic manufacturers of these ribbons in this country whom I represent. The ribbons are not made on a ribbon loom at all. They are made, as you see, by weaving a broad fabric

with what is called a "doupe edge," about 20 per cent silk, and the balance is cotton, although the silk is the chief value. You will notice an interval there, a thread left out, so as to mark the width of the ribbon. The Star Ribbon Company was the pioneer in the manufacture of this article here.

The CHAIRMAN. Do you say that that is a linen ribbon?

Mr. LEVETT. No; it comes in as a manufacture of silk at the present time. The article that we are asking a higher rate of duty on is ribbon made from that fabric. There is very little of that fabric imported.

The CHAIRMAN. What is the process of manufacture?

Mr. LEVETT. It is put through the cutting machine; then it is cut and wound on spools.

The CHAIRMAN. You would like to have the fabric brought in under the paragraph on ribbons?

Mr. LEVETT. We would like to have the duty on ribbons made from this fabric increased and the fabric correspondingly increased.

Mr. DALZELL. What does it pay now?

Mr. LEVETT. The fabric would come in under the broad fabric classification of paragraph 387 at a specific rate equal to about 50 per cent. The point is this: You gentlemen have heard a number of arguments showing that protection fosters trusts and makes the price to the consumer higher here. I want to show in a few moments that protection will decrease the price of these ribbons to the consumer, and the reason for that is this, that before the domestic people started to make this the importers had a monopoly. They were charging \$4 for a thousand yards of baby ribbon, at wholesale in the market here, with 7 per cent off—the regular discount. The domestic people, the Star Ribbon Company, started to manufacture, and as soon as the competition began to be felt, the price went down, so that to-day the price of those ribbons for which was charged \$4 before the domestic people started to manufacture is \$2.10 to \$2.25 with 7 per cent off. At the time we started to manufacture, of course the price, \$4, had a fair profit in it. We started with one loom, and we had gotten up to 30 looms, and were turning out a million yards a week, when the price commenced to be cut. To-day the price is about \$2.10, and it costs the Star Ribbon Company, by figures which I have here and will submit, \$2.07 to make an article which is selling to-day for \$2.10 with 7 per cent off.

The other concern which I represent, and the only other manufacturer of that ribbon, has a little higher cost, because the chief fabric is made outside, and it costs them about \$2.14. They are running a few looms now to keep in the market. According to my best information, at the port of New York the imported price of ribbon of this character is about 7.75 to 8 francs a thousand meters, with a discount of 20 per cent, which, turned into American money on the basis of 8 francs is about 1.23 a thousand meters, or \$1.11 per thousand yards. If you add a duty of 50 per cent, that would bring it up to \$1.67. If you add 3 per cent for expenses, ocean freight, and other nondutiable expenses, it brings that total landed price in New York City to \$1.71 per thousand yards.

The CHAIRMAN. That fabric you present there is capable of being manufactured into ribbon by simply running it through the cutting machine, and is plainly brought in under an evasion of the ribbon duty.

Mr. LEVETT. I do not claim so; it is very little imported.

The CHAIRMAN. But it is capable of being converted into ribbon in that way, and they do it. It comes under the basket clause.

Mr. LEVETT. The broad fabric clause, which is practically about 50 per cent.

The CHAIRMAN. That is the same duty, is it not—ribbon, 60 per cent.

Mr. LEVETT. Fifty per cent.

The CHAIRMAN. What you want is to have it made 60 per cent, the same as ribbon?

Mr. LEVETT. What I want is that the ribbons pay a duty that will bring the landed price up to our cost of production.

The CHAIRMAN. You want a greater protection?

Mr. LEVETT. Greater protection.

The CHAIRMAN. On ribbons, too?

Mr. LEVETT. Mainly on ribbons; the fabric is an incident. I propose to show just exactly what that duty should amount to to put us on an equality with the importer. According to these figures, with the duty and all expenses, it costs the importer \$1.71 a thousand yards to land this in New York. It costs us \$2.07 to make it. We ask that a duty be put on equal to the difference between our cost and the landed price of the imported ribbon to-day. I have figured that out, and basing it on a specific rate per pound, we ask that the duty be made on cut ribbons, dyed, \$1.25 per pound and 15 per cent ad valorem. On this fabric there is about 50 cents difference in the cutting and winding, and so on.

The CHAIRMAN. What ratio does the weight of the ribbon bear to its value?

Mr. LEVETT. All the silk specific duties are by the pound.

The CHAIRMAN. That is, where the goods run uniform. But there is no uniformity in ribbons?

Mr. LEVETT. These will run very uniform.

The CHAIRMAN. Is not a pound of some worth ten times as much as a pound of another kind?

Mr. LEVETT. No, on these narrow ribbons the percentage of silk is about 20 per cent by weight, so that they would run uniform and the rate would be equitable. We are asking for a provision on this specific cut baby ribbon, not on ribbons in general. We have nothing to do with that. We started to manufacture this particular article, have built up an industry, and now we have to sell at a loss, because they are landed at 30 or 40 cents below our cost.

The CHAIRMAN. Have you given there the value of a pound of these goods?

Mr. LEVETT. I was coming to that. Three-quarters of a pound of our ribbons would be about a thousand yards, so that a pound would be about 1,333 yards.

The CHAIRMAN. In those goods, would not a pound make more than 1,500 yards?

Mr. LEVETT. I understand that the imported ribbon is lighter than ours and that a pound would run about 1,500 yards. I have used that as a basis to get a pound duty, which, added to the landed price of a pound of the ribbons, will equal the cost of manufacture to us of a pound of similar ribbons. By taking the duty at \$1.25 a pound and 15 per cent ad valorem, it will give us a protection of about 4 per cent.

Now, one of the reasons for that enormous difference in the cost of production abroad and here is difference in labor, of course. We pay about \$2 a day, and I have a letter here which was written in 1907 to one of the manufacturers on another subject-matter. He was at that time importing some of these narrow ribbons; one order was not quite right, and he wrote about it, and in his answer, among other things, he said:

I had given due instructions and this order should have been correctly delivered. Unfortunately weavers who only earn, by working ten hours a day, about 25 or 30 cents can not be depended upon, as they work on the looms when they have nothing else to do, and this accounts for the cheap price we make this article here.

A weaver in Lyons will get more than that, but the people who make these ribbons are up in the mountains, where they work when they feel like it, and they get 25 or 30 cents a day, while we pay our men \$2 a day.

The other manufacturer whom I represent started with four looms some time ago, and he still has that number. He has never had a chance to increase them. He can not sell his goods to-day, as he is always met by the answer, "Put your price down to the price the importers sell, and we will do business with you." We ask that a special provision be inserted in the silk schedule covering this particular kind of ribbon—that is to say, a ribbon cut from piece goods. We suggest the following paragraph:

Ribbons in chief value of silk in the piece not dyed or bleached, sixty cents per pound and 15 per cent ad valorem; if dyed or bleached, seventy-five cents per pound and 15 per cent ad valorem; ribbons in chief value of silk cut from a fabric, one dollar and 25 cents per pound and fifteen per cent ad valorem.

**BRIEF RELATIVE TO SILK RIBBONS AND THEIR CLASSIFICATION,
FILED BY B. A. LEVETT FOR THE STAR RIBBON CO. AND GEORGE
QUACKENBUSH, NEW YORK CITY.**

WASHINGTON, D. C.,
December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Star Ribbon Company is a domestic concern manufacturing, among other things, what are known as No. 1 cut-edge ribbons, or sometimes commonly referred to as cut-edge "baby-ribbons." These articles are not made on a ribbon loom, but are made by first weaving a broad fabric with what is called a doupe edge. This fabric contains about 20 per cent silk by weight and the balance cotton, silk chief value. It is cut into strips or ribbons. In this fabric at intervals representing the width of the desired ribbon a binding edge is woven, then a thread is omitted, leaving the fabric in such condition that it can be readily cut into strips or ribbons. The Star Ribbon Company was the pioneer in this country in this line, starting about nine years ago with one double loom and building up a business which at one time kept occupied thirty double looms, turning out a million yards of ribbon a week, and was in a fair way to work up a large domestic industry. At the time we started the imported goods of the same character were selling as

high as \$4 per spool of 1,000 yards. When our competition began to be felt the importers started to cut the price and continued to do so until to-day when the ribbons are selling at \$2.10 to \$2.25 per 1,000 yards, with 7 per cent off if paid in ten days.

These ribbons to-day pay a duty of 50 per cent ad valorem under paragraph 391. Prior to four years ago they were assessed at 60 per cent as trimmings, but in a decision of the United States circuit court rendered in 1904 they were held to be properly dutiable as manufactures of silk, and the Treasury Department thereupon issued instructions to assess the goods at 50 per cent, in accordance with the court's decision (T. D. 25375). This, coupled with the fact that the foreigner through cheaper labor is enabled to produce his goods far below our cost of production, has resulted in practically putting an end to our industry on this ribbon for the reason that to-day the imported article sells in the market here at less than it costs us to produce similar goods. Instead of operating 30 double looms, as heretofore, we are now operating only 9, and at a loss. We attach hereto a detailed statement of our cost of production, giving every item that enters into the cost.

Detailed statement relative to cost of production.

[325 by 21=6,825 satin; 326 by 12=3,912 edge; total, 10,737.]

Spaces or ribbons, 325. No. 1½. Lines, 1¾. Length, 600.

¼ grege organzine, 450, at \$25-----	\$112.50
Winding -----	3.00
Warping 10,737 ends, at 9 cents per 100-----	9.66
Weaving 570 yards, at 7 cents-----	39.90
Twisting 10,737 ends, at 4 cents per 100-----	4.29
Harness, English, 10,800, at 20 cents (one-fourth)-----	5.40
Front reed -----	1.50
Cotton -----	55.00
Total -----	231.25
Manufacturing expenses, 10 per cent-----	23.13
570 yards cost-----	254.38
Cost per yard -----	.44½

Calculation of cost of No. 1 spool, 1,000 yards cut ribbon.

1,000 yards, uncut, 325 ribbons wide, at 44½ cents-----	\$446.30
Dyeing same -----	80.00
Total -----	526.30
Cost per 1,000 yards, single width-----	1.62
Cutting, winding, spooling, boxing, and rolling-----	.17
General expenses 10 per cent-----	.18
Selling expenses 5 per cent-----	.10
Net cost -----	2.07

From this statement of cost it appears that 1 yard of the fabric costs us to manufacture 44½ cents; to this are added the cost of dyeing, the cutting, winding, spooling, boxing, and general expenses of 10 per cent, selling and expenses of 5 per cent, making our net cost \$2.07 per 1,000 yards of ribbon. Waste is not included.

We are informed and believe that the committee can substantiate the fact through the Government's statistics showing the value per

1,000 yards of these goods as imported, that the imported ribbons of this character pass the custom-house at a value of about 7.75 to 8 francs per 1,000 meters, discount 20 per cent. This, turned into American money on the basis of 8 francs, is about \$1.23 per 1,000 meters net, which means about \$1.11 per 1,000 yards. Adding the duty of 50 per cent brings the cost to \$1.67, and adding 3 per cent for freight, etc., makes the total cost to the importer to land the goods in New York \$1.71 per 1,000 yards of goods similar to those which it costs us about \$2.07 to make.

We understand that it is proposed to insert the word "ribbons" in the trimmings paragraph, which at present fixes a duty of 60 per cent; but we desire to call attention to the fact that 60 would not enable us to compete on this article. We therefore ask that a special provision as to these cut ribbons be inserted fixing a special duty which will be somewhat higher for the ribbons when cut than when imported in the doupe fabric. We ask that this rate be based on our cost of production. Taking that cost as \$2.07 per 1,000 yards as a basis, we ask that a duty be assessed on these goods which will bring the landed price equal to our cost of production plus about 4 per cent. In other words, we ask that we be allowed to make the same profit as the importer, with a protection of 4 per cent to protect American industry and labor. On this basis it should cost the importer to land his goods \$2.07 plus 8 cents, or \$2.45 per 1,000 yards. That is to say, he should pay to the Government as duty \$1 per 1,000 yards, the difference between \$2.15 and \$1.15—his net cost of \$1.11 plus 3 per cent for expenses.

While, as before stated, our ribbons run about 1,333 yards to the pound, the imported ribbon which competes with ours is somewhat lighter, running, as we are informed, about 1,500 yards to the pound, so that in order to get a pound duty which will equal \$1 per 1,000 yards we must multiply \$1 by $1\frac{1}{2}$, making \$1.50. The price on the other side being \$1.11 per 1,000 yards, the price per pound would be \$1.67. A specific duty therefore of \$1.25 per pound plus an ad valorem duty of 15 per cent would equal a total duty on a pound of the imported ribbon of \$1.50, and on 1,000 yards of the imported ribbon of \$1. If this duty be added to the foreign cost and nondutiable charges added it would bring the landed price of 1,000 yards of the imported ribbons to \$2.15, giving us a protection of 7 cents per 1,000 yards which, on the cost of manufacture here of \$2.07, is less than 4 per cent.

We are informed that the average invoice value of such of these goods as are imported in the piece is 75 centimes per meter, 60 centimeters wide, although not much of this is imported. It is obvious, however, that should the duty be advanced on the ribbons when cut it should also be advanced on the doupe cloth. We therefore suggest that the fabric be taxed at 75 cents per pound and 15 per cent ad valorem and that the ribbon be dutiable at \$1.25 per pound and 15 per cent ad valorem.

We beg to call attention to a similar provision which exists in the present tariff act in paragraph 386, for silk plushes at \$1 per pound and 15 per cent ad valorem, and silk plush ribbons at \$1.15 per pound and 15 per cent ad valorem; also to the provision in paragraph 315, where cotton plushes, etc., are provided for at 9 cents per square yard and 20 per cent ad valorem if not bleached, etc.; at 12

cents per pound and 20 per cent ad valorem for plush, etc., if bleached, while articles made therefrom are provided for at the same rates with an additional 10 per cent ad valorem.

It is true that the requested duty is high ad valorem, but in reality it is a very conservative request, for we ask only an actual protection of less than 4 per cent, and we urge that we are entitled to a fair chance to exist, and the seemingly high rate we ask for is necessary owing to the tremendous difference in the cost of labor here and abroad.

We pay weavers who run two looms, producing from 180 to 240 yards, 7 cents per yard. They earn from \$12 to \$15 per week of fifty-five hours. We are informed that the weavers who make these goods on the other side earn 25 or 30 cents a day. We suggest the following language to be inserted in the proper paragraph:

Ribbons in chief value of silk in the piece, not dyed or bleached, sixty cents per pound and fifteen per centum ad valorem; if dyed or bleached, seventy-five cents per pound and fifteen per centum ad valorem; ribbons in chief value of silk, cut from a fabric, one dollar and twenty-five cents per pound and fifteen per centum ad valorem.

Respectfully submitted,

STAR RIBBON CO.
GEORGE QUACKENBUSH.

THE STAR RIBBON COMPANY AND GEORGE QUACKENBUSH, NEW YORK CITY, FILE SUPPLEMENTAL BRIEF RELATIVE TO THE DUTY ON CUT RIBBONS.

NEW YORK, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Supplemental to the statements made by our representative, Mr. Levett, before you on the 1st instant, relative to cut ribbons in part of silk manufactured by us, we beg to present the following:

While, as stated, we believe from the letter received by Mr. Quackenbush, an extract from which was read into the record, that the weavers in France who live in the mountains and make goods of similar character receive from 25 to 30 cents per day, it is a fact, as we are informed, that the weavers in Lyon receive about 3 francs a day. We desire to emphasize the point, however, that irrespective of wages the fact remains that ribbons similar in character to those made by us are imported into this country at a price which including duty and expenses is greatly below our cost of production; and that in advocating the duty suggested by us we are merely asking to be put on a par with the importers in selling these ribbons in this country with a protection which would not exceed 10 per cent. The output of the Star Ribbon Company had grown to a million yards per week, when the price of the imported goods was cut to such an extent that their production has gone down to 300,000 yards per week, some of these goods being sold at a loss.

It should be said that the imported ribbon which competes with ours is somewhat lighter in weight than our domestic ribbon, owing to the fact that the silk used in its manufacture is of a lighter weight.

We have tried repeatedly to manufacture these ribbons of lighter weight silk than what is known as "fourteen-sixteenths denier," but we have been unable to make our ribbons with silk as light as that used abroad. The finished product is so similar, however, that we believe the ordinary consumer would hardly notice the difference.

Respectfully submitted.

STAR RIBBON COMPANY,
GEORGE QUACKENBUSH.

JACQUARD FIGURED GOODS.

[Paragraph 391.]

STATEMENT OF CHARLES SCHOEN, OF NO. 97 GREEN STREET, NEW YORK CITY, RELATIVE TO JACQUARD GOODS.

TUESDAY, *December 1, 1908.*

Mr. SCHOEN. I have no special suggestion to make as to the various rates of duty to be levied under the new tariff, but I would like to show here figures as to how the present specific duties act in proportion to the ad valorem duties that are collected. I have here a list of importations which came in under the 50 per cent clause, and if the respective specific rates would be collected there would be only one item that would pay 50 per cent ad valorem.

Mr. GRIGGS. What schedule are you speaking upon?

Mr. SCHOEN. Silks. And all the other items would pay less. This schedule is a copy of the importations at the port of New York.

Mr. DALZELL. Are you talking to any particular paragraph in this schedule?

Mr. SCHOEN. I am talking about paragraphs 387 and 391.

Mr. GRIGGS. Are you a manufacturer?

Mr. SCHOEN. I am a manufacturer of tie silks. Our business is a very peculiar business, and the designs and preparation for the designs brings about a great deal of labor. I have brought two samples along—one a Jacquard article and one a plain article. I would say that as to the weight per square yard of these articles they are both alike, but this article [indicating sample], 36 inches wide, sells for 90 cents a yard, while this article [indicating sample], 24 inches wide, sells at the same price, so that a similar specific duty could not be applied to both articles alike. I therefore advocate either a higher special duty for Jacquard goods—that is, goods with more than two colors in the warp and in the filling, or goods containing more than two weaves—or a minimum rate of duty such as we have now, 50 per cent, or whatever the committee may desire. I do claim that without a minimum rate of ad valorem duty our industries would be severely crippled. The product manufactured in this country amounts to between five and seven million dollars. The majority of these goods imported in this line come in under the ad valorem duty.

I would like to leave this statement.

(The following statement was submitted by Mr. Schoen:)

Particulars of certain importations of silk woven fabrics in the piece from invoices in the custom-house, New York.

[These goods all weigh between 1½ and 8 ounces to the square yard and are dutiable at 50 per cent ad valorem under the provisions to paragraph 387 of the act of 1897.]

Description.	Length.		Width.		Weight.	
	Meters.	Yards.	Centimeters.	Inches.	Kilograms.	Pounds.
Silk and cotton, 20-30 per cent silk, yarn dyed, colored.....	1,105.00	1,208.44	60	-----	70,700	155.87
Do.....	1,073.85	1,174.37	60	-----	81,270	179.17
Do.....	580.35	634.68	60	-----	40,250	88.74
Silk and cotton, under 20 per cent silk, piece dyed.....	347.50	380.03	-----	24	18,400	40.56
Do.....	95.90	104.88	-----	24	6,550	14.44
Do.....	100.30	109.69	-----	24	5,670	12.50
Silk and cotton, 30-45 per cent silk, yarn dyed, colored.....	292.75	320.15	-----	24	18,000	39.68
Do.....	287.35	314.25	60	-----	16,200	35.71
All silk, yarn dyed, weighted, colored.....	-----	9.00	-----	28	-----	1.94
Do.....	-----	50.00	-----	24	3,000	6.61
Do.....	-----	90.00	-----	28	-----	14.15
Do.....	-----	12.16	-----	28	-----	2.56
Do.....	-----	6.08	-----	27	-----	.62
Do.....	-----	16.09	-----	28	-----	4.65
Do.....	-----	2.09	-----	28	-----	.47
Do.....	-----	7.00	-----	28	-----	1.53
Silk and cotton, over 45 per cent silk, yarn dyed, colored, weighted.....	48.85	53.82	65	-----	3,200	7.05
Do.....	46.40	50.74	65	-----	2,750	6.06
Do.....	120.45	131.73	65	-----	6,700	14.77
Do.....	90.45	98.92	65	-----	5,950	13.12
Do.....	101.50	111.00	65	-----	6,950	15.32
Do.....	103.55	113.24	65	-----	6,800	14.99
Do.....	25.00	27.34	65	-----	1,400	3.09
Do.....	24.10	25.36	65	-----	1,500	3.31

Description.	Value.		Primary specific rate per pound.	Actual duty paid.	Amount of specific rate per pound.	Per cent.
	Foreign.	United States.				
Silk and cotton, 20-30 per cent silk, yarn dyed, colored.....	<i>Marks.</i>					
Do.....	1,495.05	\$355.82	\$0.90	\$177.91	\$140.28	78.75
Do.....	1,453.00	345.81	.90	172.90	161.26	93.20
Do.....	785.40	186.93	.90	93.48	79.83	55.45
Silk and cotton, under 20 per cent silk, piece dyed.....	230.15	54.78	.60	27.39	24.34	88.90
Do.....	87.90	20.94	.60	10.47	8.66	83.00
Do.....	81.75	19.46	.60	9.73	7.50	78.00
Silk and cotton, 30-45 per cent silk, yarn dyed, colored.....	495.80	115.63	1.30	57.81	51.58	89.00
Do.....	388.67	92.61	1.30	46.26	46.42	100.00
All silk, yarn dyed, weighted, colored.....	<i>£. s. d.</i>					
Do.....	4 5 9	20.87	2.25	10.44	4.36	42.00
Do.....	16 0 8	78.02	2.25	39.01	14.87	38.00
Do.....	22 9 3	109.31	2.25	54.65	31.84	58.30
Do.....	6 6 5	25.89	2.25	12.95	5.76	44.50
Do.....	2 13 2	12.93	2.25	6.47	1.40	21.50
Do.....	6 19 6	33.94	2.25	16.97	10.47	60.00
Do.....	1 0 0	4.87	2.25	2.44	1.05	43.00
Do.....	3 1 5	14.94	2.25	7.47	3.44	46.00
Silk and cotton, over 45 per cent silk, yarn dyed, colored, weighted.....	<i>Austrian crowns.</i>					
Do.....	243.40	40.41	2.25	24.70	15.86	64.00
Do.....	195.85	39.76	2.25	19.88	13.64	68.00
Do.....	495.20	100.53	2.25	50.27	33.23	66.00
Do.....	391.95	79.67	2.25	39.78	29.52	74.30
Do.....	441.95	89.72	2.25	44.88	34.17	77.00
Do.....	456.80	92.53	2.25	46.26	33.73	73.00
Do.....	109.25	22.18	2.25	11.09	6.95	62.50
Do.....	109.20	22.17	2.25	11.09	7.45	67.20

REPRESENTATIVES OF DOMESTIC MANUFACTURERS OF UPHOLSTERY FABRICS ASK FOR A NEW CLASSIFICATION.

WASHINGTON, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In the matter of the revision of paragraph 391 of the tariff act of 1897, so far as the same relates to Jacquard figured goods, silk chief value, containing two or more colors in the filling, we wish to state that the undersigned represent domestic manufacturers of Jacquard tapestry or upholstery fabrics, composed in chief value of silk.

We complain of an evasion of the following provision in paragraph 391:

* * * All Jacquard figured goods in the piece, made on looms, of which silk is the component material of chief value, dyed in the yarn, and containing two or more colors in the filling, fifty per centum ad valorem. * * *

These goods are designed especially for upholstery purposes and have replaced to a large extent the similar domestic product. (See brief of the undersigned on the revision of paragraph 316.)

In 1900 an evasion of the present provision was perpetrated in the following manner: The act says "containing two or more colors in the filling." The foreign manufacturers made a Jacquard fabric which in real truth contained only one color in the filling, but upon the back thereof, forming no part of the design and not showing upon the face of the fabric, they placed at intervals of about one-half inch a single cotton thread different in color from the regular filling thread.

The collector disregarded the attempted evasion of the tariff and classified the goods under paragraph 387, where they properly belong. The importers protested and the issue came before the Board of General Appraisers.

The board found, in addition to the facts set forth, that the occasional cotton threads did not constitute exceeding 2 per cent of the component materials of the goods. Their decision (T. D., 22178; G. A., 4705) says:

Indeed an inspection of the samples in evidence is sufficient to establish these facts and to make it manifest that resort was had to the rather bunglingly accomplished artifice of introducing these occasional threads for the sole purpose of removing the goods from classification under the specific provisions of paragraph 387 of the tariff act of July 24, 1897, as properly made by the collector, and to bring them within the provision in paragraph 391 of said act for "all Jacquard figured goods in the piece, made on looms, of which silk is the component material of chief value, dyed in the yarn, and containing two or more colors in the filling." It is upon these threads that the protestants place their claim, and upon which they rely for a reversal of the collector's decision respecting the dutiable classification of the goods.

Upon the ground that this was a deliberate contrivance of questionable propriety to escape the lawful duties accruing upon the merchandise, the board overruled the protest of the importers.

The importers appealed, and the decision of the circuit court is found in *Johnson v. United States* (123 Fed. Rep., 997). The court reversed the board upon the ground that the evasive intent evident

in the manufacture of the goods could not be allowed to affect their classification.

It is therefore law to-day that goods of this kind which are obviously not within the fair meaning of paragraph 391 are allowed entry thereunder instead of being assessed with the higher duties prescribed in paragraph 387.

We propose the following amendment: After the words "and containing" insert the following: "as part of the design and appearing upon the face of the fabric."

The present rate of 50 per cent does not afford the domestic manufacturers of these goods a fair measure of protection. They are placed in the present act in the catch-all clause of the silk schedule, whereas they are fully entitled to a separate provision. Much the same argument can be advanced with respect to these fabrics as is set forth in the brief of the undersigned, filed with this committee, on the revision of paragraph 316 and referring to cotton upholstery fabrics.

We therefore propose that a separate provision be adopted which shall prescribe a duty of 55 per cent ad valorem thereon.

KAMMERLOHR & DUFFY,
New York.

(Appearing for The Orinoka Mills, Stead & Miller Company, Philadelphia Tapestry Company, The Moss Rose Manufacturing Company, Bromley Manufacturing Company, Rosenheim Brothers, George Brooks & Sons, A. Theodore Abbott & Co., Thompson & Hallowell, and Vigilant Mills, Philadelphia; Robert Lewis & Co., Frankford, Pa.; J. B. Ryer, Son & Co., Paterson, N. J.)

SILK GOODS.

STATEMENT OF ARTHUR W. WATSON, OF 83 GREEN STREET, NEW YORK CITY, RELATIVE TO SILKS.

TUESDAY, *December 1, 1908.*

Mr. WATSON. We have a brief here that we want to submit. Shall we read it—it is very short—or shall we hand it in?

The CHAIRMAN. Just as you choose about that.

Mr. WATSON. We will hand it in, sir.

(The following brief was submitted by Mr. Watson:)

Gentlemen, the committee appointed by the importers of silks and silk goods to appear before the Committee on Ways and Means has been instructed to ask that all rates on silk goods be adjusted on a purely specific basis.

As the classifications of silk goods need considerable and careful study in order to be equitable to all interests concerned and as the time has been very limited to work out such a schedule, it is our intention to confer with the committee of the Silk Association of America for the purpose of cooperating with them in framing a proper schedule. We therefore ask the indulgence of your honorable committee to sub-

mit within a reasonable time a schedule of rates which we believe will be satisfactory to you and to all interests concerned.

We desire to emphasize the fact that all ad valorem rates shall be abolished.

Respectfully submitted.

A. W. WATSON,
WALTER KOBBE,
SAMUEL KRIDEL,
HENRY F. TIEDEMANN,
Committee.

STATEMENT OF SAMUEL KRIDEL, OF NO. 47 GREEN STREET, NEW YORK CITY, RELATIVE TO SILK BRIEF.

TUESDAY, *December 1, 1908.*

MR. KRIDEL. I will simply say that we all signed the brief that was last submitted by the committee representing the importers, the brief submitted by Mr. Watson.

STATEMENT OF F. W. CHENEY, OF MANCHESTER, CONN., REPRESENTING THE SILK ASSOCIATION OF AMERICA.

TUESDAY, *December 1, 1908.*

MR. CHENEY. I appear here as the chairman of the revenue laws committee of the Silk Association of America. We have expressed our views in our brief which we will submit, to be either read or filed as you wish. We wish to take up as little time as possible.

The CHAIRMAN. You may read your brief.

(Following is the brief submitted by Mr. Cheney:)

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The Silk Association of America has authorized the members of its committee on revenue laws to appear before the Committee on Ways and Means at the hearing on the silk schedule, Tuesday, December 1, and represent it in all matters relating to the tariff revision to come before Congress.

Our committee has earnestly endeavored to harmonize the views of the domestic manufacturers and the importers of silk goods. We have hopes of being able to bring about the cooperation of both parties to secure substantially the recommendations as to rates of duty required under the new tariff, but it requires more time than we have at our disposal to bring about such an agreement to report to you to-day.

We are earnestly trying to make the duties, so far as practicable, specific and only to resort to ad valorem rates in cases where specific duties can not be applied equitably. Ad valorem rates are theoretically the fairest ones, but many years' experience has proved that they can not be collected because of undervaluation, and they lead

to the demoralization of the import trade and give unfair advantages to unscrupulous importers.

Under the Dingley bill specific duties were imposed so far as they seemed to be at that time practicable. The Dingley tariff has worked fairly well on the whole, but some weak points have developed the fact that in extreme cases the rates have been excessive and in others inadequate. It is our wish to correct these inequalities and to make specific rates bear more uniformly.

Silks belong to the class of luxuries consumed by the rich. Taxes on these articles do not bear heavily on the laboring classes, who can escape them altogether without hardship whenever wages are not ample enough to permit indulgence in even moderate luxuries.

The profits in silk manufacture are not excessive, considering the risks incurred. No large fortunes have been acquired by silk manufacturers, and there is not even one very rich silk manufacturer in this country. The production of silk goods is absolutely on a free competitive basis, without any combination. One result of this home competition has been to materially decrease the cost of silk goods to consumers.

A severe cut in the tariff rates on silks will be followed immediately by a cut in the wages of the workers in the silk mills, who are in no way responsible for the economies which will be forced upon their employers. They have already suffered enough during the panic year we have just passed through and can ill afford to be subjected to further losses.

It is our intention to cooperate with you in any way in our power to facilitate the revision of the tariff, and to do so with as little delay as possible. If you wish us to furnish in detail the rates of ad valorem and specific duties to be applied we will prepare them.

We are not here to protest against anything, and will accept whatever your honorable body desires.

We respectfully request more time to work out our figures before finally submitting them to you. We will have them ready by the time you really require them. Our present wish is to encroach as little as possible on your valuable time and to do nothing that can be construed as obstructive or not responsive to your investigations of existing conditions.

Respectfully submitted.

F. W. CHENEY,
JACQUES HUBER,
WILLIAM SKINNER,
CHAS. F. HOMER,
OTTO ANDREWS,

*Committee on Revenue Laws of the
Silk Association of America.*

Attest:

FRANKLIN ALLEN, *Secretary.*

SUGGESTED SILK SCHEDULE.

RATES AND CLASSIFICATION OF SILKS RECOMMENDED BY THE
COMMITTEE OF THE SILK ASSOCIATION OF AMERICA.SOUTH MANCHESTER, CONN.,
*January 26, 1909.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Silks and silk goods occupy a position different from most commodities. There is no such thing ascertainable, either in this country or abroad, as market value. Two colors or prints of the same texture may sell at the same time for a variation of 25 per cent in price, while two months later that which sold at the higher price may be sold at less than the other. The market prices are fixed by the freaks of fashion in women's dress. Costs in foreign countries vary greatly with the country in which the goods are produced. Silk is one of the very few articles of manufacture made in the United States which comes into direct competition with goods made in oriental countries.

For these reasons importers, manufacturers, and the customs authorities have had great difficulties in meeting questions of import values and unfair competition due to undervaluation of goods for import. Therefore, all are agreed that specific rates, wherever possible of application, are the only ones that are fair.

The schedules herewith submitted are the result of careful computation and much compromise and giving way on the part of those interested in the trade, in order to secure the one thing that all are anxious to have—specific rates.

In some industries American labor is much more productive than foreign. This is not the case in the silk industry. European machinery in the best mills is quite the equal of the best in America. Many American manufacturers even import their looms.

In Japan modern mills are being built rapidly, equipped with the very best American and European machinery. While it is doubtless true that in some industries Japanese labor can not be profitably employed, it is not true in silk. The Japanese and Chinese were proficient in the silk industry before it was known in Europe. They have been accustomed to handling silk for generations and have the soft hands and supple fingers necessary, while the American manufacturer is often compelled to take as labor Irish, Swedes, Germans, and Poles, who have never known silk and whose hands are roughened with work on the farm.

Owing to the lower cost of labor in foreign countries, the manufacturer is able to use cheaper materials than it would pay to handle with our high-priced labor. It has even occurred that goods were invoiced from Japan at lower prices than the American manufacturer would have paid for his material from which to make them, but the American manufacturer would have made more perfect goods.

Wages paid in the United States and foreign countries, taken from private and consular reports, are as follows, taking as a basis of comparison wages paid to weavers, the largest labor item:

	Wages per day.		Hours of labor per day.
	Men.	Women.	
United States (Connecticut, New Jersey, and New York)...	\$1.50 to \$3.00	\$1.00 to \$2.50	8 to 10
Average about.....	2.25	1.60	.....
France and Switzerland (Lyons and vicinity, Zurich, etc.)..	.75 to 1.50	.50 to .90	9 to 11
Italy (Como, etc.).....	.50 to .80	.30 to .60	9½ to 12
Japan (power looms, pay includes board and lodging).....	.15 to .20	.10 to .12	10 to 14
China (no power looms).....	.10 to .12	.06 to .09	10 to 14

The average pay of the employees in a large American factory—men, women, boys, and girls—was \$1.75 per day. The United States now manufactures more silk goods than any other country in the world unless it is China, whose product it is impossible to ascertain.

Table showing the condition of the silk industry in the United States for a term of years.

	Census of—					
	1905.	1900.	1890.	1880.	1870.	1860.
Number of establishments...	624	483	473	382	86	139
Capital ^a	\$109,556,621	\$81,082,201	\$51,007,537	\$19,125,300	\$6,231,130	\$2,926,980
Salaried officials, clerks, etc. (number of).....	4,027	2,657	1,531	(b)	(b)	(b)
Salaries.....	\$4,742,270	\$3,134,352	\$1,917,877	(b)	(b)	(b)
Wage-earners, average number.....	79,601	65,416	49,382	31,337	6,649	5,435
Total wages.....	\$26,767,943	\$20,982,194	\$17,762,441	\$9,146,705	\$1,942,286	\$1,050,224
Miscellaneous expenses.....	\$14,052,777	\$10,264,208	\$4,259,623	(c)	(c)	(c)
Cost of materials used.....	\$75,861,182	\$62,406,665	\$51,004,425	\$22,467,701	\$7,817,559	\$3,901,777
Value of products, including amount received for contract work.....	\$133,288,072	\$107,256,258	\$87,293,454	\$41,033,045	\$12,210,662	\$6,607,771
Raw silk used, pounds.....	11,572,783	9,760,770	6,376,881	2,690,482	684,448	462,965
Value of products duplicated.....	\$14,754,512	\$14,805,046	\$18,143,855	.....	.....	.....
Net value of product.....	\$118,533,560	\$92,451,512	\$69,154,299	.....	.....	.....

^a Does not include dyeing, conditioning, designing, card cutting, loom and machinery building, mill-supply establishments, nor rented buildings.

^b Not reported separately.

^c Not reported.

FREE LIST.

3 2 1 3 0 0 0

PARAGRAPH 498.

Act of 1897.

Bolting cloths composed of silk, imported expressly for milling purposes, and so permanently marked as not to be available for any other use.

Paragraph as amended or reconstructed.

No change.

Remarks.

PARAGRAPH 660.

Silk, raw, or as reeled from the cocoon, as reeled from the cocoon, but not doubled, twisted, or advanced in manufacture in any way.

Silk, raw, or as reeled from the cocoon, or reeled if in skeins, but not doubled, twisted, or advanced in manufacture in any way.

Change made in order to specifically cover court decisions, *Klots v. United States* (139 Fed. Rep., 606; T. D. 26450, May 24, 1905) and in *G. A. 5767* (T. D. 25524, Aug. 4, 1904).

PARAGRAPH 661.

Silk cocoons and silk waste.

No change.

<i>Act of 1897.</i>	<i>Paragraphs as amended or reconstructed.</i>	<i>Remarks.</i>
Silkworm's eggs.	<p style="text-align: center;">PARAGRAPH 662.</p> <p>PARAGRAPHS 384 AND 385.</p> <p>Spun Silk or Schappe Silk. Silk manufactured from Cocoons or from Waste Silk of any kind;</p> <p>if not further advanced or manufactured than carded or combed silk; thirty-five cents per pound.</p>	<p>The eggs are not laid by a worm, but by a moth.</p>
<p>Paraph 384.—Silk partially manufactured from cocoons or from waste silk, and not further advanced or manufactured than carded or combed silk, forty cents per pound.</p>	<p>if threads or yarns and valued at not over ninety cents per pound, thirty-five cents per pound;</p>	<p>Tariff of 1897 interjects thrown silk between two parts of the spun-silk industry; namely, the combed or carded silk and spun silk, an incorrect arrangement. This low-class ad valorem is in order to cover tussahs and other wild silks not possible to cover by specific duty per number. If committee advanced limit to \$1 there would be no serious objection, though some other yarns would then come under it.</p>
<p>Paragraph 385—Second part.</p> <p>Spun silk in skeins, cops, warps, or on beams, valued at not exceeding one dollar per pound, twenty cents per pound and fifteen per centum ad valorem;</p>		

This is a conversion of mixed specific and ad valorem duties into straight specific. It is estimated that the duties will average slightly lower, but as there is a considerable range of value in the same number it will be a higher duty on the low grades and a lower duty on the high grades. The increased duty on the fine numbers is necessary as they are much more expensive to spin.

The change is made because of pressure on the part of the importers and manufacturers using spun silk, in order to escape troubles in the custom-house caused by change of price between contract and delivery; and to prevent undervaluation, values of spun silk being difficult to determine even by an expert.

They hope that in this way they will be on an equal footing.

The manufacturers of spun silk are not very anxious to have the change, although specific duties have the advantage of always being collected.

if threads or yarns in the gray, not dyed or bleached, valued at over ninety cents per pound, in skeins, warps, or cops, not advanced beyond the condition of singles, by grouping or twisting two or more single yarns together; if not finer than number two hundred and five, forty five cents per pound and one-tenth of a cent per number per pound;

if finer than number two hundred and five, forty five cents per pound, and fifteen one hundredths of a cent per number per pound;

if advanced beyond the condition of singles by grouping or twisting two or more single yarns together; if not finer than number two hundred and five, fifty cents per pound and one tenth of a cent per number per pound; if finer than number two hundred and five fifty cents per pound and fifteen one hundredths of a cent per number per pound;

if on bobbins, spools or beams, ten cents per pound additional; if colored, bleached, or dyed, in skeins or warps, ten cents per pound additional;

if colored, bleached, or dyed on bobbins, cops, spools or beams, twenty cents per pound additional.

In assessing the duty on threads or yarns manufactured from cocoons, or from waste silk, the number shall be that indicated by the French or Metric system of 1000 meters per kilogramme per number; in all cases, the number shall refer to the size of the singles of which said yarn is composed.

valued at over one dollar per pound and not exceeding one dollar and fifty cents per pound, thirty cents per pound and fifteen per centum ad valorem;

valued at over one dollar and fifty cents per pound and not exceeding two dollars per pound, forty cents per pound and fifteen per centum ad valorem;

valued at over two dollars per pound and not exceeding two dollars and fifty cents per pound, fifty cents per pound, and fifteen per centum ad valorem;

valued at over two dollars and fifty cents per pound, sixty cents per pound and fifteen per centum ad valorem;

but in no case shall the fore-

Act of 1897—Continued.

going articles pay a less rate of duty than thirty five per centum ad valorem.

Paragraph 385—First part.

Thrown Silk

not more advanced than singles,

Tram,

Organzine.

Sewing Silk,

Twist,

Floss, and

Silk threads or yarns of every

Description,

except spun silk,

thirty per centum ad valorem.

PARAGRAPHS 384 AND 385—Continued.

Paragraph as amended or reconstructed—Con.

Remarks—Continued.

Thrown silk in the gum, if singles fifty cents per pound; if tram seventy five cents per pound; if organzine, one dollar per pound; if ungummed, wholly or in part, or if further advanced in manufacture in any way, in addition thereto, fifty cents per pound:

Sewing silk, twist, floss, and silk threads or yarns of any description made from raw silk, not specially provided for in this act, if in the gum, one dollar per pound; if ungummed, wholly or in part, or if further advanced in manufacture in any way, one dollar and fifty cents per pound.

Conversion of ad valorem into specific duties with considerable reduction.

Act of 1897.

Velvets,
 velvet or plush ribbons,
 chenilles, or
 other pile fabrics,
 cut or uncut,
 composed of silk,
 or of which
 silk is the
 component material of
 chief value,
 not specially provided
 for in this Act,
 one dollar and fifty cents
 per pound and
 fifteen per centum ad valorem;

PARAGRAPH 386.

Paragraph as amended or reconstructed.

Velvets, chenilles, or other pile fabrics, not specially provided for in this Act, cut or uncut, composed of silk, or of which silk is the component material of chief value, weighing not less than six and one quarter ounces per square yard; one dollar and fifty cents per pound; if weighing less than six and one quarter ounces per square yard, but not less than four ounces, three dollars and twenty cents per pound; if weighing less than four ounces per square yard, four dollars per pound.

Remarks.

The duties on velvets, plushes, etc., are changed from mixed duties, part specific and part ad valorem, to straight specific duties. The existing 50 per cent saving clause is dropped. Under this last-named clause a large part of the velvets, plushes, etc., brought into the country has been imported.

Under the proposed plan the rate of duty upon the cheaper classes of goods is lowered, by dropping the 15 per cent ad valorem clause. The higher classes of goods, which are the lightest in weight per square yard, will come under the higher specific rates. These rates will yield the equivalent of 50 per cent ad valorem approximately. The division lines, by weight, between the various classes have been very carefully placed, in order to throw practically all cotton-backed velvets and plushes into the lowest classification. Those qualities that would appear to go into the higher classification on present weights per square yard will be thrown into the lower class by a change of two or three numbers in the cotton yarn used for filling without materially changing the goods or cost.

PARAGRAPH 386—Continued.

Act of 1897—Continued.

plushes,
 composed of
 silk, or of which
 silk is the
 component material of chief value,
 one dollar per pound and
 fifteen per centum ad valorem:
 but in no case
 shall the foregoing articles
 pay a less rate of duty than
 fifty per centum ad valorem.

Paragraph as amended or reconstructed—Con.

Plushes, including hatter's plush, cut or uncut, composed of silk, or of which silk is the component material of chief value, if weighing not less than nine and one half ounces per square yard, one dollar per pound; if weighing less than nine and one half ounces per square yard, two dollars and forty cents per pound.

Measurements to ascertain width of goods for determining weight per square yard, of the foregoing articles, shall not include the selvages, but the duty shall be levied upon total weight of goods, including the selvages.

In distinguishing between "Plushes" and "Velvets" the length of the pile shall be considered. Such goods, in the above classification, shall be considered as "Plushes" in which the length of the pile is three and one half millimeters or more. Such goods shall be classed as "Velvets" in which the length of the pile is less than three and one half millimeters.

Velvet or plush ribbons, or other pile fabrics not over twelve inches in width, cut or uncut, of which silk is the compo-

Remarks—Continued.

Hatters' plush now pays a duty of 10 per centum ad valorem, and is consequently not now made in this country. If projected as proposed it would undoubtedly be made here also.

Velvet and plush ribbon have been taken out of paragraph 389 of the amended and reconstructed schedule and added to paragraph 386, which makes this section include all pile fabrics, as did the equivalent one of the 1897 act.

This paragraph has also been made spe-

ment material of chief value not specially provided for in this Act, if containing no silk except that in the pile and selvages; if black one dollar and sixty cents per pound; if other than black one dollar and seventy five cents per pound; if containing silk other than that in the pile and selvages; if black two dollars and twenty five cents per pound; if other than black two dollars and fifty cents per pound. If the width is not more than three quarters of an inch, forty cents per pound shall be added to the rates per pound for every quarter of an inch of which the width is less than three quarters of an inch.

PARAGRAPH 387.

Paragraph as amended or reconstructed.

Woven fabrics in the piece not specially provided for in this Act, if weighing not more than one third of an ounce per square yard four dollars per pound; if weighing more than one third of an ounce but not more than two thirds of an ounce per square yard; if in the gum three dollars per pound; if unground wholly or in part three dollars and twenty five cents per pound; if dyed or printed in the piece or further advanced in manufacture in any way three dollars and fifty cents per pound. If weighing more than two thirds of an ounce but not more than one ounce per square yard; if in the gum two dollars and sixty five cents per pound;

cific instead of ad valorem, because it has been found that the value of velvet ribbon fluctuates so violently even between the date of purchase and the date of arrival that an ad valorem duty where honestly enforced works great hardship to the importer.

In the great majority of cases it can not be honestly enforced and results in gross undervaluation. Ribbons can not be entered at the same rates as broad goods, because practically all ribbons weigh more than the various weight classifications established for broad goods and at the same time they contain a much higher proportion of labor.

Remarks.

Paragraph 387, 1897, commences with the silk and cotton mixed goods in the gum, dyed in the piece and printed, weighing more than 1½ ounces. Next come the all-silk goods of the same class, then the yarn-dyed goods, and last the lighter weight piece-dyed silks.

As reconstructed, all piece-dyed and printed goods are together from the lightest to the heaviest, and all yarn-dyed goods follow.

Owing to the fact that the 50 per cent saving clause is dropped, it has seemed best to increase the classifications to at least double the number in order that specific duties may bear more evenly.

Act of 1897.

Woven fabrics in the piece, not specially provided for in this Act, weighing not less than one and one third ounces per square yard and not more than eight ounces per square yard;

.....

Act of 1897—Continued.

Paragraph 387—Last part (page 507).

if in the gum
 two dollars and fifty cents
 per pound;
 if boiled off, or
 dyed in the piece, or
 printed,
 three dollars per pound;
 if weighing less than
 one and one third
 ounces and
 more than one third
 of an ounce
 per square yard,
 if in the gum, or
 (if dyed in the thread or yarn,
 two and one half dollars per pound;)
 if weighing less than

PARAGRAPH 387—Continued.

Paragraph as amended or reconstructed—Con.

if ungummed, wholly or in part, three dol-
 lars per pound; if dyed or printed in the
 piece or further advanced in manufacture
 in any way three dollars and twenty five
 cents per pound; if weighing more than
 one ounce but not more than one and one
 third ounces per square yard; if in the
 gum two dollars and fifty cents per pound;
 if ungummed wholly or in part two dol-
 lars and eighty-five cents per pound; if
 dyed or printed in the piece or further
 advanced in manufacture in any way
 three dollars and ten cents per pound.

Remarks—Continued.

The highest duty is reduced from \$4.50 to \$4 per pound, and the lowest duties in-
 creased slightly. It is estimated that the
 average will not show any increase.

The phrase "Ungummed wholly or in
 part" is substituted for "Boiled off," the
 latter term being ambiguous, as gum can
 be removed by chemicals as well as by
 boiling. It has also been claimed that to
 be boiled off all gum must be removed.

"If dyed or printed in the piece or fur-
 ther advanced in manufacture in any
 way" is substituted for "If dyed or
 printed in the piece," because goods can
 be colored with spray without dyeing,
 they may be stenciled, embossed, wa-
 tered, and otherwise advanced in manu-
 facture not specifically covered by the
 present law.

one and one third ounces
and more than
one third of an ounce
per square yard,
if boiled off,
three dollars per pound;
if dyed or printed in
the piece,
three dollars and twenty-
five cents per pound;
if weighing not more than
one third of an ounce
per square yard,
four dollars and fifty cents
per pound;
but in no case
shall any of the
foregoing fabrics in
this paragraph
pay a less rate of duty

PARAGRAPH 387—Continued.

Act of 1897—Continued.

than fifty per centum

ad valorem.

Paragraph 387—First part.

Woven fabrics in the piece,
not specially provided

for in this Act,

weighing not less than

one and one third ounces

per square yard

and not more than

eight ounces

per square yard,

and containing not more than

twenty per centum in weight

of silk,

if in the gum,

fifty cents per pound,

and if dyed in the piece,

Paragraph as amended or reconstructed—Con.

if weighing more than one and one third ounces, but not more than two ounces and if containing not more than twenty per centum in weight of silk, if in the gum seventy cents per pound; if ungummed wholly or in part or if dyed or printed in the piece or further advanced in manufacture in any way eighty five cents per pound; if containing more than twenty per centum in weight of silk, but not more than thirty per centum; if in the gum, eighty five cents per pound; if ungummed wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way, one dollar and ten cents per pound; if containing more than thirty per centum in weight of silk but not more than forty per centum: if in the gum, one dollar and five cents per pound, if ungummed, wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way one dollar and twenty-five cents per pound; if containing more than forty per centum in weight of silk, but not more than fifty per centum; if in the gum one dollar and twenty-five cents per pound; if ungummed, wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way one dollar and

Remarks—Continued.

Instead of one there are two classifications, viz, from 1½ ounces to 2 ounces, from 2 ounces to 8 ounces.

This helps to make the duties bear more evenly. The duties appear to be higher, but the 50 per cent saving clause is dropped, and it is estimated that the duties will not average more than 50 per cent.

<p>sixty cents per pound; if containing more than twenty per centum and not more than thirty per centum in weight of silk, if in the gum, sixty five cents per pound, and if dyed in the piece, eighty cents per pound; if containing more than thirty per centum and not more than forty five per centum in weight of silk, if in the gum, ninety cents per pound, and if dyed in the piece, one dollar and ten cents per pound.</p>	<p>fifty cents per pound: if containing more than fifty per centum in weight of silk or if wholly of silk: if in the gum two dollars and fifty cents per pound; if ungunmed wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way three dollars per pound; if weighing more than two ounces per square yard, but not more than eight ounces, and if containing not more than twenty per centum in weight of silk; if in the gum fifty seven and one half cents per pound; if ungunmed wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way seventy cents per pound; if containing more than twenty per centum in weight of silk but not more than thirty per centum; if in the gum seventy five cents per pound; if ungunmed, wholly or in part, of if dyed or printed in the piece or further advanced in manufacture in any way ninety cents per pound; if containing more than thirty per centum in weight of silk but not more than forty per centum if in the gum ninety cents per pound; if ungunmed wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way one dollar and ten cents per pound; if containing more than forty per centum in weight of silk but not more than fifty per centum; if in the gum one dollar and ten cents per pound; if ungunmed wholly or in part, or if dyed or printed in the piece or further advanced in manufacture in any way one dollar and thirty cents per pound; if containing more than fifty per centum in weight of silk, or if wholly of silk; if in the gum two dollars and</p>
--	---

Act of 1897—Continued.

if dyed in the thread or yarn and containing not more than thirty per centum in weight of silk, if black (except selvedges), seventy-five cents per pound, and if other than black, ninety cents per pound; if containing more than thirty and not more than forty-five per centum

PARAGRAPH 387—Continued.

Paragraph as amended or reconstructed—Con.

twenty five cents per pound; if ungummed, wholly or in part, or if dyed or printed or further advanced in manufacture in any way two dollars and seventy five cents per pound;

Woven fabrics in the piece, not specially provided for in this Act, if dyed in the thread or yarn, and if weight is not increased in dyeing beyond the original weight of the raw silk, three dollars per pound; if weight is increased in dyeing beyond the original weight of raw silk; if weighing more than one third of an ounce, but not more than one ounce, per square yard; if black, (except selvedges) two dollars and twenty five cents per pound; if other than black three dollars per pound; if weighing more than one ounce, but not more than one and one third ounces, per square yard; if black, (except selvedges), two dollars per pound; if other than black two dollars and seventy-five cents per pound; if weighing more than one and one third ounces, but not more than one and two thirds ounces per square yard; if black, (except selvedges), one dollar and eighty cents per pound; if other than black two dollars and fifty cents per pound; if weighing more than one and two thirds ounces but not more than two ounces per square yard; if black, (except selvedges), one dollar and sixty five cents per pound; if other than black two dollars and twenty-

Remarks—Continued.

In the yarn dyed goods it has been thought best to make several classifications:

First. Pure dye goods.

Second. Weighted goods, one-third ounce to 1 ounce per square yard.

Third. Weighted goods, 1 ounce to 1½ ounces per square yard.

Fourth. Weighted goods, 1½ to 1¾ ounces per square yard.

Fifth. Weighted goods, 1¾ to 2 ounces per square yard.

Sixth. Mixed goods, 2 ounces to 8 ounces per square yard.

Seventh. Weighted goods, 2 ounces to 8 ounces per square yard.

Duties on the last class are fixed by the number of threads per inch. Generally speaking, the fewer the threads the heavier is the weighting and lower the duty per pound.

The problem is a difficult one to cover such goods properly under specific rates, but we believe that the classifications given will be equitable and amount to about 50 per cent. The saving clause is dropped on everything except high-class fancy goods, made on Jacquard

looms or having two or more colors in the filling.

in weight of silk,
 if black (except selvages),
 one dollar and ten cents
 per pound, and
 if other than black,
 one dollar and thirty cents
 per pound;
 if containing more than
 forty-five per centum
 in weight of silk, or
 if composed wholly of silk,
 if dyed in the thread or yarn and
 weighted in the dyeing
 so as to exceed the original
 weight of the raw silk,
 if black (except selvages)
 one dollar and fifty cents
 per pound, and if other
 than black, two dollars and
 twenty-five cents per pound;

five cents per pound; if weighing more than two ounces but not more than eight ounces per square yard and if containing not more than thirty per centum in weight of silk; if black, (except selvages), seventy five cents per pound; if other than black ninety cents per pound: if containing more than thirty per centum in weight of silk, but not more than forty per centum; if black, (except selvages) one dollar and ten cents per pound; if other than black one dollar and thirty cents per pound; if containing more than forty per centum in weight of silk or if composed wholly of silk, and if having not more than two hundred and twenty single threads to the inch in the warp; if black (except selvages) one dollar and fifty cents per pound; if other than black two dollars per pound; if having more than two hundred and twenty single threads to the inch in the warp, but not more than three hundred: if black (except selvages) one dollar and sixty five cents per pound, if other than black two dollars and twenty five cents per pound: if having more than three hundred single threads to the inch in the warp, but not more than three hundred and eighty; if black (except selvages) one dollar and eighty cents per pound; if other than black two dollars and fifty cents per pound: if having more than three hundred and eighty single threads to the inch in the warp, but not more than four hundred and sixty: if black (except selvages) two dollars per pound; if other than black two dollars and seventy five cents per pound: if having more than four hundred and sixty single threads to the

PARAGRAPH 387—Continued.

*Paragraph as amended or reconstructed—Con.**Act of 1897—Continued.*

if dyed in the thread or yarn,
and the weight is not increased
by dyeing
beyond the original
weight of the raw silk,
three dollars per pound;

.....(page 507)

if weighing less than
one and one third ounces and
more than one third of an ounce
per square yard,

.....
if dyed in the thread

or yarn,

two and one-half dollars
per pound;

Paragraph 391.

All manufactures of silk, or of which silk

Remarks—Continued.

A special classification is arranged for printed warp goods because the cost per pound and the percentage of labor is much higher than in other goods of the same texture.

is the component material of chief value, including such as have india rubber as a component material, not specially provided for in this Act, and all Jacquard figured goods in the piece, made on looms, of which silk is the component material of chief value, dyed in the yarn, and containing two or more colors in the filling, fifty per centum ad valorem.

PARAGRAPH 388.

Paragraph as amended or reconstructed.

Handkerchiefs or mufflers composed wholly of silk or of which silk is the component material of chief value, whether in the piece or otherwise, finished or unfinished,

Act of 1897.

Handkerchiefs or mufflers composed wholly or in part of silk whether in the piece or otherwise, finished or unfinished,

Remarks.

PARAGRAPH 388—Continued.

<i>Act of 1897—Continued.</i>	<i>Paragraph as amended or reconstructed—Con.</i>	<i>Remarks—Continued.</i>
if not hemmed or hemmed only,	if not hemmed or hemmed only,	
shall pay the same rate of duty	shall pay the same rates of duty	
as is imposed on	as is imposed on	
goods in the piece of the same	goods in the piece of the same	
description, weight, and	description, weight, and	
condition	condition	
as provided for in this	as provided for in this	
schedule;	schedule;	
but such handkerchiefs		The saving clause is dropped, making the duty straight specific.
or mufflers		
shall not pay a less rate of		
duty than fifty per centum		
ad valorem;		
if such handkerchiefs	if such handkerchiefs	
or mufflers are hemstitched	or mufflers are hemstitched	
or imitation hemstitched, or	or imitation hemstitched, or	
reversed, or	reversed, or	

<p>have drawn threads, or are embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliqued, or are made or trimmed wholly or in part with lace, or with tucking or insertion, they shall pay a duty of ten per centum ad valorem in addition to the duty hereinbefore prescribed, and in no case less than sixty per centum ad valorem.</p>	<p>have drawn threads, or are embroidered in any manner, whether with an initial letter, monogram, or otherwise, by hand or machinery, or are tamboured, appliqued, or with tucking or insertion, they shall pay in addition thereto one-fifth of the rates hereinbefore prescribed.</p>	<p>Lace transferred to paragraph 389, im- possible to fix specific duties.</p> <p>The saving clause is dropped, making the duty straight specific.</p>
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Act of 1897.

bandings, including

hat bands,

beltings,

bindings,

bone casings,

braces,

cords, .

cords and tassels,

garters,

gorings,

suspenders,

tubings, and

webs and webbings,

composed wholly or in part of

silk, and

PARAGRAPH 389.

Paragraph as amended or reconstructed.

Ribbons,

bandings, including

hat bands,

beltings,

bindings,

not exceeding twelve inches in

width, and if with fast edges,

bone casings,

braces,

cords,

cords and tassels,

garters,

gorings,

suspenders,

tubings, and

webs and webbings,

composed wholly or in part of

silk, and

Remarks.

Specific schedules have been prepared for ribbons and will be presented if desired, though the importers and manufacturers have not been able to agree either as to rates or methods.

Ribbons of all kinds are so persistently undervalued and so difficult to assess that not more than 30 per centum is probably collected. This paragraph might be combined with paragraph 390. Over 12 inches assessed as broad goods.

Velvet and plush ribbons under paragraph 386.

whether composed in part of
india-rubber or otherwise,
if not embroidered in any manner
by hand or machinery,
fifty per centum ad valorem.

whether composed in part of
india-rubber or otherwise,
if not embroidered in any manner
by hand or machinery,
fifty per centum ad valorem.

PARAGRAPH 390.

Act of 1897.

Laces, and
articles made
wholly or in part of lace,
edgings,
insertings,
galloons,
chiffon or other
flouncings,
nets or nettings and
veilings,
neck ruffings,
ruchings,

Paragraph as amended or reconstructed.

Laces, and
articles made
wholly or in part of lace,
edgings,
insertings,
galloons,
chiffons in all widths,
flouncings,
nets or nettings and
veilings,
neck ruffings,
ruchings,

Remarks.

*Remarks—Continued.**Paragraph as amended or reconstructed—Con.**Act of 1897—Continued.*

braids, fringes, trimmings, ornaments, embroideries and articles embroidered by hand or machinery, or tamboured or appliquéed, clothing ready made, and articles of wearing apparel of every description, including knit goods, made up or manufactured, in whole or in part by the tailor, seamstress, or manufacturer; all of the above named	braids, fringes, trimmings, ornaments, embroideries and articles embroidered by hand or machinery, or tamboured or appliquéed, clothing ready made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the foregoing
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Changes of phraseology as suggested in
Notes on Tariff Revision, pages 512, 513,
514.

articles made of silk, or of which silk is the component material of chief value, not specially provided for in this Act, and silk goods ornamented with beads or spangles, of whatever material composed, sixty per centum ad valorem: <i>provided,</i>	made of silk, or of silk and india-rubber, or of silk, india-rubber, and metal, or of which silk is the component material of chief value, not specially provided for in this Act, and silk goods ornamented with beads or spangles, sixty per centum ad valorem: <i>provided,</i>
That any wearing apparel or other articles provided for in this paragraph (except gloves) when composed in part of india-rubber	That articles composed wholly or in chief value of any of the materials or goods dutiable under this paragraph shall pay not less than the rate of duty imposed upon

PARAGRAPH 390—Continued.

Act of 1897—Continued.

shall be subject to a duty of sixty per centum ad valorem.

Paragraph as amended or reconstructed—Con.

such materials or goods herein: *provided further,*

That tamboured or appliquéed articles or fabrics shall pay not less than the rate of duty to which they would be subject if not so tamboured or appliquéed.

Remarks—Continued.

PARAGRAPH 391.

Act of 1897.

All manufactures of silk, or of which silk is the component material of chief value, including such as have india-rubber as a component material, not especially provided for in this Act, and

Paragraph as amended or reconstructed.

Remarks.

Jacquard goods provided for under paragraph 387, specific duties, with 50 per cent saving clause.

all Jacquard figured goods
 in the piece,
 made on looms, of which
 silk is the component material
 of chief value,
 dyed in the yarn, and
 containing two or more colors
 in the filling,
 fifty per centum ad valorem:

Provided,

That all manufactures,
 of which
 wool is a component material,
 shall be classified and
 assessed for duty
 as manufactures of wool.

Provided,

That all manufactures which would
 otherwise be dutiable under Schedule L
 of this Act shall, if containing wool as a
 component material be classified and
 dutiable under the appropriate provision
 of Schedule K of this Act.

Phraseology as recommended in Notes
 on Tariff Revision, pages 517, 518.

<i>Paragraph as amended or reconstructed.</i>	<i>Remarks.</i>
<p data-bbox="89 707 109 905">PARAGRAPH 392.</p> <p data-bbox="137 607 163 997"><i>Paragraph as amended or reconstructed.</i></p> <p data-bbox="184 720 210 997">In ascertaining the weight of silk</p> <p data-bbox="277 733 619 1020">under the provisions of this schedule, the weight shall be taken in the condition in which found in the goods, without deduction therefrom for any dye, coloring matter, or other foreign substance or material:</p>	No change.
<p data-bbox="137 1224 163 1344"><i>Act of 1897.</i></p> <p data-bbox="184 1224 619 1521">In ascertaining the weight of silk under the provisions of this schedule, the weight shall be taken in the condition in which found in the goods, without deduction therefrom for any dye, coloring matter, or other foreign substance or material.</p>	See paragraph 387.
<p data-bbox="643 712 669 997">In ascertaining the number of single warp threads to the inch under the provisions of this schedule, double warp threads shall be counted as two single threads, triple warp threads</p>	<p data-bbox="736 89 941 518">If the recommendations in Notes on Tariff Revision, pages 520 and 521, in relation to artificial silk are enacted the words "But woven fabrics of artificial or imitation silk shall pay a duty of — per centum ad valorem," should be stricken out. It is a very dangerous provision and would lead to confusion. Such goods should pay the same duty as real silks.</p>

We further recommend that all articles made of artificial silk be so labeled whether the same are imported or made here.

as three single warp threads,
and so on.

F. W. CHENEY,
*For Silk Association
of the United States.*

SILK AND SILK MANUFACTURE.

CHENEY BROTHERS, OF SOUTH MANCHESTER, CONN., SUBMIT A
SHORT DESCRIPTION OF SILK AND SILK MAKING.

SOUTH MANCHESTER, CONN., *January 26, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The raising and manufacture of silk are very ancient arts, said to have first originated in China. In 2650 B. C. the Empress Si-ling-Chi is said to have invented the industry and was placed among the Chinese divinities as "Sien-Thsan;" that is, "The first promoter of silk industry."

From thence the arts are said to have found their way through India and Persia to Europe, arriving there about 550 A. D., though they do not seem to have become well established in Europe before the twelfth century. Mezerin in his chronicles says:

Silk became so common that in the year 1347 as many as a thousand citizens of Genoa appeared clothed in silk in a public procession.

Our ancestors were in this country only a short time before they began to attempt to plant the industry in America. In 1624, we find in the colony of Virginia, numbers of skilled men imported from France to start the raising of silkworms. In the year 1649 there was published in London a pamphlet called "A Perfect Description of Virginia," in which it said:

It surely would be better to grow silk here where mulberry trees are so plenty than to fetch it as we do from Persia and China, with great charge and expense and hazard, thereby enriching heathen and Mahumetans.

Connecticut was very early in the field, and in 1747 Governor Law appeared in silk coat and stockings, the silk for which is said to have been raised on his own place. From that time to the present day there have been countless efforts to start the raising of silk in this country, sometimes by the aid of government bounties, sometimes without.

They have extended from Maine to Florida, to California, and all have failed from various reasons, chiefly on account of the cost of labor, which in Europe is paid from 8 to 25 cents per day, while in Asia as low even as 2 cents per day.

Between the years 1837 and 1840 there was the wildest of speculation in mulberry trees throughout the country. Just previous to this time of speculation the Cheney Brothers first became interested in the raising of silkworms and later in the sale of mulberry trees. Both failed, but in 1838, one of them started a small plant to make sewing silk at South Manchester, Conn., in which he was afterwards joined by his brothers. This was the beginning of the first really successful silk factory in this country; a business which has grown until to-day the firm employs 3,600 operatives.

The raising of silk in this country has been a failure, but the manufacture has increased with great rapidity during the years since 1850, thanks to the tariff, without which it could not exist. Of recent years, competition in the United States has become very close and fierce.

In the year 1902, Chabrières, Morel & Co., of Lyon, published the following estimates of the world's production and consumption of raw silk:

[Kilo=2.2 pounds.]

	Pro- duction.	Con- sumption.		Pro- duction.	Con- sumption.
Europe:	<i>Kilos.</i>	<i>Kilos.</i>	Asia:	<i>Kilos.</i>	<i>Kilos.</i>
France.....	700,000	4,000,000	Bruitia.....	400,000	50,000
Italy.....	4,412,000	1,000,000	Syria.....	450,000	100,000
Switzerland.....	50,000	1,550,000	Persia.....	330,000	165,000
Spain.....	82,000	200,000	Turkestan.....	820,000	700,000
Austria.....	204,000	725,000	China.....	11,280,000	6,435,000
Hungary.....	115,000	.....	Canton.....	4,000,000	2,000,000
Russia and Caucasus.....	400,000	1,400,000	Japan.....	7,300,000	3,000,000
Bulgaria, S'er'via,	.....	.....	India.....	1,200,000	1,400,000
Roumania.....	88,000	.....	Tonquin and Annam.....	1,000,000	900,000
Greece and Crete.....	60,000	15,000	Africa:	.....	.....
Salonica, Adrianople.....	200,000	.....	Egypt.....	.....	180,000
Germany.....	.....	2,800,000	Tripoli and Morocco.....	.....	100,000
England.....	.....	800,000	Algeria and Tunis.....	.....	75,000
America:	.....	.....	Other countries.....	.....	596,000
United States.....	.....	4,900,000	Total.....	33,091,000	33,091,000

From this it will be seen that China, Japan, and Italy are the greatest producers of raw silk, in the order named, and that China, United States, France, Japan, and Germany are the great manufacturers or consumers of raw silk, also in the order named, or the United States is now the second silk manufacturing country in the world, and is greater even than France.

For the year 1904, the imports of raw silk into this country reached 16,037,411 pounds, valued at \$55,373,440. The imports of manufactured silk were \$31,030,522, showing that by far the largest part of the manufactured silk used in the United States was made here. The value of the raw silks imported into the United States in 1904, when manufactured, would be considerably over \$100,000,000.

The Silk Association of America estimates in the United States for the year 1904.

Power looms on broad goods.....	49,000
Power looms on ribbons, etc.....	9,000
Throwing spindles.....	1,300,000
Other spindles.....	1,150,000
Value of output finished goods.....	\$116,500,000

It is estimated that 4,000 looms have been added during the year 1905.

The States most largely engaged in the manufacture are New Jersey, Pennsylvania, New York, and Connecticut, but there are factories in many other parts of the country. In recent years a number have been started in the Southern States.

Silk is the product of cocoons made by the silkworm, which is found in the countries enumerated in the list of silk producers given, the food of which silkworms is the leaves of the mulberry tree, though there are certain coarse wild silks, such as tussahs, found in China, Korea, Japan, and India, the worms producing which are said to live on the leaves of certain species of oak.

The color of the cocoons varies greatly. Most of the Europeans are bright yellow, though some are white. The eastern cocoons on

the other hand are mostly white, while a very few are yellow. The wild silks are for the most part ecru color, though some are pale green. This color, except in the wild silks, is derived from the gum secreted by the worm, with which the fibers are stuck together. It comprises from 15 to 30 per cent of the weight and is removed by boiling in soap and water before the silk is dyed. All silks except the wild silks, after the gum is removed, are from white to cream in color. The tussahs or wild silks remain an ecru color.

The greatest care has to be exercised throughout in the care of the moths, eggs, worms, and cocoons, such being the succession of changes. That is, the moth lays eggs which are collected and kept cool till the proper season for incubation, when they are kept warm during the time occupied in hatching, sometimes about the person of the raiser. After a time these eggs hatch out worms, little tiny things hardly bigger than a pin head. After the worms are hatched, they require constant care and feeding with chopped mulberry leaves till they reach maturity, about 3 inches in length, and spin their cocoons from a fiber and gum which they secrete. When the cocoons are spun, the worms become chrysalides inside of them. The cocoons are then collected and the chrysalides killed, generally by heat, before they can again become moths.

The cocoons are then sent to the reelers or filatures. A number of cocoons, greater or less, according to the size of thread desired, are placed in a basin of hot water, which softens the gum. After the outside fibers are removed, so that the ends run free, just as you would unwind a thread from a ball, the ends are collected together through a guide and wound up on a reel. As the silk cools and dries, the gum hardens, sticking the fibers from the different cocoons together in one smooth thread varying in size according to the number of cocoons used. The finest sizes reeled are but little coarser than a spider web. An 8 to 10 denier silk runs 491,000 yards per pound, or a pound would stretch 297 miles. It is seldom reeled coarser than 28 to 30 denier, which runs about 150,000 yards per pound. The silk in this state is known as raw or reeled silk; practically none is produced in the United States. The size is denoted by the denier; the hank or skein is 400 French ells (476 meters—520 yards); 233 $\frac{1}{3}$ deniers make 1 ounce avoirdupois. The number of deniers that one such hank or skein weighs is the count of the yarn. In the English system, but little used, the number is denoted by the drams per 1,000 yards.

From this point, raw silk, the manufacture in the United States begins. We import our raw silk chiefly from Italy, China, and Japan. It is handled here first by the throwster, who winds it from the skein and makes various kinds of thread for different purposes.

Raw silk wound on spools in a single thread and called singles is often used to make warps (that is, the thread running lengthwise of a piece of cloth) for piece-dyed goods or cloth which is woven with the gum in the silk and afterwards boiled out and dyed. Singles are also sometimes used for filling (that is, the cross threads) in very thin fabrics.

Orgazine is usually used for the warps of yarn-dyed goods (that is, goods the threads of which are dyed before weaving). To make orgazine the raw silk is wound, then twisted in the singles, two, three or more threads put together, twisted in the reverse direction, then reeled into skeins for dyeing.

Tram is used for filing of either yarn or piece-dyed goods, also, sometimes for the warps of piece-dyed goods. To make tram the raw silk is wound; two, three or more threads are put together and twisted, generally rather slack twist.

Crepe yarn is used in making crepe, in chiffon and for other uses. It is very hard twisted thread, generally tram, from 40 to 80 turns per inch.

Floss silk is not used for weaving. A very slack twisted tram, generally composed of a large number of threads of singles.

Embroidery silk is made by winding the raw silk, putting a large number of ends together, giving them a slack twist, doubling and twisting in the reverse direction with a slack twist.

Sewing silk is made by winding and doubling the raw, twisting into tram, hard twisted, doubling, and twisting in the reverse direction, drawing under tension at the same time it is twisted. Machine twist is similar, but 3-ply.

There is another class of threads made from silk other than those made from raw or reeled silk, namely, those produced from waste silk by spinning and known as spun silks. Waste silks are the pierced cocoon, that is, those from which the moth has come out by making a hole and breaking the fibers in one end of the cocoon; also the waste made in the filatures in producing raw or reeled silk, chiefly the outside fiber of the cocoon and the inside next the chrysalis and the waste made in manufacture.

Spun silks are made by several manufacturers in the United States, Cheney Brothers being the largest producers. The waste silk is ungummed; that is, the gum is removed from the fibers by boiling with soap, by maceration or rotting, or by chemical reagents.

After the gum is removed from the cocoons and other waste silk they are opened and combed, most of the chrysalis shell being removed. The remainder, with other foreign matter, is picked out by hand from the combed silk, which is then lapped, put through a number of drawing frames to get the fibers even, on the roving frames, where it first takes the form of thread, then on the spinning frames, where it is twisted. If it is to be used as singles, the manufacture ends here. If two or three ply yarns, the singles are doubled, twisted again, singed by running through gas flame, cleaned by friction, controlled; that is, the knots and lumps are taken out, and then reeled into skeins for dyeing or put on spools.

There are two methods in general use for numbering spun silk. In the French system, the number is based on the singles, by the meters per kilogram; two and three cord yarns have 1-2, 1-3, etc., the length the numbers indicate. Thus: No. 100 singles has 100,000 meters per kilogram; No. 2-100 has 50,000 meters per kilogram; No. 3-100 has 33,333 meters per kilogram.

The other and more generally used system in this country is the English system. The hank is 840 yards and the number of hanks in 1 pound avoirdupois is the count of the yarn. It is based on the finished yarn, and singles, two and three-cord yarns of the same number all have the same yards per pound. Thus: No. 50 singles has 42,000 yards per pound; No. 50-2 has 42,000 yards per pound; No. 50-3 has 42,000 yards per pound.

Generally speaking, there are two large classes into which silk goods may be divided, those in which the threads are colored before

weaving and called yarn dyed goods, and those dyed or printed after weaving and called piece dyed or printed goods. In dyeing yarns, the silk is first ungummed and cleaned by boiling in soap and water, then washed in cold water. If the thread is to be weighted, as is very frequently done, tin salts, iron, or other heavy material is deposited on the fiber. If carried far, this is very injurious, making the silk tender and weak. Sometimes there is more weighting than silk. Yarns are usually dyed in hot liquors, aniline colors being the ones in most common use to-day, though other dyes are used for special purposes. Some yarns are dyed in the gum, and some, called suples, with a part of the gum left in. After dyeing, they are washed in cold water, dried, and wound on spools.

The threads that run lengthwise in cloth are called warp. The warp is usually made by placing a large number of bobbins on a rack or creel and running the threads from this on a reel, winding off as many yards as required for the length of the warp; this is called a section. Enough sections are put on the reel to produce the desired number of ends or threads in the warp. The whole number of threads is then wound from the reel to a roll or loom beam.

The threads or ends of the warp are next drawn through the harness and reed. The harness is made up of a number of shafts or leaves; each shaft or leaf is a series of cords or wires with a loop or eye in the center, which are strung between two pieces of wood or a frame. A thread from the warp is drawn through each eye by means of a small hook, beginning with the first thread of the warp, through the first eye on the first shaft of the harness, the second thread through the first eye on the second shaft, the third through the first eye on the third shaft, and so on through the harness. When one thread has been drawn on each shaft, the next thread is drawn through the second eye on the first shaft and so through the harness again. This is called a straight draft; for special work other drafts are at times used. The number of shafts in the harness vary according to the character of the weave to be made, from 2 to 30 in number. In the case of harness for making brocades each eye is on an independent cord.

Next the warp threads are entered or drawn through the reed or comb—which is similar to an ordinary comb but closed top and bottom—one, two, three, or more threads in one dent or space between two teeth of the reed.

The warp with harness and reed is placed in proper position in the loom, the warp beam at the back next the harness, then the reed placed on the lathe or batten, and then the cloth, which is rolled up on another beam. When weaving is commenced, a certain number of the shafts of the harness are raised up, thereby lifting some of the threads of the warp above the others. Next the shuttle is thrown through the space between them. The shuttle contains a bobbin or quill of thread, which is unwound as it passes through, supplying the cross threads or filling for the cloth. Then the reed is brought forward, pushing the filling into its proper place. The process is repeated, different shafts of harness being lifted at such time as to produce the desired weave. For instance, if a plain weave is desired, every other shaft is lifted, which in turn lifts every other thread; the next time the remaining shafts are lifted, while those lifted on the first pick stay down, and so on. An almost endless

variety of weaves may be produced in this way by the use of shafts, and almost all plain fabrics, such as satins, twills, pongees, taffetas, armures, crepes, peau de soies and foulards, also a great variety of stripes and small figures are so woven. At the present time practically all figured or brocaded goods are woven by the use of the Jacquard machine, invented by Joseph Marie Jacquard, of Lyons, France, about the year 1800. In this machine each thread of the warp passes through an eye which is attached to a cord, in its turn attached to a hook. These hooks are controlled by paper cards with holes punched in them, which either push the hooks back, or if holes are punched, allow them to be lifted by means of blades, which rise and fall between the hooks. By the use of such machines very large patterns with great variety of weaves may be produced.

Ribbons are woven several pieces in one loom, with a separate shuttle for each piece, which is carried through the shed or warp by a rack and pinion, instead of being thrown through as in broad goods; otherwise the weaving is the same.

Velvets and other pile fabrics are woven in two pieces, one over the other, with the pile threads woven back and forth between them. A knife travels between the two pieces, cutting the pile threads so as to leave the ends standing up straight. Velvets used to be woven over wires and cut by hand, but this method is practically obsolete.

If the goods are woven with the gum still in the silk, it must be taken out afterwards and the goods either dyed in the piece or prepared for printing.

The most primitive method of printing is by the use of stencils. It is the method employed by the Japanese and Chinese. Next came block printing, which is still extensively employed in Europe. The pattern is raised in felt on wooden blocks, the color taken up from pads, one block for each color. The results are good, but the work is very slow. Most silk goods are to-day machine printed. The design is engraved or etched on copper cylinders, one cylinder for each color; the color, thickened with gum, is supplied by rolls running against the cylinders and the surplus is scraped off by a knife blade, leaving only that in the engraving, which is taken up by the cloth. After printing the cloth is steamed to set the colors, and then washed, in order to remove the gum used to thicken the colors for printing.

All silk goods, whether yarn dyed, piece dyed, or printed, are given some kind of finish; sometimes it is no more than is necessary to smooth out the wrinkles. But there are a great many such processes by which goods may be treated. They are run through gas flames to singe off loose fiber, over steam cylinders to dry and straighten them, over a great variety of sizing machines to stiffen them with starch or glue, calenders or heavy rolls to smooth and iron them, steam presses of great power to press them out, breaking and rubbing machines to soften them, tentering machines to stretch them to uniform width. There are also moiréing or watering, embossing, and various other machines for special purposes.

One of the worst difficulties with which the manufacturer of piece-dyed and printed silk goods has had to contend has been the ease with which they became spotted with water, and for a number of years many people have tried to prevent this by various processes, as is evidenced by the fact that there are no less than two hundred

such processes patented. None of them have met with much success, as they injured the feel or strength of the goods. Cheney Brothers have recently solved this difficult problem, and are now treating such goods with a process invented in their own works, which prevents the spotting of silks with ordinary rain water. They call such goods shower proof.

After goods are finished they are carefully inspected for imperfections, measured, and wrapped in paper and packed in cases for shipment.

How complicated and numerous are the processes for treating silk goods, may be realized when a piece of goods, piece dyed or printed, is handled its entire length between 50 and 100 times after it comes from the loom; sometimes even more.

The foregoing is the barest kind of a sketch of the silk processes; at the same time it is probable that it is too long to teach to little children, and is intended more for the information of teachers. Those wishing more detailed information, we refer to the library of books on textile manufacture, published by E. A. Posselt, of Philadelphia.

CHENEY BROTHERS,
Silk Manufacturers.

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TARIFF HEARINGS

BEFORE THE COMMITTEE ON
WAYS AND MEANS OF THE
HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS

1908-1909

SCHEDULE M
Pulp, Papers, and Books



WASHINGTON
GOVERNMENT PRINTING OFFICE

1909

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

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OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDGAR W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

P R E F A C E .

Tariff hearings were begun on November 10, 1908, pursuant to the following notice:

The Committee on Ways and Means will hold hearings on tariff revision, at Washington, D. C., commencing on the following dates:

Tuesday, November 10, 1908, on Schedule A—Chemicals, oils, and paints.

Thursday, November 12, 1908, on Schedule H—Spirits, wines, and other beverages.

Friday, November 13, 1908, on Schedule F—Tobacco, and manufactures of.

Monday, November 16, 1908, on Schedule E—Sugar, molasses, and manufactures of.

Wednesday, November 18, 1908, on Schedule G—Agricultural products and provisions.

Friday, November 20, 1908, on Schedule D—Wood, and manufactures of.

Saturday, November 21, 1908, on Schedule M—Pulp, papers, and books.

Monday, November 23, 1908, on Schedule B—Earths, earthenware, and glassware.

Wednesday, November 25, 1908, on Schedule C—Metals, and manufactures of.

Saturday, November 28, 1908, on Schedule N—Sundries.

Monday, November 30, 1908, on Schedule J—Flax, hemp, and jute, and manufactures of.

Tuesday, December 1, 1908, on Schedule I—Cotton manufactures, and on Schedule L—Silks and silk goods.

Wednesday, December 2, 1908, on Schedule K—Wool, and manufactures of.

Friday, December 4, 1908, on Sections 3-34, and miscellaneous matters.

Hearings on articles now on free list will be held on the above dates in connection with the above subjects to which they most nearly relate.

The hearings will be held in the rooms of the committee, third floor, House of Representatives Office Building.

Sessions will begin at 9.30 a. m. and 2 p. m., unless otherwise ordered.

Persons desiring to be heard should apply to the clerk of the committee previous to the day set for the hearing, to be assigned a place on the programme for that day. A person making such application should state:

1. His name.
2. His permanent address.
3. His temporary address in Washington.
4. Whom he represents.
5. Concerning what paragraphs he desires to be heard.
6. Briefly, what position he expects to advocate.
7. How much time he wishes to occupy.

He should also inclose a copy of his brief and of any documents he desires filed with the committee.

All briefs and other papers filed with the committee should have indorsed on them the name and address of the person submitting them, and the numbers of the paragraphs of the present law (act of July 24, 1897) to which they relate.

WILLIAM K. PAYNE,
Clerk, Committee on Ways and Means.

The committee subsequently extended the time for hearings to December 24, 1908.

On the opening day of the second session of the Sixtieth Congress (December 5, 1908), the following resolution was passed by the House of Representatives:

Resolved, That the Committee on Ways and Means, in their investigation and inquiry for the purpose of preparing a bill to revise the present tariff laws, shall have power to subpoena and examine witnesses under oath, and to send for records, papers, and all other evidence that may be necessary to make the investigation and inquiry full and complete, and that the Speaker shall have authority to sign and the Clerk to attest subpoenas during the recess of Congress.

Pursuant to this resolution, all witnesses appearing before the committee, beginning with the session on December 10, 1908, were sworn before giving their testimony.

The stenographic minutes of each day's proceedings, together with the briefs and memorials filed, were printed and distributed the following morning, and upward of 2,500 copies of this first print were sent out each day. Copies were sent to each witness, with a request that he correct his statement as printed, and return the revised copy to the clerk. Such corrections have been used in preparing this revised edition of the hearings.

In this edition the chronological order of the statements has been disregarded, and the oral statements and papers filed on each subject have been grouped together, following, as far as practicable, the arrangement of subjects in the present tariff law. The date of each oral statement is placed at the beginning of it.

A large number of letters have been filed with the committee which merely stated the attitude of the writer, or else substantially repeated an argument which had already been printed in the hearings. Such letters have not been included in this work, but instead, a statement is made that such letters have been received. They are all on the committee's files, and accessible to the members of the committee. By this means, the size of the volumes, already bulky, has been somewhat reduced, the printing has been expedited, and, it is believed, many undesirable repetitions have been avoided.

WILLIAM K. PAYNE.

JANUARY, 1909.

REMARKS BY THE CHAIRMAN.

Tuesday, November 10, 1908, the chairman of the committee, Hon. S. E. Payne, opened the public hearings with the following remarks:

Gentlemen, the hearings will commence at half past 9 in the morning and continue until 1 o'clock, when a recess will be taken until 2 o'clock. The hearings will then be resumed in the afternoon at 2 o'clock, and if it becomes necessary to take a recess at 6 o'clock the committee can do so and continue the hearings at 8 o'clock.

The opening hearing this morning, as you are aware, is upon the chemical schedule of the tariff, and it is the desire of the committee to hear the parties interested and others who may desire to speak on the subject embraced in the schedule, and also concerning the chemicals on the free list, and so with each paragraph of the bill as we proceed, so that the discussion may continue intelligently, involving every item connected with the subject.

The committee has no apologies to make for the bad acoustics of the hall, as we have nothing to do with that feature. We hope the people in attendance will be able to hear, and I would caution those in attendance that they speak in a sufficiently loud tone of voice that the committee can hear.

December 22, 1908, at the close of the formal hearings, the chairman said:

Gentlemen, in accordance with the resolution of the committee passed two weeks ago this closes the hearings and there will be no further hearings by the committee unless they desire information on some subject and invite gentlemen to be present to give them that information—that is, there will be no hearings for volunteers as distinguished from those who may be sent for by the committee. Of course, any persons desiring to present briefs and file them can do so, and they will be printed with the hearings. The only difficulty in regard to that is that if they are not brought in promptly they will be printed in a subsequent volume. I think we have material now for five or six volumes, and belated briefs and papers will be printed in a subsequent volume with the index.

Before we adjourn I want to thank the members of the committee for their uniform courtesy, and especially their indefatigable inquiries tending to bring out the facts in reference to the tariff and in order to aid in perfecting the bill. I think the minority members of the committee especially are entitled to thanks for their perseverance and patience in getting at the facts.

Mr. COCKRAN. As the senior member of the minority, Mr. Chairman, I want to say that nothing could be fairer than the manner in which this investigation has been conducted, and no inquiry could be fuller in its scope or more fruitful in its results.

The CHAIRMAN. The chairman is very much gratified at the gentleman's statement. The committee will now stand adjourned.

SCHEDULE M.

PULP, PAPERS, AND BOOKS.

SCHEDULE M—PULP, PAPERS AND BOOKS.

PAPER STOCK.

[Paragraph 632.]

F. C. OVERTON, 41 PARK ROW, NEW YORK CITY, WISHES MORE DEFINITE CLASSIFICATION OF STOCK FOR PAPER.

SATURDAY, *November 21, 1908.*

Mr. Chairman and gentlemen of the committee, my object in appearing here is to get a clearer wording in section 632 in reference to paper stock of every description. The present law includes grasses, fibers, rags, cotton, jutes, linen, flax, hemp, and manila, coming in various forms. We want the law to so read that it will designate the various things that are to go into the manufacture. It is all waste material. A part of this is old rags and domestic shoddy or wool, which is only suitable to be used in the cheap paper—the roofing paper. And yet, having some small percentage of wool, it is liable to come under a duty.

The CHAIRMAN. The committee has had its attention given to that, and we will give it careful attention.

Mr. OVERTON. There is another section to which I want you to give attention, and that relates to gunny bagging.

Mr. CLARK. Whom do you represent?

Mr. OVERTON. I represent the New York Paper Stock Dealers' Association, also quite a number of mills.

Mr. CLARK. Are you a manufacturer or a dealer?

Mr. OVERTON. We are dealers. We sell to the paper mills. I am arguing for the raw stock, and I want just what the law apparently gives us.

Mr. CLARK. What do you care, if you are not engaged in the manufacture of paper?

Mr. OVERTON. I am presumed to bring in this class of goods free, and yet an inspector of the United States might say that it is subject to duty. If it is going to be subject to duty, I want to know it, because if it is liable to duty I am liable to lose money.

Mr. CLARK. Where do you get most of your stock?

Mr. OVERTON. From the Continent; also from England, France, and Germany.

Mr. CLARK. Do you have to pay any duty?

Mr. OVERTON. The larger part of the business we do is in waste for paper making, which is supposed to be free.

Mr. CLARK. Are you simply handling waste?

Mr. OVERTON. Yes, sir.

Mr. CLARK. To whom do you sell—to the paper trust?

Mr. OVERTON. Well, to whom do you refer?

Mr. CLARK. The International Paper Company.

Mr. OVERTON. No; we do not sell anything to the paper trust.

Mr. CLARK. You have nothing in the world to do with the paper trust?

Mr. OVERTON. Nothing in the world.

**BRIEF SUBMITTED BY FRANK C. OVERTON FOR THE NEW YORK
PAPER STOCK DEALERS' ASSOCIATION.**

WASHINGTON, D. C.,
November 21, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The importers and paper mills handling paper stock are satisfied with what they believe to be the spirit or intention of the law as it now stands, but experience has demonstrated that owing to its wording, unnecessary hardship and expense have been entailed both upon the importer and the Government, and indirectly upon the paper mills.

The clause "fit *only* to be converted into paper" causes most of the trouble, and a few examples will illustrate the nature of the trouble with which importer and appraiser have constantly to contend.

Paper stock consists, almost without exception, of waste material of some character, whether paper, rags, cotton, linen, jute, hemp, flax, or manila, and may come in the form of new clippings from the fabrics made of the various fibers or old pieces of same, or may come in the form of threads, strings, twines, or ropes, or in the form of waste of various qualities, such as card waste, rove waste, washed flax waste, etc.

The quality is so varied that although by far the largest percentage goes into the manufacture of paper, a certain small percentage may find its way into some other use as a raw material, or the appraiser may think that it could be put to some other use, and as the law specifies that the material must be "fit *only* to be converted into paper" he assesses duty at 10 per cent ad valorem under section 463, "waste not specially provided for in this act, 10 per cent ad valorem." It has frequently been the case that an appraiser at one port has passed goods free, while exactly the same grade at another port was assessed 10 per cent.

Contracts with paper mills using certain grades of flax-card waste and thread waste have been made with the clause, "duty, if any, to be paid by buyer," inserted, as it was impossible to tell what attitude the appraiser might take, and as an assessment of a 10 per cent duty would frequently more than offset the profit, and as duties of \$20 per ton have been assessed, the importer was unwilling to take the risk. Flax waste should be distinctly defined so that the appraiser has no discretionary power to impose duty applicable to tow of flax or "waste not otherwise provided for."

A low grade of colored jute waste, known as "colored jute caddis," and sold for about \$12 per ton to a mill making roofing paper, has been assessed at 10 per cent on the ground that the small sample

brought to the appraiser led him to believe it might be used to pack journal boxes, although wholly unsuited for the purpose on account of dirt and grit.

Old shoddy, rags, and worn-out garments, or what is known in the paper-stock trade as "satinet garments," composed of a mixture of cotton and wool or shoddy, and used by manufacturers of roofing paper, have usually been admitted free, yet in one or two cases have been assessed at 10 cents per pound, although the grade was too low to be worked up into shoddy, and the stock could be used only to be converted into paper, and the domestic collection is sold regularly for that purpose, either packed separately or mixed indiscriminately with old cotton rags.

Old gunny bagging has recently been classified into three grades by the Board of Appraisers, as follows:

Assorted large pieces.

Unassorted, or original gunny bagging.

Scrap gunny, or small pieces, from which the large pieces have been assorted.

The first two grades, assorted large pieces and original gunny, have been assessed 10 per cent ad valorem under section 463, "waste not otherwise provided for;" and the last grade, scrap gunny, has been passed free under section 648, "rags not otherwise specially provided for in this act."

A few years ago gunny bagging always came in free as fit only to be converted into paper. The question of paying duty on same first came up when it was found that a very small portion was broken up, or shoddied, for the purpose of stuffing horse collars, cheap mattresses, etc.

Some time later it became the custom with certain packers to assort out the large pieces and ship them to America to be used as patches, tops, or sides, in rebaling cotton.

The Government then assessed duty at 10 per cent ad valorem under section 463 on all old gunny bagging, irrespective of whether it was assorted, original, or scrap, and this custom was adhered to for several years, although the paper mills were still using a large percentage of it, but the oakum manufacturers were also using some to be manufactured into oakum, thus paying duty on raw stock and manufacturing it into a finished product which is free of duty.

Old gunny bagging has also been used in this country as a raw product by a manufacturing concern making gunny bagging, the old stock being shoddied and used in connection with raw jute, which is also free.

All of these different rulings have been under the present tariff law or previous laws whose wording of the section pertaining to paper stock was, in effect, the same as the present law.

Although the paper-stock importers cheerfully admit that the Board of Appraisers have given the cases which have come before them careful, intelligent, and impartial consideration, yet the very wording of the section has made it absolutely impossible for them to give uniform decision, not because the goods in question varied in character or quality, but because the law specifies that the material must be fit *only* to be converted into paper, and whenever an appraiser had evidence or believed that the material could be used for anything else than paper making (and this happens frequently) duty would be assessed.

If the Government sustained their claim, and they sometimes showed uses of which the importer had never heard, the importer would make a loss not figured on in the cost of the goods, and if the importer won he received a refund, half of which went to his attorney for handling the case. Such uncertainties necessarily curtail business and make it difficult to figure cost, owing to unknown quantity of duty.

We respectfully but strongly urge that the wording of section 632 be revised so that it is definite and unequivocal, and that, being raw stock, the question of whether or not it is dutiable be determined by the material itself rather than the use to which it is or may be put.

A possible exception to this principle might be made with reference to a definite grade, such as "old satinet garments," above mentioned, and which contain a small percentage of wool or shoddy, by stipulating in a separate section that it must be converted into paper.

Again referring to old gunny bagging, it is hoped that Congress may not feel that it is essential, for the purpose of protection, to assess duty on any of the three grades before mentioned and admit all free of duty. If, however, duty is to be charged on any of the grades of gunny, we respectfully suggest that the duty be made specific rather than ad valorem, as is the custom at present.

The reason for requesting a specific duty is that old gunny bagging frequently follows the market on jute butts, which are free, and when a short crop of jute butts causes manufacturers to supplement the supply with old gunny bagging a wider market and correspondingly wider range of prices is apt to occur, frequently increased by speculative interests in no way connected with the paper trade, and it is most difficult to determine the correct value for duty purposes, so that in addition to the duty, fines and penalties are imposed, owing to difference of opinion between appraiser and importer as to the market value at time of shipment. Original, unassorted gunny to-day is worth approximately \$13 per ton, and within the past three years it has been as high as \$45 per ton. Instances have occurred where importers have contracted for the purchase abroad of a quantity of old gunny bagging at a low price, and not wishing to speculate have simultaneously sold same in this country on a small profit, figuring duty at 10 per cent on the cost, with the result that a rapidly rising market and correspondingly higher valuations upon which duty must be paid have resulted not only in loss of profit but a substantial loss in addition, even though furnisher and consumer properly lived up to the terms of their contract. We do not think duty should be assessed on any gunny, because, in the first place, it all originates from American cotton bales shipped abroad, and has consequently either been manufactured in this country or else paid a duty of six-tenths cent per pound. Furthermore, it is used exclusively as a raw product for manufacture, and even the assorted sides for baling must be re-assorted, mended, sewed together, and put in rolls before being ready for the market, so that all the duty which is paid by the importer must eventually be paid by the manufacturer who uses the goods as raw material.

In place of section 632, which is as follows:

Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, shavings, clippings, old paper, rope ends, waste rope, and waste bagging, including old gunny cloth and old gunny bags, fit only to be converted into paper—

We recommend the following:

Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, flax waste, flax-thread waste, hemp waste, linen-thread waste, shavings, clippings, old paper, rope ends, waste rope, and waste bagging, including old second-hand gunny bagging, not advanced in manufacture, to be used as raw material, free.

This, in our opinion, would cover all grades of paper stock, excepting old satinet garments and rags containing a small percentage of wool or shoddy, and suitable only for paper making, and this should be provided for in a separate section, and to cover same we urge the following section:

Rags or old garments composed of a mixture of cotton and wool, or cotton and shoddy, or cotton and wool and shoddy, and suitable for, and to be used for, the manufacture of paper, and for no other purpose.

The object of this brief is solely to get the clearest possible wording of the section relating to paper stock in order to avoid conflicting rulings in the future, without changing what we believe to be the intent of the existing law.

Respectfully submitted.

NEW YORK PAPER STOCK DEALERS' ASSOCIATION,
By FRANK C. OVERTON, 41 Park Row, New York,
A. SALOMON, 140 Nassau street, New York,
HENRY ATTERBURY, 38 Park Row, New York,
Committee.

EXHIBIT A.

BOSTON, *November 18, 1908.*

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York, N. Y.

GENTLEMEN: In reply to your communication of yesterday I will say:

Owing to the indefiniteness of section 632 of the tariff act, we have for ten years been subjected to a series of annoyances which are a disgrace to any well-ordered government. There has been no uniform practice of custom-house officials in levying duties on paper stock. Ten years ago, after a certain grade of flax waste had been passed as free for a dozen years, there was a sudden hold up, and duties of \$20 per ton were demanded on stock which only cost \$25 per ton, delivered at one of our mills, and the authorities demanded this rate on six carloads which had been entered, examined, passed as free, and manufactured into board. We protested and refused to pay, but after five or six years the Government sued us and recovered the duty, and then we took the case before the General Appraisers and they decided that the stock was not dutiable and the duties were refunded; but it cost us \$1,200 for expenses.

I can point to more than a score of cases where duties have been extorted from importers and refunded later after a loss of interest and legal expense had been incurred.

As "tow of flax" is dutiable at \$20 per ton, there should be a definition of the distinction between tow of flax and flax waste.

The words "fit only to be converted into paper" are worse still, as every paper stock is fit for something else, if only for kindling fire or bedding horses. The law was doubtless intended to have all crude paper stock free, and it should be so expressed that if some one uses a few bales for some other purpose, it should not subject the whole class to duty.

While the present practice at Boston is more uniform than formerly, the difficulties I have mentioned still exist and should be remedied.

Yours, very truly,

NATIONAL FIBER BOARD COMPANY,
By STEPHEN MOORE, *Treasurer.*

NEW YORK, November 20, 1908.

MESSRS. CASTLE, GOTTHEIL & OVERTON,
No. 41 Park Row, New York City.

GENTLEMEN: Referring to the hearing of the Ways and Means Committee on paper stock, we beg to advise you that in our mills we consume approximately 25,000 tons per year of rag stock, and find it necessary to secure a portion of this from a foreign market.

Referring to the tariff act under "Importations of rags," section 632, as the matter now stands there is a difference of opinion among appraisers as to whether old satinet garments, etc., should be dutiable at 10 cents a pound or free as paper stock. Their value is approximately the same as dark rags for roofing-paper use, and for all intents and purposes as rags covered by section 632, but if the assessment of same be entirely at the discretion of the appraiser, and a possible duty of 10 cents per pound be assessed, there is difficulty in getting importers to secure this stock for us.

We would urge that a clause be made applying to this grade of stock, stating that old satinet garments or rags composed of a mixture of cotton and shoddy suitable only for paper stock, and to be used only to be converted into paper, be admitted free of duty.

In view of the fact that it is necessary to supplement our stock by the purchase of foreign rags, we think this uncertainty as to the interpretation of the present tariff should be definitely settled, and we trust that you will exert every effort in helping secure the modification above referred to.

Yours, truly,

BARRETT MANUFACTURING COMPANY.
W. A. FORMAN,
Manager Manufacturing Department.

LATROBE, PA., November 18, 1908.

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York.

GENTLEMEN: We understand you people are going before the Ways and Means Committee on the tariff question. Our views are simply this: In the first place, we do not think there are enough domestic

rags gathered in the United States to supply the demand of the paper makers, and therefore it is necessary that we should go abroad for rags.

Now take, for instance, rags bought in the last two years and ten months. We used in 1906 12,513 tons, at an average cost at the mill of \$19.83 per ton; about 13 per cent of this was foreign stock. In 1907 we used 12,988 tons, at a cost of \$22.24 per ton; about 10 per cent of this was foreign stock. And in the last ten months of 1908 we have used 7,956 tons, at an average cost of \$15.15 per ton; about 5 per cent of this was foreign stock.

I think it is perfectly absurd to think of paper makers paying 10 cents per pound for the wool these foreign rags contain, or \$200 per ton. There ought to be some way for the paper makers to get all the rags they want free of duty. When you take it on an average the year around, the stock does not cost them a cent a pound.

Of course the Government must have some means of knowing these rags go into paper, and not into shoddy. Now, any reliable firm will be willing to give a bond that all the foreign rags they buy would be put into paper.

The object of the roofing mills of the country is to sell roofing paper as low as it is possible to manufacture it, in order to shut out competition of other materials for roofing.

We would like this committee to make a strong plea to the Ways and Means Committee that in taking this duty off the woolen rags suitable for making paper does not interfere in any way whatever with the growers of wool in this country; but when woolen rags are sold in this country to shoddy mills, then it does come in competition. Taking the duty off the woolen rags, as far as paper making is concerned, benefits all parties and gives the American people a cheaper roofing.

Yours, respectfully,

PETERS PAPER Co.,
JAMES PETERS, *President.*

YORK, PA., *November 18, 1908.*

MESSRS. CASTLE, GOTTHELL & OVERTON,
New York, N. Y.

(Attention Mr. Frank C. Overton.)

GENTLEMEN: We have letter from Mr. W. A. Forman, of the Barrett Manufacturing Company, New York, that you expect to send a representative to Washington to meeting of Ways and Means Committee on Saturday, 21st instant, and we hope that you will use your best endeavors with the committee to admit foreign satinets without duty.

As manufacturers of roofing paper, we can use large quantities of this material if admitted without duty, but as the value of this stock is so low we would be unable to use it should any duty whatever be put on its importation.

Yours, very truly,

YORK FELT AND PAPER COMPANY.
By W. D. BALM.

PHILADELPHIA, *November 18, 1908.*

MESSRS. CASTLE, GOTTHEIL & OVERTON,
New York, N. Y.

GENTLEMEN: With reference to the hearing before the Ways and Means Committee on paper stock, would say we are manufacturers of roofing paper and consequently large consumers of foreign rags, approximately 8,000 to 10,000 tons per year. We understand that as the matter now stands, rags coming in under section 632, the question as to whether they are dutiable or not is discretionary with the appraisers, the difference of opinion of the appraisers making the importers very indifferent in regard to bringing the stock out.

We would suggest, in view of the above, that the rags containing a mixture of cotton and shoddy or wool, fit only for paper making, should be put on the free list absolutely.

Yours, very truly,

JOHN LANG PAPER Co.,
E. H. MORRIS, *President.*

— — —
NEW YORK, *November 20, 1908.*

FRANK OVERTON, Esq.,
CASTLE, GOTTHEIL & OVERTON,
New York City.

DEAR SIR: It will interest you to know of the following case that we are experiencing with an import of flax waste at the port of Boston. We bought a little while ago a shipment of 15 tons flax waste from Europe, and shipped it to Boston with the intention of selling it to one of our paper mills which offered us 90 cents delivered, with 10 cents freight for this shipment. This mill makes box and leather board papers. Another mill offered us 95 cents for it. The stock costs us £4 per ton, equal to about 90 cents per 100 pounds, and, of course, there would have been no profit in this transaction. Last week we received notice from our custom-house brokers that the value of the entry of £4 per ton was advanced by the appraiser to £7 per ton, which is above the seizure point, and it was figured out to us that the final sum that we would have to pay, including the fines, would amount to about \$1,200 on a shipment worth \$300. We went to Boston to examine the stock and found that a good many bales contained a better grade of flax waste than our purchase sample and contrary to the stock that we expected to get. A good deal, however, in all the bales was only the lower grade, and the stock in the bales is mixed up in such a way that the expense for separating the various qualities would bring the price of the goods to a very high figure, which would be prohibitive of selling it for the ordinary uses which such flax waste is put to. The quality of the shipment being mixed up, it is only fit for making into paper, but the technicalities of the law say if there is a percentage of higher grade, the duty should be assessed on the higher value, but in a practical way this lot of stock could only be used for paper.

If there would be no 10 per cent duty on flax waste, which is only a necessary by-product of the raw material, and which latter is free of duty under the tariff law, these burdensome matters would be done away with, and as the revenue derived from these importations is a

very small sum, and as it is not a protection for any domestic stock nor for the manufacturers, but only a burden on him and the consumer, it would be most desirable for everybody concerned in the trade to have this duty removed, as nobody can profit thereby, but only gain by such removal of the existing duty which is applied in certain cases.

Very truly, yours,

SALOMON BROS. & Co.

PHILADELPHIA, *November 19, 1908.*

MR. FRANK C. OVERTON,
*Chairman Tariff Committee,
 New York Paper Stock Dealers' Association,
 New York, N. Y.*

DEAR SIR: Replying to the communication of Mr. F. H. Chase, dated November 16, 1908, to President J. I. Lenhart, asking to use the name of our association in relation to the changes in the tariff law affecting the importation of paper stock, bagging, fibers, etc., I beg to say the matter was passed favorably upon at the meeting of our association held this evening, so therefore you are at liberty to use the name of this association.

We are pleased to offer your association our cooperation in this matter.

Yours, truly,

FREDERICK H. MEYER,
Secretary.

217-231 CLYBOURN STREET,
Milwaukee, Wis., November 23, 1908.

CASTLE GOTTHEIL & OVERTON,
New York City.

GENTLEMEN: With reference to section 632 of the present tariff act, under which importations of rags, etc., for paper making are made.

We are manufacturers of roofing paper and users of rags, wool, papers, cotton waste, and this class of material for the manufacturing of roofing papers.

At the present time there seems to be a great difference of opinion among the appraisers as to whether these goods should be dutiable at 10 cents per pound or free as paper stock.

To all intents and purposes this class of material is of such a grade that we feel it should be covered by section 632.

We would suggest that old satinet garments or rags composed of a mixture of cotton and shoddy and suitable only for paper stock, and to be used only to be converted into paper, should be admitted free.

Yours, truly,

H. W. JOHNS-MANVILLE COMPANY,
 WALTER MOODY,
Assistant Manager Milwaukee Factories.

MIDDLETOWN, OHIO, *November 19, 1908.*

MR. FRANK C. OVERTON,
New York City.

DEAR SIR: YOUR favor of the 17th received, and are pleased to note that you have been appointed to represent the paper stock dealers' association at the Ways and Means Committee on tariff revision.

In reference to having the old section, No. 632, revised, I think it ought to be done by all means, as the way it is worded is very confusing and unsatisfactory, both to the Government and the paper manufacturers, as you are aware it has been one continual strife ever since the present tariff bill was put in force.

We think there is no doubt but what the Government intended to let the old waste material, such as is used for paper manufacturing, come in duty free, and the idea of saying "fit only to be converted into paper" is a grand humbug, as we do not know of any old material but what could be used for some other purpose.

As you know, we are large users of old rope, jute wastes, and bagging, such as burlaps and gunnies, flax waste, threads, etc. We think it has been demonstrated heretofore that most of these articles can be used for something else. For instance, you can take old rope and tear it in pieces and use it in plastering in place of hair. You can also take bagging and tear it up and use it in place of excelsior or for packing purposes, or for stuffing cushions, horse collars, and various other things.

Flax waste we presume could be used for the same purpose, although we have never heard of it being used this way. They could also take any of this material or all together and grind them up with other articles and make fertilizer out of them.

If the matter could not be adjusted any other way, why not have it arranged so that the importers could be put under affidavit when parcels arrive that they have sold the material to a certain paper mill, then let the paper manufacturer also make affidavit and state that they had received the stock, and state that it would not be used for any other purpose but for the manufacture of paper.

If this matter is presented to the committee in the right light, we think you would have no difficulty in getting it adjusted satisfactorily, as we feel the Government is willing and anxious to have old paper-making material come in free of duty; as you are aware they are investigating the matter of preserving our forests, and everything in the line of old material that can be used to make paper helps to decrease the usage of wood.

If there is any way that we can be of service to your committee or the Ways and Means Committee, we would be very glad indeed to render our services if you will let us know what it is.

Yours, truly,

THE WARDLOW-THOMAS PAPER Co.
JAS. LAWRENCE, *Vice-President.*

EAST ST. LOUIS, ILL., *November 19, 1908.*

CASTLE, GOTTHEIL & OVERTON,
41 Park Row, New York.

GENTLEMEN: Referring to the hearing before the Congressional Ways and Means Committee, e think

it a very important matter to take up the matter of satinets imported. The question, which in the past has been left to the discretion of the appraiser, and which has led to such uncertainty on importing these goods, should be settled definitely and in such a way as to permit any old satinets or rags, which are suitable for paper stock only, to come in free under section 632. Any assurance required could be given that the goods would be used only for making paper stock, and a severe penalty could be put on for any other use of the material.

It will surely cripple our line of business to have this continued in the way that it is now.

Hoping you will be successful in showing the committee why this change should be made, we are,

Very truly, yours,

GENERAL ROOFING MFG. CO.,
By GEO. M. BROWN, *President.*

LOCKLAND, OHIO, *November 19, 1908.*

CASTLE, GOTTHEIL & OVERTON,
New York City.

GENTLEMEN: Mr. Forman has forwarded us a copy of your letter to him dated November 17, and we are taking this opportunity of going on record in behalf of this cause, which is only fair and just, and add the weight of our signature to your petition when taking this matter up with the Ways and Means Committee. So much has been said already on this subject that it is difficult to add to it, and every manufacturer of felt paper, as well as all of the importers of paper-mill stock, know how absolutely unfair it is for the Government to take the position of collecting duty on satinets and let the dark cottons come in free, when they are both used for identically the same purpose. Perhaps it might be a good suggestion to state that when putting satinets on the free list every consumer in this country could be required to furnish a bond, guaranteeing not to resell any of this material to woolen or shoddy mills at any price; also to guarantee not to put the rags through any process in which the wool was removed from the cotton fiber, but work it all up at the same time and in the same sheet of paper; also to guarantee to sell every pound of the article manufactured from this raw material at less than 5 cents per pound, which is one-half of the duty now assessed. This might convince the government officials that the mills buying these foreign satinets are not trying to take any unfair advantage or evade a duty that should be imposed. We certainly wish your association success in taking this matter up. It is certainly a good cause, as the collection of rags in this country suitable for the manufacture of felt paper is not increasing in proportion with the demand for and consumption of felt paper, and unless your association or some similar movement by others does bring about the result desired the action of our Government in prohibiting the importation of this grade of rags is surely going to hinder, in fact prevent, the further growth of an industry in this country that gives desirable employment to labor and produces almost exclusively an article that is used as a building material, thereby causing a saving in lumber in substituting for shingles an article manufactured from junk and waste material.

This is a cause that almost all Americans are interested in, and should particularly interest the Ways and Means Committee of the present Congress.

Yours, truly,

THE RICHARDSON PAPER Co.,
J. M. RICHARDSON,
Vice-President.

MINNEAPOLIS, MINN., *November 20, 1908.*

CASTLE, GOTTHEIL & OVERTON,
41 Park Row, New York, N. Y.

GENTLEMEN: We understand that section 632 is coming up for consideration shortly. We use some 40,000 pounds of satinets a day in the manufacture of roofing paper. There has been some question in the minds of the custom-house officials as to whether this grade of stock was dutiable or not. We hope that you can have a special clause inserted to cover this grade of rags. We know it is hard to get importers to attempt to get these rags in on account of this question coming up.

It certainly would be a great relief to the paper mills of this country if such a clause was inserted. These satinets contain such a small percentage of wool that they are only suitable for making paper. And it does not seem right for mills that use this grade of rags to take the chance of a 10-cent duty being assessed against the rags when the rags are worth normally from three-quarters to 1 cent per pound.

We will be glad to be of any further service we can in this matter.

Yours, very truly,

THE NELSON PAPER Co.,
By W. ED. NELSON, *Treasurer.*

HON. JOHN W. WEEKS, M. C., SUBMITS LETTER OF F. W. BIRD & SON, EAST WALPOLE, MASS., RELATIVE TO PAPER STOCK.

EAST WALPOLE, MASS., *December 19, 1908.*

Hon. JOHN W. WEEKS, M. C.,
Washington, D. C.

DEAR SIR: We respectfully call your attention to the indefiniteness of section 632 of the tariff act, which for a number of years has caused us annoyance and expense. This section reads as follows:

Paper stock, crude, of every description, including all grasses, fiber rags, other than wool, waste, including jute rope and waste bagging, including old gunny cloth and old gunny bags, fit only to be converted into paper.

This latter clause, "fit only to be converted into paper," is the cause of most of our troubles. We cite you the following example:

We have imported from France and Belgium, to use in making paper, a grade of flax spinning waste called "cordellettes" (little cords or little strings). In 1903 and 1904 these importations were suddenly assessed a duty of 10 per cent, which was subsequently increased to \$20 per ton; all this on stock worth \$30 per ton, and be-

cause, as we understand it, some men had used small quantities, not 5 per cent of importations, for some other purpose besides paper making.

We protested, and after some time the case was decided in our favor, but not until the Government had tied up many thousands of dollars belonging to us and we had been put to a legal expense of more than a thousand dollars.

We also use in the making of our roofing large quantities of old satinet garments. These are old, worn-out garments and soft rags composed of cotton and wool or cotton and shoddy. They have usually been admitted free, yet in some cases have been assessed a duty of 10 cents per pound, being classed as woolen rags, although the grade is too low to be worked up into shoddy and the stock could only be used by converting it into paper.

Although the board of appraisers have given cases of this kind their careful and impartial consideration, the wording of this section has made it impossible to give uniform decision, because the law specifies that the material must be fit only to be converted into paper, and whenever the appraisers had evidence or believed the material could be used for anything else beside paper making the duty would be assessed.

We strongly urge that the wording of section 632 be revised, or added to, so that flax waste, paper stocks, and old satinet garments containing a small percentage of wool be admitted free when they are to be used for the manufacture of paper and when the importer is willing to give oath that they are to be used exclusively for that purpose.

This we believe to be the intent of the existing law.

Yours, very truly,

F. W. BIRD & SON.

FRANK C. OVERTON, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO PAPER STOCK.

41 PARK ROW, NEW YORK, *January 6, 1909.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: On November 21, 1908, I filed before the Committee on Ways and Means, at Washington, a brief in behalf of the New York Paper Stock Dealers' Association and others affecting Schedule M, paper stock, and recommended a form which I felt would correct the existing evils. Said form, after mentioning various grades of paper stock, stipulated that there should be inserted:

Not advanced in manufacture to be used as raw material.

Upon further consideration it occurred to me that there might be room for various interpretations of the phrase: "Not advanced in manufacture to be used as raw material," and I took the liberty of consulting with Judge Henderson M. Somerville, of the Board of United States General Appraisers, who said that the Board of Ap-

praisers had given this matter careful attention, and had recommended the following:

632. Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, shavings, clippings, old paper, rope ends, waste rope, flax waste, flax thread waste, hemp waste, and linen thread waste, and waste bagging fit to be converted into paper; also old gunny cloth and old second-hand gunny bagging, whether fit for such purpose or not.

This section would be perfectly satisfactory to the New York paper stock dealers, as the elimination of the word "only" from the expression "fit only to be converted into paper" would in our opinion eliminate most of the misunderstanding which has occurred in the past; and the section referring to old gunny cloth and second-hand gunny bagging would certainly have the effect of saving annoyance to both the Government and importer. We therefore trust that Congress can see its way to adopt the section as proposed by the Board of Appraisers, and the New York Paper Stock Dealers' Association withdraw their suggestion in favor of that of the board.

We still feel, however, that the paragraph mentioned in the brief filed on November 21, as follows: "Rags or old garments composed of a mixture of cotton and wool, or cotton and shoddy, or cotton and wool, or shoddy, and suitable for and to be used for the manufacture of paper, free," is most essential, as it is a grade that can not be incorporated into the other section without a conflict, and while the goods in question have been brought in here along with other old rags for paper stock, there is an element of risk in so doing, and should be eliminated.

If there will be any further public or private hearings in this matter, I would esteem it a favor if I would be advised of the time such hearings will be held.

Respectfully, yours,

FRANK C. OVERTON,
Of CASTLE, GOTTHEIL & OVERTON,
Paper Mill Suppliers.

PULP, AND PRINT PAPER.

STATEMENT OF JOHN NORRIS, CHAIRMAN OF THE COMMITTEE ON PAPER, THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, NEW YORK CITY.

SATURDAY, *November 21, 1908.*

Mr. NORRIS. Mr. Chairman, just as an aside, and casually and incidentally and preliminarily, I want to call your attention to the fact that Mr. Marcuse, the gentleman who appears here for a new classification and a higher rate on wrapping papers, was the gentleman whose firm plead guilty, June 19, 1908, in the United States court, as members of the Parks pool on fiber and manila, and his firm was fined \$2,000. Instead of that stopping the operations of these manufacturers and paper makers in fixing prices and in regulating output, they are at it again. I submit here a report of the Western Fiber and Manila Association, which, under date of November 5, 1908, has just advanced the price of manilas \$3 per ton as

the result of combination. That is merely preliminary to the other proposition. I submit also a report of the previous week of the Paper Trade Journal, giving a statement of a meeting of bookmen to discuss the unsatisfactory condition of the trade.

These gentlemen come here, not on oath, and make statements. I seriously combat the accuracy of any statement they have made to the effect that there are no combinations, no agreements, no arrangements, to restrict production or to fix prices.

I will speak, practically, for all of the newspapers. There has been somewhat of an understanding that I shall open, and that then the representatives of the American Paper and Pulp Association will present their side; and I hope that I may be given an opportunity, not to answer them, but where there are misstatements made, without going over the ground, to call the attention of the committee to them.

The CHAIRMAN. We will cross that bridge when we come to it. I am afraid it will be a good while from now before we get there. [Laughter.]

Mr. NORRIS. All right. In addition to myself, as representing the newspapers, there will be representatives of the four labor unions which are employed by newspapers, and which feel the effect of the increased price of paper.

In submitting the views of the American Newspaper Publishers' Association upon the paper schedule of the tariff, I will attempt to cover the proposition for free pulp and free paper in all its phases, including the deception of your committee and of Congress by the paper makers in 1896, the failure of the paper makers to give to labor any of the benefits of the protective tariff, the organization of paper combinations in restraint of trade, the destruction of our forests by them, and their gigantic speculations in woodlands. Newspapers have been made to bear undue burdens as a result of the advance in 1907 of \$12 per ton in the price of paper. Approximately 1,200,000 tons of news-print paper are used in the United States annually, costing consumers in excess of \$50,000,000 per annum. As a result of the unjustifiable advance of 1907, one paper, the Baltimore American, was taxed \$60,000 per annum. Another paper, the Philadelphia Inquirer, was taxed \$156,000 per annum. Preliminarily I call attention to the fact that because of a labor dispute between the International Paper Company and its employees, covering a period of three months, since August 1, 1908, the output of the market was reduced about 105,000 tons. This curtailment of production has been availed of by paper makers generally to mark up the price of news-print paper this week to \$55 per ton, New York, or \$20 per ton in excess of the price which prevailed when the Ways and Means Committee considered this schedule twelve years ago and \$15 per ton in excess of the price which would prevail under normal conditions.

Mr. UNDERWOOD. Mr. Norris, if it will not bother you, will you state before you make your argument, so that we can follow it along the line of your suggestion, what suggestion you make to the committee as to our future action on this proposition? Will you state what you desire us to do?

Mr. NORRIS. Let me explain that in a summary of about twenty minutes' duration I substantially cover all of the ground, including that particular point—

The CHAIRMAN. What Mr. Underwood wants to know is what amendment you suggest to the bill.

Mr. UNDERWOOD. I want to know what suggestion you make.

Mr. NORRIS. Free pulp, free paper, and reciprocity with Canada for free pulp wood, free paper, and free pulp.

The CHAIRMAN. That answers the question.

Mr. HILL. Do you mean to have all paper free, or just news paper.

Mr. NORRIS. News-print paper is the particular matter for which I appear.

Mr. HILL. And that is all for which you make any suggestion?

Mr. NORRIS. That is all for which I make any suggestion; but it is coupled with wrapping paper and other kinds of paper, because these mills which make the wrapping paper, which make manila, are equipped to make news-print paper; and when they come together in pools so as to artificially stimulate their production, there is an inducement for them to keep out of the news-print paper market. I will make special reference to that later.

The CHAIRMAN. I suggest that Mr. Norris go on and read his statement.

Mr. NORRIS. Please note that the publisher—not the laborer, nor the paper maker—is asked to pay this bill for industrial warfare. We will show from its annual reports that the International Paper Company, with all of its antiquated outfit and its five subsidiary companies that sap its earnings, has made an actual profit of \$8.79 per ton, or 29 per cent, upon all the paper it has turned out in ten years, and that its cost of production has been \$30.52 per ton, or \$1.51 per 100 pounds, and that its average price during the ten years which have elapsed since the passage of the Dingley bill has been \$43.91 per ton, or \$2.19 per 100 pounds delivered, an increase of \$11.91 per ton over the price at which paper was sold when the Dingley bill was passed July 24, 1897.

Paper can be made cheaper at Millinocket, St. Croix, and Berlin than in Canada. Labor is paid less here than in Canada, and we hold that the protective principle provided for in the Republican platform does not apply to paper, because of this treatment of labor by paper makers, and because of this cheapness of cost of home production as compared with foreign production. We will show that the Dingley bill increased the duty on ground wood 45 per cent (p. 866) and on news-print paper 46 per cent (p. 1165), and that the outcome of the present policy has been to increase imports of pulp and to decrease the exports of paper. There has been a transformation in the paper situation. Instead of exporting paper, we are importing pulp.

We will show that the import duty on news-print paper has not been productive of revenue and that it has furthered schemes of combination and criminal manipulation of the market. We are prepared to show that because of the import duty of \$6 per ton, the price of news-print paper in the United States has for periods been raised to a figure which was \$6 per ton above what it would have been under free conditions, and above what it should have been under conditions that assume respect for law. The paper-manufacturing business has been mismanaged, the burden of which mismanagement has fallen upon the publishers. We are embarrassed by the chairman's statement that the Government's figures and studies of the tariff are based on prices quoted by trade papers, which the chairman said on the floor

of the House—referring specially to news-print paper prices—are “as accurate as accurate can be.” We are prepared to show the utter worthlessness of such quotations, as well as the difficulty of establishing any fair standard of comparison, in determining the cost of production in the United States and abroad.

The CHAIRMAN. Mr. Norris, did not the chairman give the source of that information?

Mr. NORRIS. Sure—

The CHAIRMAN. Wait a moment. And did not Mr. North state that his source of information was from the trade journals, and did not the chairman state that at the time?

Mr. NORRIS. He did; but he also gave—

The CHAIRMAN. Then be fair, and state the whole thing.

Mr. NORRIS. But did he not also give it the authority of his position, and his office, and was it not stated on the floor of the House—

The CHAIRMAN. What he stated was that it was taken from the trade journals.

Mr. NORRIS. But Mr. Payne also said that these prices were “as accurate as accurate can be.” Now, I do not desire to quarrel with the chairman. I simply want to say, as a matter of fact, that the figures were not accurate.

The CHAIRMAN. The chairman was making a speech. The gentleman from Pennsylvania sat at the next seat, and when he commenced to speak on this subject the gentleman from Pennsylvania handed him the letter of Mr. North, which the chairman had never seen before, and the chairman presented that statement to the House; and he stands by what he said in reference to it—that that is the information that he had upon the subject.

Mr. NORRIS. I do not assume—

The CHAIRMAN. And no one was deceived; much less yourself or Mr. Ritter.

Mr. NORRIS. On the contrary. Do I understand that the chairman now says, or now assumes, or now thinks that those figures are as accurate as accurate can be?

The CHAIRMAN. The statement of Mr. North was accurate for what it purported to be. If the trade journals did not get it right, that is another instance of the very small number of cases in which the newspapers of the country make mistakes about statements of fact. [Laughter.]

Mr. NORRIS. But it is also an instance of the basis and character of information upon which Congress legislates without due inquiry as to the source or accuracy of information upon which it acts.

The CHAIRMAN. Congress was not acting at that time. It was simply debating upon a statement; but perhaps you had better go on.

Mr. NORRIS. Yes, sir.

We will point out the menace that hangs over the paper business by reason of the attitude of Canada. The increasing use of water power for electrical purposes as well as the threat of prohibition of the export of wood have tended to stop the building in the United States of new paper mills to meet the increasing consumption (p. 907). We will indicate how every material American interest may be promoted by a reciprocity arrangement with Canada and with Newfoundland, providing for free pulp wood, free pulp, and free paper.

We invoke your scrutiny of State Department records which would enable you to obtain an accurate list of the dates of meetings of American and Canadian manufacturers at the Place Viger Hotel, Montreal, and the names of the participants, for purposes which are obvious; also the membership of a combination of interests that center at Three Rivers, Canada, including the International Paper Company; also calling attention to a contract of 10,000 tons of Canadian news-print paper made at \$35 per ton for one year, beginning February 1, 1908, by the Belgo-Canadian Company, of Shawinigan Falls, with S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp and Paper Company, of Indiana, which would have helped to relieve the shortage in the American market, but which was driven out of the country and delivered to Lloyd, of London and elsewhere, by threats of the New York paper men to destroy the trade of the Canadian mill in the event of its delivery in the United States. Summon Mr. Cook and ascertain from him how much he has paid toward a settlement of that transaction which contributed to maintain an artificial price for paper, and to tax every American publisher whose expiring contract was renewed. Also, how the Canadian government made a gift of 400 square miles to the Berlin Mills Company as an inducement for the building of a paper mill at La Tuque, Canada.

We are prepared to show that in 1907, at a time when the demand was large and production was overlapping consumption, that Mr. John A. Davis bought up over 20,000 tons of news-print paper and starved the market.

We will show that in 1907, when its total actual cost of making paper, including labor, had increased only 64 cents per ton, the International Paper Company, without jurisdiction, advanced prices \$10 and \$12 per ton.

We will show that the International Paper Company is producing 300 tons per day less of news-print paper than was produced by the mills which it consolidated, and that it has either sold, leased, stopped, or diverted to other uses more than 46 of the 111 machines which it originally acquired.

The paper makers lacked in appreciation of their obligations to Congress, because it is fair to assume that an industry which is an object of protection is bound to meet the wants of the consumers. The United States Steel Corporation has recognized this obligation by an expenditure of several hundred million dollars within a few years for new construction, but the International Paper Company, having decreased its daily output and restricted production, has proved itself unworthy of your consideration.

We are prepared to show the methods of high finance which capitalized at excessive figures a collection of antiquated mills located on exhausted water courses tributary to denuded forests. The International Paper Company is capitalized on a basis which is three times that of the cost of the St. Regis plant. It represents \$35,000,000 of watered capital which its customers must carry. On a capital of \$69,000,000 it does a business of \$20,000,000 per annum and requiring nearly three and one-half years to turn over its capital in manufacturing.

We will show you the depletion of our spruce supply and the absolute inability of the United States to provide for the needs of the

paper industries. We will show you the impossibility of meeting this situation by reforestation because of the time required to mature spruce forests, and because of forest fires, and because of taxes on standing timber.

We will show you that the International Paper Company and other beneficiaries of the tariff on pulp and paper have involved themselves in gigantic speculations in woodlands in Canada whereby money that should have been devoted to the expansion and betterment of American mills has been diverted to Canadian woodlands which can not be made available for use by present owners during the next thirty years. We will give details of the acquirement of over 12,000 square miles of tracts in the Province of Quebec alone.

The newspapers represented in the American Newspaper Publishers' Association are divided about equally between the two political parties. They represent many views on many subjects. They are substantially unanimous, however, in asking that the duty on pulp and paper be removed. The canvass made by the Mann committee shows that 715 newspapers replying to its inquiry, 651 favored the removal of tariff and 64 opposed, and that the Republican papers favoring removal outnumbered the Democratic papers which advocated removal.

Unlike all other subjects of tariff taxation, users of news-print paper can not pass along the burden to the consumer. The price of a newspaper, like the price of a postage stamp, is fixed. A publisher can not raise and lower his price when the price of news-print paper advances or falls. Neither is it possible to shift the burden to advertisers because of the methods of the paper makers who make long-time contracts with some newspapers at low prices, and refuse to make the same contracts with other papers. They also make contracts that expire at varying dates. As a result of this overlapping of contracts, it would be rarely, if ever, possible to shift the burden of increased cost to advertisers. In a city where a Hearst paper was paying \$37.60 per ton to the International Paper Company under a ten-year contract, do you think that another publication subjected to a \$50 per ton charge by the same company, could afford to raise its price or increase its advertising rates without the Hearst cooperation? Could it expect to obtain cooperation under such conditions? The proposition that newspapers increase their price as was urged by the general manager of the International Paper Company (p. 734) would mean this: That every purchaser would pay 1 cent per day additional, or \$3 per annum for approximately 20,000,000 copies per day, or \$60,000,000 in all. Thus it is proposed that the readers of newspapers should pay a tax of \$60,000,000 in order that a group of paper makers might take four or five million dollars from the pockets of the people through the publishers.

Newspapers are entitled to consideration from you upon that score even if you ignore the extraordinary function they perform in disseminating intelligence, in promoting knowledge, and in facilitating the work of government. Those citizens are the best citizens who are in complete touch with the work of administration and the furtherance of the newspaper's mission is worthy of your serious effort. An increase in the consumption of paper is due to the increasing intelligence of the people.

According to the best available information, it is calculated that all the paper mills have capacity to turn out about 14,885 tons per day, or 4,546,920 tons per annum, as follows:

	Tons per day.
News.....	4, 200
Book.....	1, 900
Boards.....	3, 300
Wrapping (manila, fiber and straw).....	2, 850
Writing.....	1, 400
Roofing and sheathing.....	610
Tissue.....	290
Hanging.....	275
Blotting.....	60
Total.....	14, 885

Seven concerns practically control the output of 71 mills engaged in the manufacture of news-print paper. Their daily capacity may be computed at 4,342 tons per day, as follows:

	Tons per day.
International Paper Company.....	1, 416
Great Northern.....	450
Berlin Mills.....	225
W. H. Parsons & Co.....	170
H. G. Craig & Co., selling agents.....	500
Western interests formerly associated with General Paper Company.....	729
3 mills in Michigan and New York.....	120
Total.....	3, 610
Pacific coast (2 concerns).....	280
Mills not primarily devoted to news.....	301
Scattered in 7 States.....	365
Total.....	4, 556

In any contest with Canada the publishers who pay for the paper must ultimately bear the burden of that struggle, not the paper makers who have exhausted the domestic supply of pulp wood. These paper makers have gone to Canada where there are from 200,000,000 to 550,000,000 acres of timber, largely spruce, and they have invested many millions in Canadian woodlands. The International Paper Company owns approximately four and one-half million acres, or nearly 7,000 square miles of Canadian and American tracts. The American paper makers are importing free of duty about 1,000,000 cords of pulp wood per annum. I am told that 23 important news-print paper mills in the United States get substantially all of their wood from Canada. The Ontario authorities, to block the scheme of countervailing duty which was incorporated in the Dingley bill, have prohibited the export of pulp wood cut from crown lands, and in that way they have deprived all the western mills of a cheap and ample supply of raw material. In the Province of Quebec, a tax of 65 cents per cord is imposed on all pulp wood cut from crown lands with a rebate of 40 cents if the wood is put into manufactured form in Quebec. Our courts have decided that that rebate arrangement constituted an export tax of 25 cents per cord on wood pulp, and you have therefore imposed a countervailing duty under the provisions of the Dingley law upon all paper manufactured from wood cut on crown lands in the Province of Quebec. The burden of proving that it was not cut from crown lands is thrust upon the importer.

The Canadian paper makers and the Canadian authorities say they are annoyed by the attitude of the American Government. The Canadian paper makers are clamoring for the prohibition of the export of pulp wood from the Province of Quebec, as from the Province of Ontario. They have formally submitted their request to the Dominion government, and the pressure from them upon it is very strong. Serious consequences to American paper makers are imminent. Every American paper maker who testified before the Mann committee agreed that the prohibition of pulp-wood export by Canada would bring disaster to the trade. It would close many mills, and would force the manufacturer into Canada. The president of the American Paper and Pulp Association, David S. Cowles, on September 13, 1907, sent to all editors of American newspapers a circular letter calling attention to the Canadian threats and bewailing the possibilities of what he regarded as confiscation of American investments in Canada in the event of the adoption of the prohibitory programme. That document was printed in the records of the Mann committee, although an officer of the International Paper Company asked that committee to suppress its publication. (P. 2014.) That gentleman, Chester W. Lyman, who is assistant to the president of the International Paper Company, and who is an agent of all the paper makers, took an amazing position in another letter sent on the day of his request for suppression. (P. 2013.) He said there was an adequate supply of wood left in the United States and that there were undeveloped water powers in the United States sufficient for paper making purposes. He made this declaration notwithstanding the annual importation of nearly a million cords of pulp wood from Canada by the paper makers, and the investment of more than \$12,000,000 by them in Canadian woodlands. In other communications this representative argued that the paper makers were not primarily responsible for the rapid destruction of our forests; that paper makers took only 3 or 4 per cent of the total slaughter, and that the wicked lumbermen and the folks who started the forest fires were responsible for whatever damage had been done to the country's resources. Therefore, it would be inferred, it was not necessary for the American paper maker to go to Canada for his wood supply, and upon that proposition we have diametrically opposite views from the paper-mill representatives.

The Canadian government is awaiting your action before deciding upon its course. If you attempt to appropriate its pulp wood without some concessions to the manufacturers of that pulp wood, then you invite a trade war. Here, now, you have a distinct menace to an important industry—a menace that would carry serious consequences to the users of paper, causing violent disturbances in paper prices, and a paper famine. You would put a premium upon the destruction of more of our forests with all the baleful climatic conditions that follow such shortsighted methods. The reciprocal relations of the two countries are so extended and complex that the interests which both possess in mutual trade and the necessity imposed upon each side for amiable intercourse should induce everyone to approach this matter in a spirit of fairness and neighborly comity. Are we to tangle our railroad interchanges, our trade of two hundred and fifty millions per annum with that neighbor, in order that we may more quickly slaughter so much of our forests as remain? Are we to start upon a retaliation and industrial warfare to insure another

lease of opportunity for those groups of lawbreakers who have done violence to every sound principle of trade in their efforts to crush competition, to restrict production, and to impose upon the people a monopoly of an article that is essential to the dissemination of knowledge? I am not willing to believe that an American Congress will give heed to any such proposition. On the contrary, I believe that this committee would approve of any plan by which a solution of this situation would be reached. In the recent political campaign in Canada it was announced that the government would refer the proposition for an export duty on pulp wood to a commission for adjustment. Why not utilize the information and studies of your Select Committee on Paper and Pulp which has been digging into this matter for six months and arrange through the State Department for informal conferences? I am confident that, as a result of such action, you will recommend the plan outlined in H. R. 22237, introduced by Mr. Mann upon request, providing for reciprocity with Canada. That bill was prepared in the State Department and was passed upon in the Treasury Department. Its language is that of section 3 of the Dingley bill, with the substitution of pulp and paper for argols, etc. It follows the recommendation of President Roosevelt to Congress, and it adopts the safeguards and precautions suggested by the report of the majority of the Select Committee on Pulp and Paper Investigation, whereby American paper makers will be insured protection from hostile action by Canada in the event of the removal of any duty by you. In short, that Canada will not attempt to impose any export duty on pulp and paper and pulp wood in the event of the abolition of our import duty on pulp and paper.

The CHAIRMAN. Is that the bill introduced by Mr. Mann, of Illinois, by request?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. By request?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. I could draw a good deal better bill than that.

Mr. NORRIS. You will have to reframe the Dingley bill, then, because it is absolutely the language of section 3 of the Dingley bill, which I think you had some part in, and for which you are measurably responsible, certainly as to its phraseology.

The CHAIRMAN. I could make a bill that would insure much more protection against Canada than any provision of that kind.

Mr. NORRIS. But that means a trade war, and I doubt if even the chairman of this committee wants to invite or precipitate anything of that sort. I am quite sure he has no such disposition.

The CHAIRMAN. As to do what?

Mr. NORRIS. As to invite or precipitate a trade war with Canada.

The CHAIRMAN. Certainly not.

Mr. NORRIS. Certainly not.

The CHAIRMAN. We are agreed on that entirely. I do not think there is any danger of that.

Mr. NORRIS. Well, we must carry the load, if there is danger. With your ideas about it, if you should so decide, we must bear the consequences.

The CHAIRMAN. You do not know what my ideas are about it.

Mr. NORRIS. I have no doubt that before we get through to-night you will be for free pulp and free paper.

Mr. UNDERWOOD. The suggestion was made to-day that when this bill comes out of the committee it will probably come out in the shape of a maximum and minimum tariff bill. What have you to say on that subject, in the light of that statement?

Mr. NORRIS. Will you permit me first to take up the division of "labor," and of "wood and forestry," and then of the tariff, and then of combinations, so that I may cover the points which I understand were deep in the chairman's mind, that labor must be protected and that the cost of production must be insured?

Mr. UNDERWOOD. Certainly.

LABOR.

Mr. NORRIS. Simple arithmetic will determine the question whether or not the paper makers have given to labor any share of your tariff benefaction. In New York State, which is the largest paper-making State in the Union, the state bureau of labor (p. 359) gathered reports in 1906 from every branch of organized male labor in that State, and the figures showed that 2,786 organized workers in "paper and paper goods" received less than any other class of organized labor (exhibit). Paper workers received an average of \$10.94 per week, or \$1.82 per day, for skilled and unskilled labor combined. The proportion of skilled labor receiving \$3 per day was less than 9 per cent of the total number employed.

In the State of Massachusetts in the year 1905 (see p. 371) 13,364 persons engaged in the paper industry received an average of \$9.06 per week, or \$1.51 per day, and in the year 1906 they received an average of \$1.53 per day.

In the State of Wisconsin (p. 703) 44 establishments, employing 5,384 persons, reported that the average yearly wage was \$462.01, equaling \$1.48 per day, and for 1907 the pay was less than in any one of the three years preceding.

The Bulletin of the Bureau of Labor at Washington, for July, 1907, on page 3 (pp. 372 and 719 of Hearings) shows that of 41 industries employing 334,107 persons whose earnings were reported the only industry in which the pay of labor had been reduced in 1906, as compared with 1904 and 1905, was paper. The hours of labor in that industry were also increased in that year.

The census report for 1905 shows (p. 372) that 65,694 persons employed in the paper trade received an average of \$9.32 per week, or \$1.55 per day.

The paper makers based their increase in price of news print paper to \$50 per ton in 1907, upon the representation that the cost of labor had been increased 50 per cent by reason of the change of tours from twelve hours per day to eight hours (p. 733). It now appears by the records of the American Paper and Pulp Association (p. 1743) that only 29 mills had changed to the three-four eight-hour system and that 215 had continued on the twelve-hour basis.

The data submitted by various paper companies throws an interesting side light on the relative pay of labor. At the Hudson River mill of the International Paper Company the cost of labor per ton of paper produced was \$1.13 per ton less under the eight-hour system than under the twelve-hour system, and that fact taken in conjunction with others found in the reports of the paper companies would

confirm the belief that better paid labor is the cheaper labor in the long run.

The Remington-Martin Company figures of labor cost for the year 1907, while approximating those of the International Paper Company for the same year were less than in the year 1906, when the twelve-hour system prevailed. The total cost of labor in all of the mills of the International Paper Company in the year 1907 under the 3-tour system increased only 34 cents per ton over the cost of 1903, and only 66 cents per ton, or 8 per cent (not 50), over the cost of 1905, when the twelve-hour system prevailed (p. 1977).

The cost sheets submitted by various paper companies to the Mann committee for the year 1907 showed extraordinary discrepancies, as follows:

	Labor cost per ton.
Gould (New York) mill, 12-hour system-----	\$8.53
Cloquet mill (Minnesota), 12-hour system-----	11.57
Park Falls (Wisconsin), 12-hour system-----	10.56
Remington-Martin (New York), 8-hour system-----	8.53
International Paper Company (New York and New England), 8-hour system-----	8.52

It would appear from these figures that the western paper mills could not make paper as cheaply as eastern mills, and the eastern mills, working on the eight-hour system could show a saving of from \$2 to \$3 per ton in the comparisons. It is possible that the excessive labor cost of the western paper mills is due to the fact that they employ boys to operate their paper machines. The Mann committee in its visits to over 19 paper mills in Wisconsin and Minnesota found very few grown men. It saw many 15-year-old boys who were working thirteen hours for six nights. At one mill, Combined Locks (p. 2103), the night force worked fourteen hours. Two 15-year-old boys at one mill in Neenah, Wis., were working as members of the crew on a paper machine at the rate of 8½ cents and 10 cents an hour, respectively. Workers in George A. Whiting's mill at that place received pay varying from 90 cents to \$1.10 per day. Women, who were sorting rags, were paid \$4.50 per week by men who pose as leading citizens. Paper-mill workers in the Fox River Valley were paid 14½ cents per hour for sixty-five hours per week, or \$9.52 per week.

Mr. Cowles, the president of the American Paper and Pulp Association, had declared to Congress that the cost of labor in the paper mills had increased from 30 to 70 per cent in ten years, and that a large part of this increase had taken place in past two years; but when the labor cost figures of his own mill were dissected it appeared that the labor cost was 12.21 cents per 100 pounds in December, 1906, under the twelve-hour system, and 12.68 cents in December, 1907, under the eight-hour system, an increase of less than 4 per cent (not 30 nor 70) in his mill. Comparative tables printed in the Paper Mill of July 6, 1907, showing the operations of a typical paper mill in the West, disclosed the fact that its labor cost had increased less than 2 per cent in ten years. There were numerous factors that contributed to keep down the cost of producing a ton of paper. The width of machines had increased in ten years from 100 and 120 to 150 and 160 inches; their speed had increased from 350 and 400 feet to 550 and 600 feet. The daily product of a paper machine had been increased from 20 tons to 45 tons. The labor mill workers contend, and

with some justification, that the pulp mill will grind more pulp when the men work eight hours than when they work twelve hours.

Upon the question of the comparative pay of paper-mill labor in the United States and Canada, I refer you to the statement of George Chahoon, jr., manager of the Laurentide Paper Company, of Canada (p. 805), and of Mr. Carl Riordon, of the Riordon Paper Mills, of Merriton and Hawkesbury, Ontario (p. 805), and of Mr. F. B. Lynch, of Minneapolis, who testified in October, and of Mr. Cowles, president of the American Paper and Pulp Association (p. 908), all of whom said that the Canadian mills pay as high and higher wages than are paid in the United States. Practically all skilled labor in these mills comes from the United States, and the inducement of higher pay must be made to attract them there.

In comparing relative pay with Canada, Mr. Cowles said: "If anything, I should say that labor is higher in Canada than it is in the United States."

The CHAIRMAN. Do you mean skilled labor?

MR. COWLES. I mean skilled labor and cheap labor, both. That was not formerly so, but it is so to-day. That is my own experience and my own observation.

Consul Worman, of Three Rivers (p. 1991), reported to the State Department that "labor in the Canadian mills is as high as in the United States, yea, oftentimes even higher. The skilled mechanics are Americans who receive higher wages as an inducement to leave their home and country."

More than 100,000 newspaper employees have sent appeals to Congress and the President asking for the abolition of the duty on pulp and paper. Upon what theory can you claim to give protection and benefactions to paper-mill employees who do not treat their labor properly, while you refuse it to newspaper publishers who pay to their employees an average wage that is about three times the amount paid by the paper makers? The entire amount paid to paper-mill labor producing news-print paper will not exceed \$9,000,000 per annum. Yet the paper makers who profess such anxiety for their labor ask you to add to the losses of compositors, pressmen, and stereotypers, and photo-engravers, whose enforced idleness in the last year, partially because of the high price of paper and its reduced consumption, will more than equal the total pay of these paper-mill employees.

Instead of giving to labor the rewards which protection was designed to confer, the paper makers have treated their labor worse than any other industry has done. Since the 1st of August, 1908, a protracted struggle was carried on between the International Paper Company and its employees over a question of a reduction of 5 per cent in wages—the contest entailing a loss in labor and other items exceeding \$1,000,000, all of which must ultimately be borne by the newspaper publishers, under the provisions of your tariff schedule.

WOOD.

I now approach the subject of wood and forestry.

In presenting estimates of standing timber in the United States, I do so with misgivings of the accuracy of every government estimate in that direction. Two recent experiences of the worthlessness of such statements make me incredulous of all of them. Subject to this

reservation, I state that spruce constitutes 70 per cent of the wood used in paper making. Government reports of 1906 declare that the State of Maine supplied over one-third of the spruce used, and more than double the quantity furnished by its closest competitor, the State of Washington. The spruce of New York State has fallen off recently, and that of New Hampshire and Vermont has decreased about one-half since 1899. These four States in the Northeast furnished 60 per cent of the timber, Washington and Oregon 20 per cent, the Virginias 10 per cent, and the rest of the country 10 per cent. The State of Minnesota, about whose supply of spruce much has been said, supplied only one-sixtieth of the total cut. About three-fifths as much spruce was used for pulp as for lumber in the United States in 1906. Paper makers cut over 1,830 square miles every year to provide wood for pulp and paper mills. We import from Canada for the same purpose the timber from 338 square miles, so that our paper mills strip altogether 2,168 square miles every year. Of this stripping, approximately one-third, or 700 square miles, is for mechanical ground wood and two-thirds, or 1,400 square miles, is for chemical pulp.

New York State consumes over a million and a quarter cords of wood in the manufacture of pulp, or more than twice as much as Maine, which ranks next. The amount of pulp wood used in the United States in the calendar year 1907, reported by 250 mills, was approximately 4,000,000 cords. Forty-five per cent of this quantity was domestic spruce and 23 per cent spruce imported from Canada. Fifteen per cent was hemlock, 9 per cent poplar, and 8 per cent was said to be made up of pine, cottonwood, balsam, and other woods.

The Census Bureau has pointed out (Bulletin 77) that the inroad into the remaining supply of spruce is rapid, and that the concentration of much of the stand into extensive holdings of pulp manufacturers explains a substantial rise in the cost of lumber stumpage. I hesitate to give estimates of standing spruce, because estimates and conditions vary widely.

The fact that the principal users of spruce have bought over 12,000 square miles of timber tracts in the Province of Quebec alone would indicate their fear of a shortage, though evidences of a gigantic speculation in woodlands are numerous and strong. The International Paper Company, with approximately 7,000 square miles, or four and a half million acres, of timber lands under its control, turns out about 1,600 tons of paper per day. The vice-president of the Great Northern Paper Company has laid it down as an accepted formula of the trade that 1,000 acres of spruce will produce perpetually enough wood to turn out one ton of paper per day. Forester Pinchot was inclined to look upon this basis of computation as correct. Applying the formula to the International Paper Company's holdings, it would appear that that company has acquired about three times the area necessary for a perpetual supply on the basis of its present production. If the company should cut its pulp-wood supply from its own lands, there might be some justification for a contention that that immense acreage was necessary to safeguard its future supply. But it cuts from its own lands only 25 per cent of the wood it uses, buying 75 per cent upon the market. It therefore cuts only one-twelfth of that which its acreage would permit, and it is obviously engaged in the business of speculating in woodlands instead of making paper. A confirmation of this view of its methods is shown

in the statement it submitted to the Mann committee, wherein it claimed that it had woodlands worth \$13,493,315, though its annual statement for June 30, 1908, placed the book value, and assumedly the actual cost value, of these woodlands at \$3,697,560, showing an estimated profit of nearly ten million dollars on that speculation. Every purchaser of paper from that company is forced to pay approximately 2½ cents per 100 pounds as a contribution toward the carrying charges of that venture. Incidentally, I may point out that in the valuation of its properties it claimed that it had 194,592 horsepower of undeveloped water powers which it valued at \$9,729,600. Here is another venture to which paper users must contribute for carrying purposes, these undeveloped water powers and these vast timber tracts having been acquired to stop others from competing with it in the manufacture of paper.

Mr. HILL. May I ask if you refer to the 35,000,000 of which you spoke a while ago as undeveloped water power?

Mr. NORRIS. Oh, no—no! That has been worked to the limit.

The worst phase of its business is the use of adjunct companies to hide its actual operations. It buys much of its wood from the St. Maurice Lumber Company, in Canada, which it owns and controls. It has three or four adjunct companies in the United States and Canada which completely baffle an audit of its wood accounts. These adjunct companies are: St. Maurice Lumber Company, Champlain Realty Company, Michigan Pulp Wood Company, American Realty Company, and Miramichi Lumber Company.

In shipping pulp wood from Canada it has not had any incentive to undervalue the export because there was no duty upon it. For years the International Paper Company has been certifying to the Canadian government that the pulp wood shipped by it from Canada to the United States was valued at less than \$5 per cord. The values fixed by paper makers upon all the pulp wood sent out from Canada have been as follows:

	Per cord.
1905 -----	\$4. 38
1906 -----	4. 31
1907 -----	4. 37

These figures, which show an actual reduction in value in 1907 as compared with 1905, throw doubt and suspicion upon that company's figures of cost and profit, and suggest an inquiry into the relations of the subsidiary company to the parent concern. Indeed, they may affect its cost figures at some mills to the extent of \$3 per ton, and disprove the claim of increased cost of wood. I am unable to fathom the purposes of a management which pays high prices to outsiders for its wood supply while refusing to cut timber from its own cheap lands, which are inventoried at less than \$1.70 per acre. Neither can I understand the craze for woodlands which it developed in the year 1907, because in fourteen months prior to January 1, 1908, it acquired 2,000 square miles of additional acreage. Altogether, the International Paper Company had cut 6,418,512 cords from timber lands in Canada to January 1, 1908.

In the State of New York the International Paper Company has 400 square miles of spruce, of which 100 square miles is virgin timber. In Vermont it has 121 square miles, and in New Hampshire 200 square miles of which 80 square miles is virgin timber. For some

extraordinary and unexplained reason the International Paper Company is allowing that virgin timber to remain uncut. A virgin forest never grows. Every dictate of good forestry would suggest the propriety of cutting out the mature timber and thereby gaining 4 or 5 per cent per annum from the growth of that which is allowed to remain. The policy of the International Paper Company in these matters is beyond explanation. Certainly, the users of paper are made to suffer by reason of the withdrawal of these vast areas from the market and the inevitable increase in the cost of stumpage. The officers of the paper company comfort themselves with the reflection that lands which were reported to be worth \$10 per acre ten years ago are now worth \$27.50 to \$30 per acre, but those valuations are purely fanciful and are the results of the artificial stimulation which pulp manufacturers have given to values. Eight or ten paper makers own over 1,140 square miles of spruce forests in the Adirondacks.

The International Paper Company has 400 square miles; Finch, Pruyn & Co. (affiliated with the International Paper Company), 220; Gould Paper Company, 170; St. Regis Paper Company, 100; Racquette River Company, 140; Schroon River Paper Company, 16; J. & J. Rogers Paper Company, 47; Dexter Sulphite Company, 47; hunting preserves for individuals, 1,500; New York State Forest Reserve, 2,700; a total of 4,340.

It is obvious that the prohibition of the export of pulp wood from Canada would mean the prompt destruction, not of 2 or 3 per cent of our forests, as paper makers would have us believe, but of 25 per cent, or 1,100 square miles, of the Adirondacks.

Mr. Pinchot estimates that the available supply of pulp-wood timber in the United States will last as follows: New York, eight and one-half years; Pennsylvania, nine years; Minnesota, nine years; Vermont, eleven years; New Hampshire, twenty-five years; Maine, twenty-eight and one-half years.

I am not authorized to say what the Mann committee found when it undertook to ascertain the possibilities of reforestation. I know it went to the West, where the supply from Ontario had already been stopped and where sawmills had been abandoned because owners found the Ontario law made relocation necessary on the north side of the Georgian Bay. Practically all spruce in Wisconsin has been cut out. In Minnesota the spruce was found to be exceedingly small in size and requiring from one hundred to one hundred and twenty-five years to reach maturity and a diameter of 10 inches, whereas in the State of Maine the pulp men say they do not cut anything less than 14 inches. A visit to paper mills in Wisconsin and Minnesota disclosed a ridiculous aspect to their pulp supply. In many cases they are adjuncts of lumbering operations, as shown by Mr. Weyerhæuser's investment at Cloquet and the Walker-Nelson investment at Little Falls. Disks cut from pulp wood in Minnesota mills showed that the 6-inch pulp wood counted 65 rings. Much of the wood was less than that diameter, and Mr. Mann brought back from Cloquet a specimen piece of pulp wood no larger than a baseball bat, which had been prepared for the pulp grinder. To reach bodies of spruce that would average 10 inches the committee passed through miles upon miles of burned forests, some burned in the spring of 1908, some in the fall of

1907, and some in the spring of 1907. It was admitted by the lumber cruisers who accompanied the committee that the fire in the spring of 1907 had been started by the lumber men to burn up their slashings and had become too much for them.

When Mr. Weyerhæuser, of St. Paul, the largest lumber operator in the country, was asked about the possibilities of reforestation, he said that it was impossible for individuals because of the constantly recurring forest fires and because of the time required to mature the trees, and because of the taxes on standing timber which would eat up the principal before the new growth could reach maturity.

Forester Pinchot submitted to the Mann committee tables based on actual measurements of timber in different parts of the United States to establish the fact that from twenty-five to forty years must elapse before a second crop of spruce timber could be obtained, and that period was dependent upon the observance of forestry conditions and a restriction of cutting to 10 inches minimum. To obtain spruce from seeds planted in the forests would require between seventy-five and one hundred years. Mr. Pinchot stated that the cutting of pulp wood in the United States was destructive rather than conservative because large and small timber is taken and little is left for a future crop. Testimony given to the Mann committee showed that in the West lumbermen cut everything clean, leaving nothing to grow for the second crop. Many States are putting a premium upon the destruction of their forests by taxing the standing timber. In Montana, it was stated the Government had adopted regulations which promoted this butchery. It will be necessary to move paper mills across the border or to the Pacific coast where there are supplies of spruce, if policies advocated by paper men inviting the prohibition of pulp wood from Canada are adopted.

In estimating the Canadian supply upon admittedly indefinite data of the two countries, Mr. Pinchot calculated that Canada had from two to three times the amount of spruce pulp wood that we have in this country (p. 1357). Canadian pulp-wood estimates vary. Broadly speaking, it has been claimed that there are spruce forests extending from Cape Hamilton, in Labrador, to the Yukon, and from the St. Lawrence north to Hudson Bay; that if the United States did not cut another stick of pulp wood for 200 years, and the Canadian trees should stop growing and remain in their present condition, there would be enough pulp wood available to keep us going for more than 200 years. Dr. Robert Bell, of the geological survey of Canada, says the forest areas of Canada measure 2,600,000 square miles, of which half are in pulp wood. This area computed on the basis of four cords of pulp wood to an acre would yield six and one-half billion cords, which would be enough to last the United States for 1,500 years on the basis of present consumption.

R. H. Campbell, superintendent of forestry of the Dominion government, calculated the forest area of the Dominion at 840,000 square miles, divided as follows:

	Acres.
British Columbia.....	182,000,000
Manitoba, Saskatchewan, Alberta, and unorganized territories....	180,000,000
Ontario.....	40,000,000
Quebec.....	120,000,000
New Brunswick.....	7,500,000
Nova Scotia.....	5,000,000

Consul Worman, of Three Rivers, said there were 745,000,000 cords of pulp wood in the Province of Quebec alone. Americans were the first to organize milling companies to build sawmills in that consular district. Their operations have continued to this day, and with three exceptions, the lumber industry of Three Rivers may be said to be in the hands of Americans or controlled by American capital. Besides the mills in Three Rivers, there are ten or more large mills along the north and south shores, many of which are controlled by American capital, and exporting their products to the United States principally. American paper companies own more than 12,000 square miles in the Province of Quebec and in the list may be included the following:

	Square miles.
International Paper Company (in one of four land offices)-----	2, 597
Berlin Mills-----	2, 462
Union Bag and Paper Company-----	2, 200
W. & M. J. Clarke, of New York-----	762
Saguenay Lumber Company-----	407
Bayless Pulp and Paper Company-----	475

In addition to timber holdings, Americans are interested in water powers on the Miramichi, Jacques Cartier, and St. Maurice rivers.

Consul Smith, of Victoria, says American syndicates seem to be successful in securing the bulk of the standing timber in British Columbia in spite of the keen rivalry of eastern Canadians. He said: "It is noteworthy that most of the large investments by Americans in British Columbia timber lands have been made by wealthy lumber men who now own or have made their money in large manufacturing enterprises in the Eastern and Middle States. They have literally poured their money into British Columbia, because, as several have declared to the writer, they regard the timber lands in this Province as the last that can be secured at nominal rates on this continent. As Wisconsin and Michigan forests were forty years ago so are the timber lands of British Columbia to-day." There is an item in the Daily Consular and Trade Reports, issued by the Bureau of Manufactures, for Monday, September 9, 1907, headed "Lumber in British Columbia," which seems to me incredible, because of the vast area to which it refers. It states on the authority of Consul L. E. Dudley, of Vancouver, British Columbia, that "a St. Paul, Minn., company (presumably Weyerhaeuser) purchased 261,000 square miles of timber lands, partly on Vancouver Island, the remainder upon the mainland, paying about \$5,000,000 for the same, and proposes building six large sawmills at once. One American is said to have realized more than \$1,000,000 profit upon his holdings acquired in the last few years. The provincial lands are not sold, and all logs cut upon such lands must be manufactured within the Province. The lands now changing hands by sale and purchase came into private hands before the enactment of the law now in force."

Consul Shott, of the Sault Ste. Marie district, reported that nine of eleven large sawmills in his district were owned by Americans and that fully 85 per cent of all the forest product of that district was manufactured by Americans.

At the annual convention of the Canadian Manufacturers' Association held in September, its president, Hon. J. D. Rolland, affirmed the accuracy of the estimates of the Dominion superintendent of forestry

and said the total was enough to keep Canadian mills going three hundred and eighty-one years. He said that if the United States were compelled to build mills in Canada or to buy paper there, it would represent over \$500,000,000 additional capital in Canada. At that meeting the following resolution was adopted by the association:

The pulp and paper section of the Canadian Manufacturers' Association beg to report that at the various meetings of this section held since last autumn the members have been unanimous in the opinion that the government of Canada be requested to preserve the forests and conserve the pulp wood of this country by prohibiting the exportation from Canada of pulp wood, and they ask the earnest assistance of the association in their behalf.

The data here given covering comparisons of timber supply and the menace to American interests should impel the American Congress, solely upon considerations of enlightened self-interest, to arrange promptly with Canada for terms that would be mutually advantageous.

I now come to the section devoted to the tariff.

TARIFF.

The paper makers and Congress have publicly declared that the Dingley law did not increase the duty on paper. I propose to show that the duty on paper was increased in 1897, the date of the passage of the Dingley bill, from \$4.11 per ton on a basis of 15 per cent ad valorem, to \$6 per ton specific, an increase of \$1.89 per ton, or 46 per cent, and that the duty in the year 1907 would have been \$5.40 on the ad valorem basis if the previous law had prevailed, an increase of 54 cents per ton, or 12 per cent. Also that the duty on mechanically ground wood was increased from an ad valorem basis of 10 per cent, or \$1.15 per ton, to a specific duty of \$1.67 per ton, or 45 per cent increase.

Unbleached pulp was increased from 10 per cent ad valorem to \$3.33 per ton specific; bleached pulp was changed from 10 per cent ad valorem to \$5 specific.

The paper makers had failed to point out to you that the duty was based, not upon the price of the paper delivered at destination, but upon the selling price at point of shipment. When Mr. William A. Russell appeared before your committee on December 31, 1896, the price of news-print paper was \$35 per ton delivered in New York, or \$30.40 per ton f. o. b. mill, which at 15 per cent ad valorem would then have fixed a duty of \$4.56 per ton. The paper makers then asked you to raise it to a specific duty of \$6 per ton.

I will repeat that for the benefit of the Chairman, merely because it may recall a personal experience. When Mr. William A. Russell appeared before your committee on December 31, 1896, the price of news-print paper was \$35 per ton delivered in New York, or \$30.40 per ton f. o. b. mill, which, at 15 per cent ad valorem, would then have fixed a duty of \$4.56 per ton. The paper makers then asked you to raise it to a specific duty of \$6 per ton.

In July, 1897, within a few days of the date of the passage of the law, I bought 3,000 tons of news-print paper from the Hudson River mill at a price of \$32 per ton, delivered in New York, or \$27.40 f. o. b. mill, which at 15 per cent ad valorem would have required a duty

of \$4.11 per ton, and you fixed a specific duty of \$6 per ton, an increase of \$1.89 per ton, or 46 per cent.

I understand that no one denies that the duty on mechanically ground wood or unbleached pulp was raised. However, it might be well to refer to the report of the Treasury Department, which proves that the mechanically ground wood imported in 1897 was valued at \$11.55 per ton, thereby establishing the point that the ad valorem duty at 10 per cent in 1897 was \$1.15, and that it was raised at that time to a specific duty of \$1.67 per ton.

The duty on print paper did not produce any material revenue to the Government, the average collection of duties on news-print paper for ten years, since the passage of the Dingley bill, having been \$9,365 per annum. The importations for each year were (see p. 880) as follows: 1898, no paper imported; 1899, no paper imported; 1900, 86 tons; 1901, 18 tons; 1902, 49 tons; 1903, 20 tons; 1904, 1,890 tons; 1905, 3,316 tons; 1906, 1,788 tons; 1907, 8,733 tons.

In six of the ten years it may fairly be claimed that news-print paper was not imported; and it is obvious that under such circumstances the duty on news print can not be regarded as a revenue tax. Practically no news-print paper has been imported into the United States except on emergency consignments.

Mechanically ground wood for the five years reported by the Treasury Department (p. 866) averaged 67,846 tons per annum, yielding an average revenue of \$117,508 per annum.

Chemically bleached pulp was not imported (see p. 866). The importations of unbleached pulp for five of the ten years of which the Treasury Department furnishes a record averaged 31,000 tons, yielding an average revenue of \$108,000 per annum. This importation of unbleached pulp carries with it a startling story of tariff demoralization.

Every result that was aimed at in the paper and pulp schedule, so far as it applies to the news-print business, has been reversed. The importations of mechanical pulp at the end of ten years are seven times as great as they were in 1898 (see p. 866), and our exports of news-print paper have diminished. The table furnished by the head of the export department of the International Paper Company (p. 1165) reveals a complete collapse of its foreign business because of conditions it had fostered at home. When you considered this paper schedule in December, 1896, Mr. Warner Miller told your committee that the primary purpose of any consolidation would be the exploitation of foreign trade. Subsequently, when the International Paper Company was formally organized, in January, 1898, Mr. Hugh J. Chisholm painted for the American Paper and Pulp Association a beautiful word picture of a proposed invasion of the world's markets. He counted \$61,000,000 worth of paper business awaiting the American touch. He pictured the genius of our manufacturers, and he proposed to tap the golden hoard; but we find to-day that the International Paper Company has abandoned all the trade which years of effort had accumulated, and we are no nearer the foreign goal to-day on news-print paper than we were ten years ago. Our export trade of wood pulp has dwindled to half of what it was ten years ago; and a great part of that news-print paper export which now appears in the Treasury records represents, not a business based on the sound

principles of growth, but a purely artificial propagation, fostered by drawbacks and paid by the United States Government to the International Paper Company upon wood pulp brought into the United States and Canada and converted into news-print paper for export, with comparatively small advantage to American labor. The head of the foreign department of the International Paper Company estimated these exports at 17,000 tons, though the Treasury figures (see pp. 693 and 1005) failed to reveal that quantity. Those drawbacks for exportations were particularly grievous under the circumstances, because the company was taxing local consumers heavily for the paper it sold to them under the plea that it did not have enough paper to go around. To that extent the Government was placing a premium upon the paper famine, though a New York speculator was the principal doer of harm in that direction.

Turning to the study of the cost of production, we find a variety of material on which to base a comparison. On February 18, 1907, Mr. J. R. Booth, of Ottawa, sold paper to the International Paper Company at \$33 per ton (p. 1157). The Laurentide Paper mill made apparent profits of \$500,286.97 during that year on all its business, but this included lumber. Other Canadian mills sold at \$35 per ton f. o. b. mill.

In the summer of 1897, shortly before I had bought 3,000 tons, to which I have referred in computing the raise of 46 per cent on duty, I bought from the Glens Falls mill, New York, 40,000 tons of news-print paper for the New York World at \$33 per ton, delivered in press room, New York, or \$28.40 f. o. b. mill, which figure included mill profit. The fact that there were profits in the operation of that mill is shown by the millions bequeathed by the men who owned and ran it. I then estimated that the cost of production at that mill, at that time, was about \$24 per ton.

On April 14, 1904, the International Paper Company sold 900,000 tons of news-print paper to the Hearst publications under a ten-year contract at a price of \$37.60 delivered in New York, Chicago, and Boston. This price was equivalent to \$33 f. o. b. mill, and included profit for the company.

In the years 1906 and 1907 the cost of production at the Hudson River mill of the International Paper Company was \$27 per ton (p. 705). In studying cost, the point should be noted that the Hudson River mill supply of wood comes from Canada. It is brought by rail from preparing mills in the St. Maurice River at a cost for transportation of \$3.50 per cord of wood or per ton of paper, whereas other wood of the same company cut in the Adirondacks is put into the Hudson River and is floated past this mill to other plants of the company at Glens Falls and Fort Edward with very little cost for transportation. Then, too, wood has been shipped by canal and Lake Champlain from Canada to those mills; but for some unexplained reason it has been sent entirely by rail to the Hudson River mill.

The annual reports of the International Paper Company (p. 1211) indicate earnings as follows:

	Gross income.	Expense.	Earnings.
1898-1899 (17 months).....	\$20,956,221	\$17,061,046	\$3,895,175
1899-1900.....	18,707,635	15,581,759	3,125,876
1900-1901.....	20,711,902	16,750,245	3,961,657
1901-1902.....	19,719,420	16,818,225	2,901,195
1902-1903.....	20,142,771	16,529,310	3,613,461
1903-1904.....	20,304,514	17,150,531	3,153,983
1904-1905.....	20,908,666	17,640,193	3,268,468
1905-1906.....	21,837,816	18,679,296	3,158,520
1906-1907.....	21,841,486	19,000,016	2,841,470
1907-1908.....	20,716,304	17,878,134	2,838,170
Total for 10 years and 5 months.....	205,846,735	173,088,760	32,757,975
Average per annum.....	19,761,287	16,616,521	3,144,766
Improvements improperly charged to cost per annum.....			1,000,000
			4,144,766
Deducted for taxes and insurance.....			188,800
Net earnings per annum.....			3,956,966

The output for the International Paper Company for ten years has averaged less than 450,000 tons per annum. According to President Burbank (p. 716) the company has been spending \$1,000,000 per annum on "improvements." The company is including that expenditure for improvements in its cost of production total. After allowing for taxes and insurance as part of the cost, we find that the annual profit has averaged \$8.79 per ton on a basis of 450,000 tons of annual production, and that the manufacturing profit has been 29 per cent on cost f. o. b. mill; that the average price for paper delivered has been \$43.91 per ton, or \$2.19 per 100 pounds, or \$11.91 in excess of the price at which I bought paper when the Dingley bill passed. Further, that the average cost of production has been \$35.12 per ton delivered, or \$30.52 f. o. b. mill. The company's figures of cost are based on juggled bookkeeping, which added at least \$3 per ton for cost of wood at many mills, and the figures are also based on the production of many mills which are antiquated and unfit for news-print paper purposes and upon a costly method of assembling raw material whereby 7 sulphite plants supply 15 news mills. A properly balanced mill should have grinders and sulphite digesters and paper machinery concentrated at one place.

In ten years the International Paper Company has shown a distinct recession in its position. That \$60,000,000 corporation has not displayed intelligence in its management. It has attempted to combat every law of trade and it has failed. A company whose business is run on the basis of secrecy and lying and deceiving its customers is doomed to disaster. The day will come when its bondholders will change its policies and methods and make paper at less than \$24 per ton and meet all customers in the markets of the world on even terms at open prices, free of all combinations, doing business on a cash basis, standardizing its output, selling its undeveloped water power, cutting wood from its own lands, disposing of the acreage it does not need, encouraging trade schools, and revolutionizing the methods of its selling department.

When the company had an opportunity in 1905 to borrow \$5,000,000 on bonds, it spent the proceeds, and it took another plunge promptly into a \$5,000,000 floating debt. Its managers had put a premium upon competition because of their methods. They seem to be unable to take care of the property; and they beg the Government to help them maintain its impossible policies. It is a giant shackled by stupid servants; but may it not be that a corporation invites speculation with its possessions when it puts its officers in the atmosphere of Wall street?

The Great Northern Paper Company is selling to the New York World and to the New York Herald at prices which, including profit, net it about \$31.40 per ton at the mill. I have been credibly informed that the Great Northern Paper Company, even with those low contracts on its books, was making a profit of \$4,000 per day on an output of 400 tons per day, or \$10 per ton profit. If we assume an average price of 2 cents per pound, or \$40 per ton, delivered, on all of its contracts, and a cost of 23 cents per 100 pounds, or \$4.60 per ton, for marketing its paper, we will find a production cost of \$25 per ton.

American news-print paper sold in Sheffield, England, last year (p. 2020), on a basis of \$39 per ton of 2,000 pounds, f. o. b. New York, while selling to New York customers at \$50 per ton. In April, 1904, we called the attention of the Judiciary Committee of the House to the action of the International Paper Company in selling paper for London on a basis of \$35 per ton f. o. b. New York while charging local customers \$45 per ton; and when I told the Mann committee that that same corporation had been selling abroad at lower prices than it had sold to domestic customers, it cunningly evaded the point by furnishing, not its actual prices for special markets abroad at particular periods, but it gave an average price for each year (p. 1980). Even upon that table it admitted that in two years, 1903 and 1904, it obtained a lower price for foreign business than for domestic supply.

I have eminent authority for the statement that American mills can make paper cheaper than Canadian mills. I refer to Sir William Van Horne, the president of the Laurentide Paper Company, of Canada, which produces 160 tons of news-print paper per day, or double the quantity that all Canada uses. He said the advantage of the American mills over the Canadian mills was as follows: A supply of skilled labor, cheaper coal, adequate home market, cheaper mill supplies, cheaper first cost of machinery, cheaper repairs and maintenance, lower ocean rates for export, lower marine insurance on exports.

He omitted, however, the most important advantage which the American mills have. Canada is handicapped by excessively cold winters. In the north country it costs 25 per cent more to operate in winter than in other seasons.

The head of the export department of the International Paper Company, Mr. Chable (p. 433), is authority for the statement that Scandinavia, Finland, Canada, and the United States are the only countries that can make news-print paper profitably. American paper will command an advance of from 7½ to 10 per cent over the European make. Sir William Van Horne furnishes an explanation for that difference in quality in describing the fiber of the Baltic product as "silvery and not making a feathery pulp like the American product."

It is obvious that the American paper maker is protected against the Baltic paper maker by the cost of transportation and by a difference of \$1.50 or \$2 per ton in quality, by better and therefore cheaper labor, and by many of the things in our favor enumerated by Sir William Van Horne. The one striking fact which stands out as the primary and conclusive evidence of the inability of the Scandinavian news-print paper maker to enter this market is the point that in all the periods of high prices in the United States not a pound of British or Baltic or German news-print paper has ever been brought into the United States.

The mills at St. Croix, Millinocket, and Berlin, which are modern plants, can compete successfully with Canada or any other mills, and can make cheaper paper. This fact is just as true to-day as it was about the year 1897, when Mr. Hugh J. Chisholm sold paper in Toronto at an invoice price of \$25 f. o. b. Otis Falls. Mr. Ballou, of Menasha, Wis., who buys pulp wood for 16 Wisconsin mills, indicated to the Mann committee (p. 2131) that America can manufacture news-print paper as cheaply or cheaper than Canada. It was the action of this single buyer in going 1,500 miles away from his western mills to purchase 50,000 cords of pulp wood that precipitated the hysterical performance in paper prices in 1907, though the most serious work of price-raising was done by a New York speculator.

The western mills had been suffering from the results of the imposition of the countervailing duty on paper. Their natural source of supply is Ontario; and when that Province prohibited export of pulp wood, you increased the cost of the raw material of those mills. The statement by him that American mills, presumably Wisconsin mills, can make cheaper paper than Canadian mills, has additional force because of this extra cost of wood. There is another disadvantage which the western mills overcame. The wood pulp furnished to them is small in diameter. Much of it is unfit for any other purpose. The spruce tree in that section does not grow much beyond 10 inches in diameter, and the material used for pulp grinding will not average 6 inches. Some of it is less than 3 inches in diameter, and makes extra waste and loss in barking the wood for the grinder (p. 2108). Some of the western mills are adjuncts of lumber establishments, and must take the leavings. Many of them are one-machine plants which can take only a proportion of the sizes which may be offered to them, and which lose a percentage of their production when they are unable to fully cover the wires of their paper machines. Notwithstanding this difficulty, the western mills have made money on prices of which they have complained. It required a corkscrew to extract from them any admission of financial gains. So far as I have been able to gather, the Mann committee has not been able to obtain the bona fide production cost of modern news-print mills; but I anticipate that the tariff committee of the American Paper and Pulp Association will deluge you and it with cost figures of machines that should have been consigned to the scrap heap, or turned to uses other than the manufacture of news-print paper in competition with the fast-running and finely appointed paper machines of recent construction.

It has been announced that the Committee on Ways and Means is to ascertain the comparative cost of production here and abroad. We are told that the American Paper and Pulp Association would submit such figures. May I deferentially ask how such figures can

be ascertained? What type of mill shall be taken? The antiquated type or the modern mill—the two-tour or the three-tour system—the mill that makes its own ground-wood and sulphite pulp or the mill that makes neither—the mill that speculates in timber tracts or the mill that buys pulp wood at the market, owning no timber tracts—the machine mill that rents its power or the mill that owns its water rights—the mill that can take only particular sizes that fit an unusual width or mills with enough machines to carry any sizes or orders? Shall we compare with Canadian mills or with British mills or with German mills? How shall the basis of comparison be established, and who shall establish it? Will you select a mill that is run as a news-print paper mill or one that is a by-product of a lumber proposition or one that is a consolidation of a number of antiquated plants half of which should be in the scrap heap?

Few of the western mills own any timber tracts. The Northern Paper Company, representing a pool of four mills, owns 40,000 acres in Wisconsin; the Kimberly Clark Company, producing 240 tons of paper per day, owns 30,000 acres; the Consolidated Company, of Grand Rapids, owns 20,000 acres. All the 21 mills scheduled to participate in the western merger owned 73,000 acres of timber land. These figures are in striking contrast with the 4,000,000 acres which the International Paper Company acquired with borrowed money. The western mills have managed to prosper in disregard of the assertion of President Cowles, of the American Paper and Pulp Association, that "nobody would go into the business today, build a new mill, who could not first secure an adequate amount of timber lands to supply the mill permanently with wood."

Of news-print paper mills in this country, 50 have no sulphite adjuncts. Included in that 50 are 9 mills which have no ground-wood attachments.

TARIFF KEPT UP AMERICAN PRICES.

Because of the tariff tax of \$6 per ton we have not been able to buy for domestic use that Canadian paper which has been offered extensively at \$1.75 f. o. b. mill within the last four months. The gentleman's agreement or combination which has controlled the American news-print paper market has maintained the domestic price at a figure just below the importing point, which was \$2.05 f. o. b. mill. It did not seem right in July, 1908, a normal season, when there was no drought and no strike, that Canadian paper should be sent to London for sale at a price which was \$5 cheaper than American newspapers could buy from American mills that had shut down parts of their plants and discharged their American labor rather than cut "agreed prices." The driving out, by threats, of 10,000 tons of Canadian paper which had been bought for this market by S. A. Cook, of Neenah, Wis., is conclusive evidence of the abuse of the tariff benefaction by American paper makers.

During the ten years which have passed since the passage of the Dingley bill there have been many periods when the tariff has forced an increase in the paper price. I calculate that in 1898, during the Spanish-American war, newspapers had been taxed fully \$6 per ton because of the tariff; that in four years, from 1901 to 1904, inclusive,

the tax enabled local mills to add from \$2 to \$6 per ton to the cost of paper; and that in 1907 and 1908 the import duty has added from \$5 to \$6 per ton to the cost of paper.

When the Mann committee visited Grand Rapids, Wis., Mr. G. F. Steele, the general manager of the Nelsoosa-Edwards Paper Company, compared the conditions of American and German mills. He said the paper makers of America were slow to take advantage of possibilities in the manufacture of paper—that in some respects they showed the traits of the day laborer—that the paper business is primitive in many places and shows a lack of technical knowledge. The Germans have visited the United States. They have appropriated its ideas and have developed new methods because of their superior technical knowledge. In this respect the forces employed in American mills are lacking.

I commend to the earnest study of this committee the statement which appears at the end of report 29 of the Mann committee, wherein Mr. Steele describes with some elaboration the primitive character of the American mills as compared with the German mills; and that becomes quite important in connection with the matter of the raising of the duty on sulphite pulp.

In placing an import duty upon pulp and paper you have put a premium upon inertia. You have given the paper makers a false sense of security which has destroyed their initiative. You have unintentionally induced them to form pools and to arbitrarily raise prices and to open up the American market to an invasion which has put at least one branch of the business—that of sulphite pulp—in desperate straits. Germans obtained their help from the technical schools; and they have not only driven us out of foreign markets, but have undersold the American manufacturers in the home markets, and have displaced 57 per cent of the sulphite in the United States.

The paper makers who are asking for protection have been buying sulphite pulp from the foreigner in preference to buying it from the domestic producer, and doing so to the extent of 57 per cent of the total consumption of sulphite pulp.

The men who have been trying for more than five years to hold up and tax every user of sulphite pulp and of paper, have wrought their own undoing. They now come to you and impudently ask you to increase the import duty in order that they may increase their exactions; that they may have a new license to despoil their customers, and that they may continue trade policies which are impossible—in short, that they may push water up hill. Visit the paper mills, as the Mann committee has done, and you will find some methods which are said to be traceable to the twelfth century. Our paper makers have gone to sleep. Imagine a sulphite mill without a trained chemist! And yet there are very few sulphite mills in America employing chemists. Out of 22 mills of all sorts which the Mann committee visited, only 4 may be said to be approximately up to date. The beneficiaries of your tariff favor have allowed the world's market to slip away from them.

Paper can be made more cheaply in America than elsewhere. It is possible to capture the markets of the world. We have the materials and we have the opportunity; but we can only do it by putting the American manufacturer on his own resources, and by withholding from him those tariff favors which have been an incentive to indo

lence. (I refer now to the paper business.) Withdraw your premium upon stupidity and ignorance, and the world is ours for the paper makers and the paper user. Put the spur of necessity upon American talent, and it will win its way; coddle it, and you weaken it.

A removal of the duty on news-print paper would make impossible any combination to raise price. It would place an automatic check upon monopoly. It would nullify the plan by which the International Paper Company and others have expended millions to acquire undeveloped water powers and desirable timber tracts, and to shut out competition. Free paper would steady prices rather than lower them. It would modernize the business, giving consumers the benefits of the latest methods and machinery. Existing duties have raised the price of paper and pulp by giving to the paper manufacturers a shelter behind which they could organize combinations. While the tariff does not account for the full advance in price, the tariff plus the tariff-generated combinations do account for all of it.

Now I reach the last of my sections—combinations.

COMBINATIONS AND OTHER ILLEGALITIES.

A delegation of paper makers, headed by Mr. William A. Russell, appeared before the Ways and Means Committee on December 31, 1896, and urged the framing of the paper schedule to suit the purposes of a number of mill men who were then organizing the industry so that they might control prices. I appeared before the Ways and Means Committee at that time and charged that these gentlemen were then planning to form a combination of mills and to raise the price of news-print paper to 2½ cents per pound, or \$50 per ton. On page 1760 of the report of that proceeding you will find that Mr. Russell said:

I deny both that there is a combination formed, or practically formed, or that any combination or any consideration of this matter by the paper manufacturers which contemplates raising the price of paper at all.

Within seven months after the passage of the so-called "Dingley bill" the International Paper Company was formed from a consolidation of about 30 paper mills, and immediate steps were taken to mark up prices. We call your attention to this matter to show you that at that time the paper makers misled and deceived Congress.

Combinations to restrict production and to fix prices have been made in almost every one of the divisions of the American Paper and Pulp Association, as follows: News-print paper, book paper, fiber and manila, box board, sulphite pulp, tissue, writing, blotting paper, soda pulp.

Information relating to all these combinations was submitted to the Attorney-General in October, 1907, and was subsequently embodied in a formal letter to him under date of February 10, 1908. We gave to him data covering—

Dates of meetings, allotments of output, fixing of prices, restricting of production, pool profits and payments, paying mills to shut down, refusal of quotations to particular brokers, limitation of periods of contracts, limitations upon jobbers, instructions to counsel to find a plan for conducting the affairs of the association in such manner as would defeat any attack upon it by Federal or State Government (I do not mean the American Paper and Pulp Association, but one of

these subsidiary associations), permission to members to bid on a prospective contract in competition with outsiders.

Up to date, the General Paper Company has been dissolved, and the Fiber and Manila Association has been indicted and punished. The Box Board Pool collapsed on April 1, 1908. The Sulphite Pulp Association dissolved and reorganized in December, 1907, as a Bureau of Statistics. The president of the American Paper and Pulp Association, David S. Cowles, resigned September 24, 1908, to make way for Arthur C. Hastings, of Buffalo, who has been employed to organize a so-called "Bureau of Statistics" for the paper trade.

The trade disturbances and price fluctuations in news-print paper, due to unlawful combinations, have been continuous since the passage of the Dingley bill. The creation of the General Paper Company in the West merged the news-print output of about 19 mills, and when the Federal Government dissolved it at the instance of newspaper publishers, one of its officers threatened publishers with the vengeance of higher prices, apparently ignoring the fact that the association had already helped to add \$10 per ton to the cost of news-print paper.

On December 1, 1906, 21 western mills signed a tentative agreement to merge (p. 1999) into a corporation with \$18,000,000 of stock and \$15,000,000 in bonds, and additional bonds for 73,000 acres of timber owned by the mills. A syndicate was also planned to "protect the value of said bonds against the effect of injudicious and premature sales, and the ultimate realization of their full worth." I quote the phraseology of the proposition. The participants in that deal declined to testify on that subject before the congressional committee, one witness explaining that while the committee might grant immunity against prosecution under federal laws, it could not protect him against the application of Wisconsin laws (pp. 2128 and 2133).

Mr. John A. Davis, who had been manager of the General Paper Company until its dissolution and who had been largely responsible for the methods which ultimately wrought its ruin, joined the firm of H. G. Craig & Co., of 261 Broadway, New York, February 1, 1907. His new venture was attended with the prompt acquirement of the selling agency of a number of mills which theretofore had been acting independently. He controlled an output of about 750 tons daily from the following mills:

St. Regis Paper Company, St. Croix Paper Company, Gould Paper Company, Taggart's Paper Company, West End Paper Company, Malone Paper Company, Le Ray Paper Company, De Grasse Paper Company.

Incidentally he also sold paper for mills like the Cliff. At a period when prices were hardening from some cause, Mr. Davis tied up over a million dollars in paper, representing more than 20,000 tons, so that when publishers applied to the International and Great Northern Paper companies they were informed that no paper was to be had from them, but suggested that a call be made on Mr. Davis. Within fifteen minutes, in one instance, Mr. Davis called on the long distance telephone and arranged to ship paper at a price of \$2.65, equaling \$53 per ton. The representatives of the large paper companies instead of exposing this manipulation of the market to the publishers and the

authorities. steered purchasers to him, and they were equally guilty. Mr. Davis's action explains the so-called paper famine of 1907. The testimony of Mr. H. J. Brown, of the Berlin Mills, indicates another phase of Mr. Davis's operations in paper (p. 1387). Again, in March, 1908, when the Belgo-Canadian Mill, of Shawinigan Falls, sold 10,000 tons of news-print paper to an American purchaser, Mr. S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp and Paper Company, of Indiana, he was not permitted to dispose of all of it in this market and 2,500 tons were sold to Lloyd, London, and another slice went to England, the purchaser paying the difference in cost. Some of the mills had apparently planned in August, 1908, to create a paper panic by writing to applicants that the entire output for next year had been sold out, all of which was untrue, because in other places its output was for sale.

At present, with pulp wood a drug in the market, many of the mills being loaded up with more than a year's supply in stock, and with wages and supplies reduced in cost and with capacity nearly 1,200 tons per day in excess of demand, the paper mills are holding out for what seem to be agreed prices for future delivery.

They seem to have formed that kind of a gentleman's agreement which the Paper Trade Journal declared "would avoid legal pitfalls." Incidentally it may be noted that the minutes of the Parks Pool disclosed the fact that the paper-trade publications had been urged to a "conservative" policy.

At all times the methods of the paper makers have promoted secrecy and favoritism in prices. The International Paper Company in 1907 quoted a price of \$52 per ton to Mr. Bass, of the Bangor (Me.) Commercial, who was within 7 miles of its paper mill, and it quoted \$50 per ton to papers in Atlanta and St. Louis (p. 1178). In one town where three publishers of equal merit were buying paper, one paid \$35 per ton and another paid \$55 per ton to the same manufacturer for identically the same article. The testimony before the Mann committee showed that in the year 1908 a price of \$37.60 was paid by the Hearst papers, against a price of \$50 by other papers in the same cities to the same company. The paper makers have arrayed themselves against open prices and against open dealing. They have preferred to keep their mills idle and their labor unemployed and to allow Canada to sell paper here, to the advantage of Canadian labor and the disadvantage of their own labor, rather than sell paper f. o. b. mill. When I applied to the Remington-Martin Company for 100 tons of paper which it wanted to sell it refused to let me have it because I refused to tell the name of the buyer, the place to which it was to be shipped, and the contract relations of the purchaser to other companies. I applied to every considerable news-print paper mill east of the Rocky Mountains for paper on terms which insured cash in advance for the paper delivered on car at the mill, and I was not able to buy from more than two out of fifty mills. Many of them needed orders. Their labor was working part time; but they preferred to respect a "gentleman's agreement" and starve the market to maintain a price. Recently I applied for a price for paper to be furnished to a western publication, and I then discovered that the paper makers not only interchanged information, but apparently kept an index of the expiration of each paper contract. Cases have been brought to my notice of applicants for paper

quotations who would be seated in one room while a clerk would call up someone to ascertain the status of the applicant. Almost invariably prohibitory prices were quoted under such conditions. Scores upon scores of publishers have complained that in some unaccountable way they had been apportioned to a particular mill at a given price and that all the results of a paper pool were accomplished, notwithstanding the denials of the news-print paper makers. What right has the farmer to say who shall make into bread the wheat that he sells? Yet these favored paper makers undertake to follow their paper into our press rooms and to dictate what publications shall be printed upon it. When the selling department of any corporation makes contracts in secret and makes discriminating rates to publishers and favors some and oppresses others, I say that the concern is unsound at its core and that its methods are a crime against the stockholders of that corporation.

Upon our application to Congress for relief a year ago we were told that our remedy was through the executive department and the courts. We furnished to the Department of Justice the data by which the Fiber and Manila Association, the Box Board Pool, and the Sulphite Pulp Association could be reached. We furnished evidence against other groups of paper makers. We furnished the data which resulted in the dissolution of the General Paper Company and in the issue of a permanent injunction against its members, prohibiting them from acting in concert. Subsequent to the issue of that injunction many of them cooperated with the Parks Pool in Fibers and Manilas. One of their number, the Petoskey Fiber Company, of Michigan, openly associated itself with that pool. Twenty-two members pleaded guilty to violation of law. They had robbed paper users of an average of \$2,000,000 per annum by arbitrarily raising prices \$16 per ton, and by closing mills and by restricting production and by depriving labor of its just rewards, because the tariff kept out foreign competition. A federal judge, upon the recommendation of the United States district attorney, let them off with a fine of \$2,000 each, or \$48,000 in all. I hold that indulgence of that sort was not a punishment. It amounted to a license to break the law. If the records of the meetings of the Fiber and Manila Association are examined, I am confident it will be found that many of its members are breaking the law to-day, and that they are meeting regularly to fix prices. As a specimen of the flagrant disregard of law which the Fiber and Manila men show, I exhibit to you the first page of the Paper Trade Journal of November 12, giving the details of a uniform price list which they had adopted as of November 5, 1908, advancing prices \$3 per ton.

Against the Box Board Pool which invoiced goods exceeding \$32,000,000 in value, at a pool profit of \$4,835,652 on 853,677 tons, and against the Sulphite Pulp Association, the records of which are in possession of the authorities, not one step of which we are aware has been taken.

I noticed that Mr. Sidney Mitchell was on the list to address you on the matter of box boards. It is unfortunate that Mr. Mitchell did not appear, because Mr. Mitchell was head and front of the box-board pool and the prime factor in the wreck of the United States Box Board Company.

The Petoskey company, which was guilty of contempt of court in openly disregarding the writ of prohibition of the court, has apparently escaped all penalties. To whom shall we look for a stoppage of such lawbreaking? Do you propose to continue to show favor to these transgressors and to saddle upon the paper consumers the burdens of their misdoings? All respect for courts and for laws is destroyed when such things are possible.

Carrying our complaints to the Mann committee, and telling our story to that body, we encountered perjury and lying in every aspect. We had charged that the International Paper Company was producing 63,000 tons of manilas annually in four of its mills and was selling that output through the Continental Paper Bag Company, its exclusive selling agent. We charged that the International Paper Company, through the Continental Paper Bag Company, whose stock it controlled, was participating in that pool. Mr. Waller, vice-president of the International Paper Company, appeared before the Mann committee on May 18, 1908, and unqualifiedly denied any participation or any interest in any combination or any pool of any sort, either directly or through selling agents, and this applied to "any grade of paper." Yet within thirty-two days after that testimony was given, that is, on June 19, 1908, the Continental Paper Bag Company pleaded guilty to participation in the fiber and manila pool. The Continental Paper Bag Company hid its identity in the records of the association by appearing on the minutes as John Smith. And the indictment shows that that association voted (see folio 55 of indictment, a copy of which I have here) to send its uniform price list to Mr. Sparks, of the Union Bag and Paper Company, and "one to Mr. Waller, of the International Paper Company, for their guidance."

Mr. G. H. P. Gould also appeared before the Mann committee on May 16, 1908, and denied all knowledge of or participation in any combination. On June 19, 1908, that is, thirty-four days thereafter, the corporation of which he was and is president pleaded guilty to participation in the fiber and manila pool.

Officers operating western fiber and manila mills appeared before the Mann committee and testified that they knew of no arrangements for restricting output or fixing prices, yet they did meet. They did agree to close their mills for a period. They did close their mills, and they did so in disregard of the prohibition of the United States court dated June 18, 1906.

Practically all of the mills of Wisconsin which were participants in the General Paper Company have united in the creation of a traffic bureau which concentrates the routing and handling of one and one-half million tons of incoming and outgoing traffic for them. The same mills have common buyers who purchase all of their pulp wood. For a time all of them had auditors inspecting their books and gauging their business assumedly for Dean and Shibley. In view of the fact that these mills quote what seem to be agreed prices and accuse each other occasionally of cutting prices, I can not conceive of any machinery more complete for a combination in restraint of trade.

The Fiber and Manila Association and the Sulphite Pulp Association affect the news-print paper situation. When mills which can be changed to make news-print paper with slight cost are made exces-

sively profitable in other directions by these pooling arrangements (see p. 226), then their equipment is kept out of news-print paper production, and a news-print paper famine is promoted.

RESTRICTION OF OUTPUT.

When the International Paper Company was organized, it absorbed 111 machines making news-print paper, with an assumed capacity of 1,600 tons per day. Three of the machines were sold. Fifteen were discontinued, 5 were leased, and 15 were diverted to other uses. Only 2 machines for making news print have been added to the equipment, and that was not done until after the lapse of nine and one-half years. To-day it has 67 news-print machines with a capacity of 1,416 tons per day, but as the International Paper Company had diverted 125 tons of its product from domestic to foreign service, the supply to its American customers was 1,291 tons per day, or 309 tons per day less than its rated capacity for news-print production in 1898. If it enjoyed your tariff benefaction it should have taken care of the domestic supply, and the responsibility for a paper famine rests largely on it. We also call attention to the testimony of the manager of the Combined Locks Mill (p. 2102), who shut down his mill and discharged his help rather than solicit orders.

On November 25, 1903, all the news-print mills agreed to close down for one week and to reduce the quantity of paper on hand. Notices of the shut down were circulated and printed in the trade press. As a result of that performance there was a paper famine and prices bounded to \$50 per ton. Then the Publishers' Association appointed a committee which visited Washington in April, 1904, and appeared before the Judiciary Committee of the House in an effort to compel the paper makers to keep within the law. Ordinarily a paper mill might shut down when its output exceeded the demand. But when that shutting down is part of an agreement between mills to starve the market and to extort excessive profits from buyers and to throw thousands of workmen into idleness, then that arrangement assumes another aspect.

THE SULPHITE POOL.

For more than five years the members of the Sulphite Pulp Pool have been attending monthly meetings to hold up the market by its boot straps. They were continuously embarrassed by the refusal of Theodore Burgess, of the Burgess Sulphite Company, of Berlin, N. H., producing 340 tons of sulphite pulp per day, to restrict his tonnage. Finally, he was bought out by Mr. W. W. Brown, of the Berlin Mills, who cut its production to 90 tons per day, and a shout of great joy went up over the elimination of this disturber. The pool members had not reckoned that the paper makers would desert them. They had a rude awakening, however, when they discovered that the purchasers of sulphite pulp, like George A. Whiting, of Menasha, Wis., were buying sulphite pulp where they could buy it cheapest (see p. 2066). Other mill men, including John Strange (see p. 2086) said they bought foreign sulphite because it was superior to the American product. The Germans had devoted great study and energy to the promotion of the sulphite manufacture and had made many improvements while the American makers were content to run

along on primitive methods. The high prices which the American producers had fixed, and to maintain which they had restricted their output, invited large importations of foreign pulp, so that in the first seven months of the year 1908 the foreign makers furnished 57 per cent of all the sulphite used in the United States. Twenty-eight thousand tons came from Europe, 11,000 tons from Canada, and 33,000 tons from American mills. In June, 1908, prices for sulphite dropped to a lower level than they had reached in eight years. The Sulphite men professedly changed their organization on December 19, 1907, to one of statistics, in an effort to evade the federal statute. They now ask that Congress tax all paper users for their benefit by raising the duties on bleached and unbleached pulp.

The CHAIRMAN. It is not necessary to read that portion; just skip the part in reference to the newspapers.

Mr. NORRIS. Very well.

The part referred to is as follows:

I submit a schedule of references to testimony of 42 newspapers, on uniform bids; of 54 newspapers, about refusal of mills to quote prices or to make contracts; of 13 newspapers, on lack of competition; of 18 newspapers, on limitation of contracts to one year; of 159 newspapers, on prophecies by paper mill representatives of coming advances in prices and of a paper famine; of 7 newspapers, on interchange of information by mills; of 8 newspapers, on simultaneous advances in prices by paper mills; of 26 newspapers, on the allotment of consumers to particular mills; of 6 newspapers, about quotations made subject to change without notice or for twenty-four hours only; of 11 newspapers, on threats or scores by paper makers; of 99 newspapers, action by mills in fixing prices, including dates of meetings.

NO FEAR OF COMBINATIONS.

Mr. NORRIS. We have no fear of a trade combination as such. When it attempts to combat natural laws of trade it invites failure. In 1897 a new production of 500 tons of news-print paper resulted from the mere discussion of the scheme to consolidate 30 mills. The actual merge of those mills in 1898 induced the building of the Great Northern mill and of similar plants. The proposition to consolidate 20 Western mills into the General Paper Company also increased the Western capacity for paper, and periods of reaction and demoralization followed the seasons of artificial stimulation. The combinations of paper mills induced combinations of supply men, and of dealers in wild lands, all of whom marked up their prices, thereby appropriating much of the additional profits which the consolidators sought to obtain. The newspapers, however, carried everybody's load. What we object to are the methods of the dark lantern and of the sandbag.

The following extracts were submitted by Mr. Norris:

BOOK MEN MEET.

THEY DISCUSS THE UNSATISFACTORY CONDITIONS NOW PREVAILING—AFTER THE MEETING OF THE MANUFACTURERS IT IS REPORTED THAT LEADING WESTERN JOBBERS HELD A LITTLE MEETING OF THEIR OWN—A CONSOLIDATION OF WESTERN BOOK JOBBING HOUSES.

[From our regular correspondent.]

CHICAGO, ILL., November 2, 1908.—The majority of the western manufacturers of book and coated papers, together with a small representation of eastern manufacturers of the same grades of paper, met at the Auditorium, in Chicago, last week. No public announcement was made of the business transacted.

It is reported that preceding the meeting there was a love feast, and that much of the misunderstanding and hard feeling prevailing since the summer meeting, which culminated in a cut of prices, was amicably settled. General conditions were discussed. Most of the manufacturers reported a substantial increase of orders, but that present low prices hardly covered the cost of production. Fears were expressed that the supply of pulp would be short this year because of the drought. While it was the consensus of opinion that conditions warranted higher prices for book paper, no immediate advance was predicted.

Before leaving Chicago several of the manufacturers were very active in soliciting orders at present prevailing prices, and in doing so hinted of possible future advances in price. One large Ohio manufacturer was reported not represented at the meeting.

Immediately after the book-paper manufacturers had left Chicago the sales manager of the Ohio mill arrived in town, and coincidentally representative paper jobbers from Minneapolis, St. Paul, Louisville, St. Louis, and Kansas City. A meeting of the jobbers was held Saturday, and the Ohio sales manager was much in evidence. Chicago jobbers were not represented at the meeting. The representative of The Paper Trade Journal was told that no report of the meeting would be given to the public. The Minneapolis and St. Paul jobbers stated that they were in Chicago to see the Minnesota boys do up the Chicago University football players, but this did not explain the presence of the jobbers from St. Louis, Kansas City, and Louisville. The Ohio sales manager hinted that it was a birthday party. At any rate, some sort of a conference was held, and in all probability it was in reference to the book-paper situation.

The presence at the meeting of Judge Moore, counsel for the West Virginia Pulp and Paper Company, was also reported. It leaked out that there was a scheme of consolidation of ten of the large Western paper jobbing houses in contemplation. What advantages of consolidating were offered are not known to the public. The proposition was such a strange one that it is causing considerable talk in the trade. It seems that the gathering was not instigated by the jobbers, but by the manufacturers. It is reported that only one Chicago house was invited to attend the conference. Nothing definite was transacted, as all of the jobbers attending the conference were not in accord with the movement, whatever it was. One jobber dropped the remark that it would take more money than they had to buy them out, and that as far as his house was concerned he was not interested.

Later developments are awaited with interest by the trade, but, like other schemes which look well on paper, may never be realized.—The Paper Trade Journal, November 5, 1908.

WRAPPINGS ADVANCED.

WESTERN M. & F. MEN ADOPT NEW UNIFORM PRICES ON MANILAS AND FIBERS—FIBER PAPERS AND NO. 2 MANILAS ADVANCED ABOUT \$3 PER TON, BUT NO INCREASE IS ANNOUNCED ON NO. 1 MANILAS—COST OF PRODUCTION HIGHER BECAUSE OF SHORTAGE OF PULP.

The western manufacturers of manila and fiber papers have adopted a new uniform list of prices covering the various grades of manila and fiber papers. The list, which became effective on Thursday of last week, reads as follows:

Screenings	\$2.15
White manila, 30 to 35 pound.....	2.60
Butchers' fiber:	
50 to 65 pound.....	2.80
Heavy weights	2.90
No. 1 water finish (white or drab):	
40 pound and heavier.....	3.05
35 pound	3.20
30 pound	3.60
Black pattern paper, 35 to 50 pound.....	3.15
No. 1 colors:	
40 pound and heavier.....	3.30
35 pound.....	3.45
30 pound.....	3.85

No. 1 manila :	
35 pounds and heavier-----	\$2. 85
30 pound-----	3. 00
25 pound-----	3. 25
Butchers' manila, 50 pound and heavier-----	2. 50
No. 2 manila :	
35 pound and heavier-----	2. 60
30 pound-----	2. 70
No. 1 water finish (all sulphite) :	
40 pound and heavier-----	3. 15
35 pound-----	3. 30
30 pound-----	3. 70
Green pattern paper, 35 to 50 pound-----	3. 30
No. 1 dry finish :	
35 pound and heavier-----	3. 15
30 pound-----	3. 30
25 pound-----	3. 70

The above prices are all delivered on a 20-cent freight rate or under. For all other places the excess freight must be added. On local shipments the prices would be the prices quoted above less 10 cents f. o. b. mill.

Sizes under 150 square inches, 10 cents extra.

Frames, 10 cents per 100 extra.

Tight frames, 20 cents per 100 extra.

Cases not less than 400 pounds to the case, 25 cents per 100 extra.

Rolls under 6 inches wide, 25 cents per 100 extra.

Rolls under 9 inches in diameter, 25 cents per 100 extra.

Blasting rolls, one-quarter of a cent extra for 5-pound rolls, 10 cents per 100 extra for each pound less in weight.

Reams less than 480 sheets count, \$2 per ton extra.

Ream wrapping, 20 cents per 100 extra.

Wood cores to be weighed in and not returnable.

The Eastern manufacturers are expected to adopt a similar price list within a short time.—The Paper Trade Journal, November 12, 1908.

STATEMENT OF FRANK J. KELLY, REPRESENTING THE INTERNATIONAL PHOTO-ENGRAVERS' UNION OF NORTH AMERICA, WASHINGTON, D. C.

SATURDAY, November 21, 1908.

Mr. KELLY. The International Photo-Engravers Union of North America asks the abolition of the duty on white paper and wood pulp, believing that the present duty limits the employment of members of our organization.

The enforced reduction in the size of plates made by our members owing to the increased cost of news-print paper has resulted in the loss of employment by many of our members.

Furthermore, practically every demand made for increased wages by our members on newspapers in the last three years has been contested on the ground that the increased cost of white paper has made it impossible to meet such demands.

STATEMENT OF PATRICK J. McMULLEN, REPRESENTING THE INTERNATIONAL PRINTING PRESSMEN AND ASSISTANTS' UNION OF NORTH AMERICA, CINCINNATI, OHIO.

SATURDAY, November 21, 1908.

Mr. McMULLEN. I simply want to verify the facts contained in the resolutions passed and adopted by our convention.

**STATEMENT MADE BY JAMES J. FREEL, REPRESENTING THE
INTERNATIONAL STEREOTYPERS AND ELECTROTYPERS'
UNION, OF NEW YORK CITY.**

SATURDAY, *November 21, 1908.*

Mr. FREEL. I want to say that I represent the International Stereotypers and Electrotypers' Union, the members of which are employed on the newspapers. I would like to read this resolution, which is a short one, for the purpose of placing our organization and the other organizations on record.

The CHAIRMAN. Proceed.

Mr. FREEL (reads):

Resolutions adopted by the joint conference board of the Allied Printing Trades, composed of delegates representing the International Typographical Union, International Printing Pressmen and Assistants' Union, International Stereotypers and Electrotypers' Union, International Photo-Engravers' Union, and the International Brotherhood of Bookbinders:

Whereas we, the workers employed in the various departments of newspaper and commercial printing offices throughout the United States, i. e., compositors, pressmen, stereotypers and electrotypers, photo-engravers, and bookbinders, to the number of over 100,000, feel that any combination which produces an artificial scarcity of news-print paper, and which unduly stimulates the price of product, is an oppression that affects alike the employee as well as the employer; and

Whereas the almost prohibitive and ruinous price of such paper has curtailed to an alarming extent the number of workers employed in the printing industry, and has further acted as a preventive to the printing trades artisans from securing higher compensation for their services, to which they are justly entitled: Therefore be it

Resolved, That this joint conference board, in session at Indianapolis, Ind., December 17, 1907, submit a memorial to the President of the United States and the Congress, and appeal for the abolition of the duty on white paper, wood pulp, and the materials which are used in the manufacture thereof.

Resolved, That all local unions affiliated with our various international organizations are requested to indorse these resolutions and forward copies to their Representatives and United States Senators.

I would like to say that that was the position of the organization that I represent in December, 1907, and that is their position to-day, and we respectfully ask the Ways and Means Committee to abolish the tariff on wood pulp and news-print paper.

**STATEMENT OF J. W. HAYS, FIRST VICE-PRESIDENT INTER-
NATIONAL TYPOGRAPHICAL UNION, MINNEAPOLIS, MINN.**

SATURDAY, *November 21, 1908.*

Mr. HAYS. Mr. Chairman and gentlemen of the Ways and Means Committee, representing the International Typographical Union, the largest organization which has to deal with the American Newspaper Publishers' Association, and, perhaps, the organization more closely associated with the management in relation to the papers they print, and being better informed as to the reasons why the size of papers is at this time reduced and the reasons why fewer members of that organization are employed by that association, I desire to say that our organization thinks it would be to the interests of its members and to the interests of 125,000 members associated with the allied printing trades that the duty on pulp and print paper be abolished.

The positions which we hold in the newspaper offices are such that we receive direct illustration at times that sizes of papers are reduced or at times that the papers might be larger than they are and more of our members employed were it not for certain things. We find from experience that the sizes of the papers are frequently reduced because of the fact that paper is scarce. We know from experience that these publishers hold the papers down to as small a size as possible ostensibly for the reason that the price of paper is so high. We believe that the ostensible reason is practical and true.

We also believe that were it not for this duty on wood pulp and print paper that there would be a much larger number of men employed in the paper mills. We believe that the tariff now existing on wood pulp and paper does not redound to any extent to the benefit of the people who are employed in those mills, and that without this tariff the demand for white paper would be so much larger and the demand for print paper would be so much larger that the benefit would accrue to the entire community by reason of the employment of a larger number of people in those industries. We believe that with the larger number of people employed in those industries we, working under agreement, will get large wages as compared with the wages paid in the paper mills and that it would also result in the employment of a greater number of our members and in increasing our membership at the same time.

Therefore we believe that, while the tariff now existing does not increase in any way the wages of the people who work in the paper mills, it does decrease the opportunity to work in the newspapers throughout the country. Therefore we believe that large numbers of the working people throughout this country would be materially benefited by taking off the duty on paper.

I thank you very much.

STATEMENT OF ARTHUR C. HASTINGS, PRESIDENT OF AMERICAN PAPER AND PULP ASSOCIATION, NEW YORK CITY.

SATURDAY, *November 21, 1908.*

Mr. HASTINGS. I do not intend, Mr. Chairman, to take any of your time this evening, as I understand the paper which I am going to submit will be printed in the minutes, and that will give more time to others who wish to be heard.

I have nothing to say, except in a general way, and I think you gentlemen can read the brief to better advantage than to have me read it from here. I do put myself on record—representing some 150 members of the American Paper and Pulp Association—as being in favor of the retention of the duties on paper and pulp, and I have no doubt, although I can not speak for them, that all the manufacturers of paper practically feel the same way.

I also desire to say that I have been listening this afternoon to the paper by Mr. Norris. I never did like that paper, and this is the third or fourth time I have heard the most of it.

I also desire to file with the committee a statement from the Box Board Manufacturers, who were not present when their names were called by the chairman.

(The statement referred to by Mr. Hastings follows:)

Mr. Chairman and Gentlemen of the Ways and Means Committee:

Representing the box-board industry in the United States, we submit the following reasons for our request that the present tariff on box boards be maintained:

The capital invested in the box-board industry is approximately \$33,000,000. There are 126 box-board mills with an annual capacity of 970,000 tons, valued at about \$30,000,000, employing approximately 6,300 wage-earners who receive about \$4,000,000 in wages per annum, besides salaries of officials, clerks, etc., of about \$800,000 per annum.

The freight paid railroads on box boards is more than \$2,000,000 annually, besides freight paid on products coming into the mills. Approximately 3,000,000 tons of material are purchased and consumed per year in the manufacture of box board.

The industry is increasing largely. According to United States census reports the box-board tonnage in 1900 was 365,000 tons, at a value of over \$10,000,000; in 1905, 520,000 tons, at a value of over \$16,000,000, and we figure the present capacity 970,000 tons, at a value of \$30,000,000, or an increase of 200 per cent in eight years. Raw material and labor are considerably lower abroad than in the United States.

Notwithstanding the duty of 25 per cent on boards, large quantities are imported in increasing volume each year.

Box board is mostly manufactured from waste material, namely, straw and waste paper, for which the box-board mills pay annually over \$14,000,000. This material would necessarily be burned or otherwise destroyed if not used in the manufacture of box board. The freight rate on straw board from the mills to eastern manufacturing centers averages about \$4 per ton, while the rate to same points from foreign countries is about \$2 per ton.

Owing to cheapness of labor, waste paper is purchased in England, shipped to Holland and Germany, manufactured into box board, and sold in New York and Philadelphia. We are informed that several board machines have recently been purchased for shipment to Japan. These will undoubtedly be used to supply boards to our Pacific coast.

For the above reasons we believe that our industry is at least entitled to the protection afforded by the present tariff.

Respectfully submitted.

(Signed)

CHAS. E. WILLIAMS.
SIDNEY MITCHELL.
WM. R. SHAFFER.

Mr. GRIGGS. What is the association which you represent?

Mr. HASTINGS. The American Paper and Pulp Association.

Mr. GRIGGS. What is that association composed of?

Mr. HASTINGS. Manufacturers of paper and pulp in all lines, writing paper, box, newspaper, wood pulp, sulphite, etc.

Mr. GRIGGS. What is the purpose of the association?

Mr. HASTINGS. Originally the purpose was supposed to be to look out for their interests in the matter of legislation or state matters, so that they could take up as an association matters which the individuals could not take up. Finally, it got to be a social organization with a meeting once a year, a dinner, and a general good time.

Mr. GRIGGS. They do not hear from one another during the year?

Mr. HASTINGS. They have not until the last year. We have been quite active with a view to trying to get them interested in the tariff matters.

Mr. GRIGGS. Is there anyone here to speak for them?

Mr. HASTINGS. That is naturally my business. I am the president of the association.

Mr. UNDERWOOD. You heard Mr. Norris's paper. It was your association he referred to as controlling the prices of wood pulp and paper?

Mr. HASTINGS. I heard a great deal that Mr. Norris said.

Mr. UNDERWOOD. What have you to say as to that?

Mr. HASTINGS. I say it is absolutely false, without any foundation of fact.

Mr. UNDERWOOD. There is no combination in your association to control the price?

Mr. HASTINGS. There is absolutely none.

Mr. UNDERWOOD. Or to control the market?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Does your association in any way divide the market that your mills shall supply paper to?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Is there any understanding that you shall maintain the same price during the year or a relative price?

Mr. HASTINGS. No, sir.

Mr. UNDERWOOD. Is it a fact that the price of newspaper, white paper, is about the same at all times?

Mr. HASTINGS. It is not a fact.

Mr. UNDERWOOD. You all have selling agents who control your product?

Mr. HASTINGS. No, sir. Some sell more or less direct by correspondence. I am the treasurer and manager of the Cliff Paper Company, of Niagara Falls, N. Y. We make practically 40 tons of paper a day. All that paper is sold practically by correspondence and some through jobbers, all the way from California to Australia.

Mr. UNDERWOOD. What is the amount of white paper the newspapers consume in the United States?

Mr. HASTINGS. Roughly, probably 3,500 tons a day.

Mr. UNDERWOOD. How much of that is produced in the United States?

Mr. HASTINGS. 3,500 tons.

Mr. UNDERWOOD. The present duty, then, is prohibitive?

Mr. HASTINGS. No, sir; it is not.

Mr. UNDERWOOD. There are no importations?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. To what extent?

Mr. HASTINGS. Last year about 25,000 tons were imported, as I understand.

Mr. UNDERWOOD. What is the percentage of importations to the amount of production in the United States?

Mr. HASTINGS. Some years there is none imported. Other years, due to abnormal conditions as to extra demand or as to short production through water conditions, there might be any percentage up to 2 or 3 per cent.

Mr. UNDERWOOD. What is it on the average?

Mr. HASTINGS. I should not say that there were over ten or fifteen thousand tons on an average imported.

Mr. UNDERWOOD. What is that percentage as compared with the amount of production in this country?

Mr. HASTINGS. That would not be over about 1 per cent or $\frac{2}{3}$ per cent.

Mr. UNDERWOOD. Then the present duty is practically prohibitive in so far as its result on the market is concerned?

Mr. HASTINGS. Not if the prices warrant.

Mr. UNDERWOOD. I mean at the existing prices. Of course, I recognize that the prices can go up and bring in a great deal of paper. I mean considering the question from what the normal prices have been in the past and the normal importations?

Mr. HASTINGS. No; I do not think it is prohibitive. I consider an overproduction in another country that wanted to sell at a dumping price can come in, and does.

Mr. UNDERWOOD. But the normal condition of the market, with the present duty, is not inviting to the shipment of paper into this country?

Mr. HASTINGS. Not at the market price, no; but there is paper which might come in under a clause which would not forbid dumping.

Mr. UNDERWOOD. Of course, we are considering the proposition from what actually is taking place, not from what might happen.

Mr. GRIGGS. Has it ever happened?

Mr. HASTINGS. Yes, sir.

Mr. GRIGGS. It has happened?

Mr. HASTINGS. Yes, sir.

Mr. GRIGGS. And broke the price of paper over here?

Mr. HASTINGS. There would not be enough to come in to break the price, but we paper manufacturers believe that to let down the bars so any country that is better situated through natural conditions to compete with us, and with the cheaper labor, that it would not be many years before the business would increase so that you would practically put the mills of this country out of business.

Mr. GRIGGS. Where are the importations from?

Mr. HASTINGS. Canada, Norway, and Sweden.

Mr. GRIGGS. There is no cheaper labor in Canada?

Mr. HASTINGS. Yes, sir; a little cheaper labor.

Mr. GRIGGS. One of the mill men here swore that they had higher labor?

Mr. HASTINGS. I did not hear that statement, but we have a report from the select committee.

Mr. GRIGGS. I said "swore;" I meant, stated the fact.

Mr. HASTINGS. If he was a paper manufacturer, it would not have made any difference between swore and stated.

Mr. GRIGGS. I just wanted to keep the record straight, that is all.

Mr. CLARK. You have an idea that a paper manufacturer is more likely to tell the truth than other people?

Mr. HASTINGS. No, sir; not necessarily.

Mr. CLARK. Your remark, then, was supposed to be humorous?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Are you one of the 24 men who were fined \$2,000 each?

Mr. HASTINGS. No, sir.

Mr. CLARK. Who were those gentlemen?

Mr. HASTINGS. I do not know.

Mr. CLARK. Do you undertake to tell this committee that you do not know the men who were prosecuted and fined \$2,000 apiece by the court?

Mr. HASTINGS. I certainly do. I might tell you an individual here and there.

Mr. CLARK. What were they fined for?

Mr. HASTINGS. They were accused of some kind of collusion.

Mr. CLARK. Collusion about what?

Mr. HASTINGS. As to selling or controlling the price, or something of that kind. I do not know what.

Mr. CLARK. They were prosecuted under the antitrust law. Is that true or not?

Mr. HASTINGS. I tell you I do not know. As an association they have no membership in our association. There may have been individuals who belonged.

Mr. CLARK. Any of them here?

Mr. HASTINGS. I do not know.

Mr. CLARK. What has become of the International Paper Company?

Mr. HASTINGS. It is still in existence.

Mr. CLARK. Do you undertake to say that they do not control or fix the price of paper in the United States?

Mr. HASTINGS. I certainly do.

Mr. CLARK. How much is paper selling for now?

Mr. HASTINGS. Whose paper?

Mr. CLARK. Anybody's paper.

Mr. HASTINGS. My paper is selling for 2.65, 2.75, and 3 cents.

Mr. CLARK. How much is that a ton?

Mr. HASTINGS. Anywhere from \$50 to \$60 a ton.

Mr. CLARK. How much was it selling for when the Dingley bill was passed?

Mr. HASTINGS. In what year?

Mr. CLARK. In 1897.

Mr. HASTINGS. I know that some paper sold as low as 1.50 and 1.60 cents.

Mr. CLARK. The effect of the Dingley bill has been to put the price up from \$32 or \$33 to \$55?

Mr. HASTINGS. I do not consider it did; no, sir.

Mr. CLARK. It went up?

Mr. HASTINGS. Yes, sir; so did wheat.

Mr. CLARK. The time it went up coincides with the life of the Dingley bill?

Mr. HASTINGS. Very well.

Mr. CLARK. There was no earthly connection with the two?

Mr. HASTINGS. Not necessarily.

Mr. CLARK. What did put it up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. The law of supply and demand?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. What made you shut down your factories and create a paper famine?

Mr. HASTINGS. I did not.

Mr. CLARK. Did anybody?

Mr. HASTINGS. I do not know.

Mr. CLARK. What did you say put the price of paper up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. How does it happen that you sell your paper \$10 a ton less abroad than you sell it to the paper men in the United States?

Mr. HASTINGS. I do not.

Mr. CLARK. Does anybody?

Mr. HASTINGS. Not that I know of.

Mr. CLARK. Did you ever hear of it being done?

Mr. HASTINGS. No, sir.

Mr. CLARK. Do you export paper?

Mr. HASTINGS. Not this year.

Mr. CLARK. Who does export paper?

Mr. HASTINGS. I presume the International Paper Company and probably the W. H. Parsons Company.

Mr. CLARK. Are you a part of the International Paper Company?

Mr. HASTINGS. I am not.

Mr. CLARK. Did the International Paper Company pick you to represent them?

Mr. HASTINGS. No, sir. I represent the American Paper and Pulp Association.

Mr. CLARK. Is it true that these paper concerns pay lower wages than the laboring men of like class receive in other occupations in the United States.

Mr. HASTINGS. I do not think it is. I think that that statement is incorrect for a similar class of labor.

Mr. CLARK. How much revenue does the paper business bring into the United States Treasury?

Mr. HASTINGS. In 1907 it brought in something like \$15,000,000 or \$17,000,000; but I do not mean that that was the amount of paper imported.

Mr. CLARK. How much revenue?

Mr. HASTINGS. It is roughly, perhaps, 15 per cent of that.

Mr. CLARK. Is not that rate about prohibitive?

Mr. HASTINGS. No, sir.

Mr. CLARK. If all the schedules, Mr. Hastings, brought in as little revenue in proportion to the amount of business, then the United States Government would have to look to some other source of revenue besides the tariff?

Mr. HASTINGS. I do not know. I am not a tariff expert. I can not tell what the income is.

Mr. CLARK. You know the Government spends about a billion dollars a year?

Mr. HASTINGS. I know they spend a lot of money.

Mr. CLARK. Do you not know they spend about a billion dollars?

Mr. HASTINGS. I have seen it stated as something like a billion dollars.

Mr. CLARK. You do not take any interest in that?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. I think you are better informed than you seem to be. The question is, if all the other industries in the United States brought as little revenue to the Federal Government as the paper business does, in proportion to the volume of business, then the revenue derived from the tariff would be infinitesimal, almost; it would hardly be worth considering?

Mr. HASTINGS. How about the things we import that go into paper?

Mr. CLARK. That is just it. Is there a prohibitive tariff on what you use?

Mr. HASTINGS. Prohibitive as far as we are concerned.

Mr. CLARK. There is no revenue hardly comes into the Government from the paper business?

Mr. HASTINGS. There seems to be.

Mr. CLARK. Well, how much?

Mr. HASTINGS. Fifteen per cent or 20 per cent on practically \$20,000,000 of imports during the year 1907.

Mr. CLARK. There was \$20,000,000 of paper imported that year; how much last year?

Mr. HASTINGS. That is the year ending June 30, 1907; I have no figures after that.

Mr. CLARK. It amounted to about \$196,000.

Mr. HASTINGS. The income to the Government?

Mr. CLARK. Yes, sir.

Mr. HASTINGS. It must have been over that.

Mr. CLARK. Do you not think that you could stand a shaving down of one-half of this tariff so that the Government could get some revenue out of this business?

Mr. HASTINGS. No, sir.

Mr. CLARK. If everybody else reasoned that way where would the Government get its revenue?

Mr. HASTINGS. From some of the luxuries, I imagine.

Mr. CLARK. On luxuries. If we put the price up on luxuries so we keep them out we would not get any revenue on luxuries?

Mr. HASTINGS. They are pretty well up.

Mr. CLARK. You are a man a good deal above the average of intelligence—

Mr. HASTINGS (interrupting). I thank you.

Mr. CLARK (continuing). And you have a packed audience who laugh at anything you say.

If the rate is so high that it shuts out the stuff, the Government does not get any revenue?

Mr. HASTINGS. Certainly not.

Mr. CLARK. And if all these other tariff schedules were as high in proportion as this one is the Government could not get enough revenue out of the whole tariff system to run for a month?

Mr. HASTINGS. You make the statement, and I am not going over your figures.

I wish to say that I am the representative of a lot of manufacturers. You speak of a "packed audience." There are a number of other manufacturers here. I understand Mr. Norris represents all the publishers in the United States.

Mr. CLARK. Mr. Norris happens to be one man as against the crowd here.

Mr. HASTINGS. He has the combination of newspapers back of him.

Mr. CLARK. They do not happen to be here.

Mr. HASTINGS. They are represented by one man.

Mr. CLARK. You think that the uniform price of paper in the United States is an accidental occurrence?

Mr. HASTINGS. There is no uniformity of price, as far as I know.

Mr. CLARK. Do you not know that that is practically the case?

Mr. HASTINGS. No, sir; I do not know that that is practically the case.

Mr. CLARK. That is all. I can not hope to get much information from you.

Mr. HASTINGS. I am ready to answer any questions, Mr. Clark.

Mr. RANDELL. How much does it cost to make this news print paper?

Mr. HASTINGS. The cost is different at different mills.

Mr. RANDELL. How much does it cost in the mills you operate?

Mr. HASTINGS. I can not tell you offhand to the cent, but I refer you to my testimony before the select committee which is printed where the cost per pound is given by decimals.

Mr. RANDELL. I care nothing about the decimals, I want to get at the facts. How much does it cost on an average to make news print paper?

Mr. HASTINGS. Perhaps at this time—it depends upon whether a man has his own wood or has to buy his wood pulp.

Mr. RANDELL. Do you really want to tell me the cost?

Mr. HASTINGS. I would like to know when you want the cost.

Mr. RANDELL. If you were to sell paper at so much f. o. b. mills, what would be the average price of that paper now?

Mr. HASTINGS. To-day?

Mr. RANDELL. Yes, sir.

Mr. HASTINGS. At my mill it would probably cost 2½ cents. At another mill it might cost more than that.

Mr. RANDELL. A little over \$40 a ton?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. That is the paper you sell for \$55 or \$60 a ton?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. And the cost you named to me is all the expense, and the balance would be profit?

Mr. HASTINGS. That is not so. Do you want to know what we figure the cost of paper, what we figure for depreciation on the plant and the interest we have invested?

Mr. RANDELL. Not counting any depreciation on the plant.

Mr. HASTINGS. How are you going to arrive at the cost? Who is going to pay for the depreciation?

Mr. RANDELL. What I want to get at is the difference in the cost of manufacture, the daily or monthly output, and the price that you get for the product.

Mr. HASTINGS. I do not think that is a fair question because what we get to-day might be an entirely different proposition next month.

Mr. RANDELL. Outside of the depreciation and value of your plant, would the \$40 a ton represent what that paper cost you now, the paper which you sell for \$55 or \$60 a ton?

Mr. HASTINGS. Less the freight and cartage.

Mr. RANDELL. There is no freight about it, it is delivered f. o. b.?

Mr. HASTINGS. I was not giving you the price delivered on board.

Mr. RANDELL. I said f. o. b.?

Mr. HASTINGS. You are coupling the cost price with the delivery price, without making any allowance for freight.

Mr. RANDELL. Do you mean to say that you did not give the price at the mill?

Mr. HASTINGS. The price at the mill and also the price delivered, but where is the freight coming in?

Mr. RANDELL. Did you not say that the price that the paper cost you f. o. b. at mill was 2.2 cents?

Mr. HASTINGS. Two and one-eighth cents.

Mr. RANDELL. Did you not state that it was all profit, except what would be the deterioration in the value of the plant? You did not say anything about freight?

Mr. HASTINGS. You did not say anything about the selling price.

Mr. RANDELL. You would have no freight to pay if this was f. o. b.?

Mr. HASTINGS. Then we did not get \$55.

Mr. RANDELL. How much did you get?

Mr. HASTINGS. Probably \$50.

Mr. RANDELL. What is the price?

Mr. HASTINGS. Fifty dollars.

Mr. RANDELL. That would make a difference of about \$15?

Mr. HASTINGS. Yes, sir; \$7 or \$8.

Mr. RANDELL. What was the price a year ago or fifteen months ago?

Mr. HASTINGS. The price was about the same, a little less, if anything, but in the interim it was lower.

Mr. RANDELL. It is higher now than before the panic?

Mr. HASTINGS. It is about the same, a little higher, if anything, than before the panic.

Mr. RANDELL. What caused it to go up?

Mr. HASTINGS. The law of supply and demand.

Mr. RANDELL. What caused it to go down?

Mr. HASTINGS. The same reason.

Mr. RANDELL. There was no demand for it?

Mr. HASTINGS. Exactly.

Mr. RANDELL. I thought that the newspaper people were complaining that they could not get paper unless they paid \$10 a ton more for it. Was it the great demand that made it go up \$10 a ton?

Mr. HASTINGS. Yes, sir; certainly.

Mr. RANDELL. Where was that demand, in the United States?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. Was that a sudden demand?

Mr. HASTINGS. It was a gradual, growing demand.

Mr. RANDELL. Was there anything extra in the cost?

Mr. HASTINGS. The cost went up somewhat.

Mr. RANDELL. What was there in the cost of production that made the price of your paper go up?

Mr. HASTINGS. Labor particularly.

Mr. RANDELL. How much higher is your labor now than fifteen months ago?

Mr. HASTINGS. I will not say that there is very much difference in the cost of labor, but when we went from the two-tour to the three-tour system then our labor cost went up.

Mr. RANDELL. When was that?

Mr. HASTINGS. In January, 1907.

Mr. RANDELL. You say that there is no understanding throughout the United States or among any of the mills that you know about or in the association which you are president of—that there is no understanding to keep up the price and to have a uniformity of price?

Mr. HASTINGS. No, sir.

Mr. RANDELL. Or any division of territory?

Mr. HASTINGS. No, sir.

Mr. RANDELL. Do I understand that you do not know of any such thing or that it does not exist?

Mr. HASTINGS. I do not believe it exists. Our association has nothing to do with it in any event. All the men who make paper do not belong to our association.

Mr. RANDELL. Do you think there is any chance for competition to come in, any reasonable business chance, which would reduce the price of this paper that you say the demand caused to rise, if the tariff remains as it is now?

Mr. HASTINGS. Yes, sir; it has in the past.

Mr. RANDELL. Where?

Mr. HASTINGS. There is one mill in construction in Minnesota with a capacity of 200 tons a day with a promise to the prospective buyers of bonds and stocks that they can within six months or a year double the capacity. That is in the United States under the protective tariff. I do not believe that they could sell the stocks and bonds if you took the tariff off.

Mr. RANDELL. How did you find that out?

Mr. HASTINGS. That is public property; it has been in the papers.

Mr. RANDELL. Has it any connection with your mills?

Mr. HASTINGS. No, sir.

Mr. RANDELL. That would be an increase of 400 pounds as against 3,500 pounds a day now?

Mr. HASTINGS. Yes, sir; practically 10 per cent.

Mr. RANDELL. Will that, in your opinion, cause the price to go down?

Mr. HASTINGS. It has always had a lowering effect.

Mr. RANDELL. Do you think that when that mill goes into operation the effect will be to reduce the price \$10 a ton?

Mr. HASTINGS. It will have a lowering effect. I will not state any amount, because I do not know. It depends on whether the market absorbs the product.

Mr. RANDELL. Does it cost more to make the paper now?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. Why?

Mr. HASTINGS. I have tried to explain that.

Mr. RANDELL. Is the stumpage higher?

Mr. HASTINGS. We have not any stumpage.

Mr. RANDELL. Have you any timber lands?

Mr. HASTINGS. No, sir. We buy the wood. We have a small mill compared with some of the other mills.

Mr. RANDELL. You represent this association, but you only have a few mills yourself?

Mr. HASTINGS. Only one mill.

Mr. RANDELL. Do you think that if the revenue was increased by lowering this tariff that it would injure your business?

Mr. HASTINGS. Yes, sir; it would.

Mr. RANDELL. Suppose we cut the tariff in two, what effect would that have?

Mr. HASTINGS. Three dollars a ton is more than a mill of our class has made on an average in ten, fifteen, or twenty years.

The CHAIRMAN. Are you a practical paper manufacturer?

Mr. HASTINGS. Yes, sir; I think I am, sometimes.

The CHAIRMAN. You claim that a duty equivalent to about 15 per cent is necessary for the protection of the American manufacturer?

Mr. HASTINGS. Yes, sir; I do.

The CHAIRMAN. I want you to give me the facts, showing why that duty is necessary.

Mr. HASTINGS. In written shape, you mean?

The CHAIRMAN. I would like to have them "right off the bat" and now.

Mr. HASTINGS. I would rather give you that data a little later than to give it in such shape that I might be picked to pieces here.

The CHAIRMAN. You are not prepared to give it now?

Mr. HASTINGS. I would rather not. I would rather submit it to the committee.

The CHAIRMAN. Have you that information in written shape now?

Mr. HASTINGS. No, sir.

The CHAIRMAN. You will put it in a brief and file it with the committee?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. As far as I am concerned, I am more interested in that question than any other. I want to know why the protection is necessary.

Mr. HASTINGS. I will be very glad to give you that information. In a general way I have stated that in this brief which I will file, but if we are going to get into a tariff argument I do not want to stand up here and be picked to pieces by gentlemen who know more about it than I do.

Mr. CLARK. Do you really think that there is anybody in this room who knows more about the paper business than you do?

Mr. HASTINGS. I think you know more about the tariff.

Mr. CLARK. In a general way that may be, but you have a particular part of the tariff to talk about that you know more about than I do.

The CHAIRMAN. Is there anyone here to give that information?

Mr. HASTINGS. Yes, sir; a gentlemen will follow me who can give that information.

Mr. GRIGGS. The importations of print paper last year are given 21,123,254 pounds, value, \$596,819, and the duty paid \$96,000. The exportations, you understand, which we have been discussing here, were 120,090,056 pounds, with a value of \$3,514,281. Will you tell me why it is that we are able to export in competition with the foreign concerns?

Mr. HASTINGS. Is that pounds?

Mr. CLARK. Dollars.

Mr. HASTINGS. Under what heading is that?

Mr. GRIGGS. "Exportations of printing paper."

Mr. CLARK. It is a government document.

Mr. HASTINGS. I know that I have never run across such figures and such a discrepancy; I do not understand it.

Mr. GRIGGS. You can not explain that?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. We sent 48,000,000 pounds to the United Kingdom; 18,000,000 pounds to Japan; 12,000,000 pounds to Argentina; 6,000,000 pounds to Canada, the place you seem to be so much afraid of; 8,000,000 pounds to Australia, Tasmania, and New Zealand; 6,000,000 to Chile; 7,000,000 to Cuba, and more than a million pounds to Uruguay and Mexico each. Do you not think that pretty well covers the world?

Mr. HASTINGS. Yes, sir. I think we would cover the whole world if you would give us more protection.

Mr. GRIGGS. Do you not think that you have covered it pretty well now?

Mr. HASTINGS. We are doing very well, but we could do better. We have lots of nerve; the trouble is we have not enough money.

Mr. CLARK. The chairman asked you about the various items that made up this cost so that you required this 15 per cent duty to enable you to come out as you have come out; whether that is in the hole or not, I will not undertake to say now. That is one phase of this matter. Another one is that the Treasury is running behind at the rate of about \$12,000,000 a month—

The CHAIRMAN (interrupting). You have not the latest information. The condition has improved.

Mr. CLARK. If it has improved, I am glad of it.

The CHAIRMAN. Business is improving.

Mr. CLARK. Business has not improved except in the newspapers.

The CHAIRMAN. We will soon have a surplus.

Mr. CLARK. There is a large deficiency in the revenues; whether it is as large as I stated or as little as the chairman makes it, does not make any difference. We have got to make up that deficiency somewhere. That is one of the functions of this committee. Do you not think that the paper manufacturers in the United States ought to be willing to stand their part of whatever hardship it is to raise this deficiency in the revenues like everybody else has to stand their part? What do you say, as an American citizen?

Mr. HASTINGS. I say that we are paying our part.

Mr. CLARK. But you are not doing anything, according to these figures that Mr. Griggs has just read to you, because there has only been contributed \$196,000.

Mr. HASTINGS. I do not understand that. In the first place, if we import \$20,000,000 worth of paper on a basis of 15 per cent, I do not understand why it would not be over \$196,000.

Mr. CLARK. If it is over \$300,000, that is a small amount. You are not willing to stand any reduction in the tariff, according to your present attitude.

Mr. HASTINGS. We say that we are standing something now; we are standing it on the materials that go into the manufacture of paper.

Mr. CLARK. What is the difference between the American price of your paper and the foreign price—\$10 a ton?

Mr. HASTINGS. No, sir; I do not think it is.

Mr. CLARK. Do you not sell the same paper which you sell to the American consumer at \$55 and \$60 a ton in Europe at \$45 and \$50 a ton?

Mr. HASTINGS. No, sir.

Mr. CLARK. Now, as a matter of fact, do you export paper?

Mr. HASTINGS. I have in the past, but not of late years.

Mr. CLARK. What is the difference between the selling price in Europe of American news paper and the selling price in America?

Mr. HASTINGS. I do not think there is any difference.

Mr. CLARK. Do you want to stand on that question?

Mr. HASTINGS. I do, as far as the American paper is concerned.

Mr. CLARK. According to your figures, you make a net profit of \$8 on every ton of paper you manufacture?

Mr. HASTINGS. We do to-day, but not yesterday.

The CHAIRMAN. You are making more than a year ago?

Mr. HASTINGS. No, sir.

Mr. CLARK. Then the panic has not hurt you a particle?

Mr. HASTINGS. I do not know how you can say that.

Mr. CLARK. If you are making as much profit now as then?

Mr. HASTINGS. How about six months ago; you make a big jump in a year?

Mr. CLARK. We have been measuring things here by common consent by the year.

Mr. HASTINGS. But the question has been put to me what it was to-day and nothing was said about what it was six months ago.

Mr. CLARK. How much profit were you making on a ton of paper a year ago?

Mr. HASTINGS. About the same amount.

Mr. CLARK. And how much about six months ago?

Mr. HASTINGS. We were selling paper six months ago at 2 $\frac{1}{4}$ cents.

Mr. CLARK. How much is that a ton?

Mr. HASTINGS. Forty-five dollars.

Mr. CLARK. And it was \$55 a year ago?

Mr. HASTINGS. Fifty dollars to \$55. Of course there are different grades.

Mr. CLARK. I know.

Mr. HASTINGS. The price is \$2.50, or \$50 a ton, for something that Mr. Norris might use in the Times and \$55 for the same paper to some little fellow out in Squeedunk, the difference in the price being the actual difference in the cost.

Mr. CLARK. The fellow out in Squeedunk would be considered a retail buyer?

Mr. HASTINGS. It costs us more to produce the paper and put it up in bundles and wrap it.

Mr. CLARK. That is practically the retail trade; that would not be the case with Mr. Norris?

Mr. HASTINGS. If Mr. Norris was to say that he wanted his paper all in sheets and bundles we would charge him \$5 more.

Mr. CLARK. I am trying to get some information, although it is pretty hard to do.

Mr. HASTINGS. I want to set myself right. I am perfectly willing to answer all the questions I can, Mr. Clark.

Mr. CLARK. You got \$55 a ton practically a year ago?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. And you got \$45 six months ago?

Mr. HASTINGS. Yes, sir; and it has gone up to \$55 again.

Mr. CLARK. What made it go up?

Mr. HASTINGS. The law of supply and demand.

Mr. CLARK. There is not any more demand for news paper now than six months ago?

Mr. HASTINGS. There is less being made.

Mr. CLARK. How did that happen?

Mr. HASTINGS. God shut off the rain in most parts of the country.

Mr. CLARK. You did not have any drought in the East.

Mr. HASTINGS. Yes, sir; a very serious one.

Mr. RANDELL. Your mill is located at Niagara Falls?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Was there any scarcity of water at Niagara Falls?

Mr. HASTINGS. That is the reason we are making a little profit.

Mr. CLARK. You get \$8 profit, according to your own statement?

Mr. HASTINGS. Roughly; yes, sir.

Mr. CLARK. How often do you turn your money over in this business; every twelve months?

Mr. HASTINGS. In a year and a half on the average.

Mr. CLARK. You turn it over once in a year and a half?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. How much is your company capitalized for? You do not need to answer that question if you do not care to.

Mr. HASTINGS. I have no hesitancy about answering the question; \$100,000.

Mr. CLARK. How much of that is money paid in and how much of it is water?

Mr. HASTINGS. One hundred thousand dollars paid in, good, hard cash.

Mr. CLARK. How much stock issued for the \$100,000?

Mr. HASTINGS. One hundred thousand dollars.

Mr. CLARK. How much of a dividend do you pay?

Mr. HASTINGS. We paid one year as high as 24 per cent dividend.

Mr. CLARK. That is a pretty fair profit?

Mr. HASTINGS. Yes, sir. We have more money invested than \$100,000. You did not ask me about that.

Mr. CLARK. That is what I want to get at. How much money have you got invested?

Mr. HASTINGS. We have between \$400,000 and \$500,000.

Mr. CLARK. And you make 24 per cent?

Mr. HASTINGS. One year we did.

Mr. CLARK. That would tide you over two or three bad years?

Mr. HASTINGS. On \$500,000 it is less than 5 per cent.

The CHAIRMAN. The dividend was 24 per cent?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. On what amount?

Mr. HASTINGS. One hundred thousand dollars.

Mr. CLARK. The dividend was 24 per cent on \$100,000?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. How much have you invested?

Mr. HASTINGS. Nearly \$500,000.

Mr. CLARK. What is it invested in?

Mr. HASTINGS. Buildings and machinery.

Mr. CLARK. The whole thing?

Mr. HASTINGS. No, sir.

Mr. CLARK. You do not own any timber lands?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. Why did you capitalize the company at \$100,000?

Mr. HASTINGS. It is a sort of a closed corporation. A few people put up the original \$100,000 invested. Then we went on and doubled the plant and paid for that out of our own pockets, paid ourselves back, and we still have \$100,000 left.

Mr. UNDERWOOD. You really acquired this additional surplus out of your earnings?

Mr. HASTINGS. Yes, in twenty years or more.

Mr. CLARK. You did get it out of the earnings?

Mr. HASTINGS. We have. But there were a good many years that we did not pay a dividend.

Mr. CLARK. You had some misunderstanding about what the basis is. As the basis of profit you ought to take the amount of money you paid in, ought you not?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. Then you ought to mark off, if that is the proper term, whatever depreciation there is on your plant?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. And then you ought to add the labor cost, and the cost of material, and the transportation charges, so as to get it f. o. b., and then you ought to subtract what that would cost you from what you get out of the stuff ultimately, and that is what you calculated or declared a dividend on?

Mr. HASTINGS. I do not follow your bookkeeping exactly, but in a general way I think you have got it all in. [Laughter.] In a general way we charge off everything, and if there is anything left we call it a dividend.

Mr. GRIGGS. You do not lay aside any property for the surplus fund?

Mr. HASTINGS. In answer to the question, it is merely a question of so much money that we have got invested in that mill that we did not take out in profits, some that we were entitled to take out; and we were surely entitled to profits at some time.

Mr. GRIGGS. You said you took out \$24,000.

Mr. HASTINGS. Yes; in one year.

Mr. GRIGGS. And in addition to the profits you have taken out as dividends you have a surplus of \$400,000?

Mr. HASTINGS. Yes; but that is the aggregate of a number of years. That is not for one year. We did not accumulate that in one year.

Mr. GRIGGS. I am not as big a fool as I look like.

Mr. HASTINGS. I did not take you to be one. [Laughter.]

Mr. CLARK. Have you any data as to any manufacturing concern in the United States engaged in any sort of business that is making more than 5 per cent?

Mr. HASTINGS. Yes, sir.

Mr. CLARK. I would like to know where it is.

Mr. HASTINGS. I live in Niagara Falls part of the time and part of the time in New York. We have at Niagara Falls the Shredded Wheat Company. We make these hay biscuits [laughter], and I was fortunate enough to save a little money at one time, and I have got some stock in that, and I know we pay that. That is one concern that I know of.

Mr. CLARK. I have been diligently searching among all these fellows that have come here to find one fellow who has made a reasonable profit.

Mr. HASTINGS. I think the manufacturers of paper are entitled, as other manufacturers are, to a reasonable profit.

Mr. CLARK. I know, but I have been searching, I tell you, since these hearings began to find some one who was making a reasonable profit.

Mr. RANDELL. Did you say you make \$8 a ton profit?

Mr. HASTINGS. To-day from \$8 to \$9.

Mr. RANDELL. And you make 40 tons a day. That would be over 10,000 tons a year, or \$80,000 profit a year, and at that you would be making 20 per cent profit.

Mr. HASTINGS. No; you are taking one period and then jumping a number of months out of that period.

Mr. RANDELL. If you were in the same condition as a year ago, my figures would be correct.

Mr. HASTINGS. In two months from now the condition might be entirely different, possibly. The price of wheat to-day and the price six months ago and the price six months from now may be different you know.

Mr. RANDELL. Were the conditions favorable in 1906?

Mr. HASTINGS. Yes, sir.

Mr. RANDELL. How much less did you make then? Did you make \$7.50 or \$8.50?

Mr. HASTINGS. No.

Mr. RANDELL. Six dollars and fifty cents?

Mr. HASTINGS. No.

Mr. RANDELL. Five dollars?

Mr. HASTINGS. I do not think so. I think my report, however, shows exactly what we did make, which was proven by figures. There are no secrets about it. If you gentlemen, as I suppose you will, are going to run over these figures which are given from time to time in the different investigations of the select committee, you will get information that I swear we did not know ourselves about our neighbors.

Mr. GRIGGS. I do not intend to confine you to a day or an hour or a week or a particular month. How long have you been in the paper business?

Mr. HASTINGS. About twenty years.

Mr. GRIGGS. And you have made in twenty years \$400,000 surplus. That makes \$20,000 a year on \$100,000. That is 20 per cent, because you must admit that that is property, is it not?

Mr. HASTINGS. No, sir. It is on leased ground, this plant is.

Mr. GRIGGS. But it is worth that to you?

Mr. HASTINGS. No, sir.

Mr. GRIGGS. You say you have \$400,000 or more invested?

Mr. HASTINGS. Yes. It may be permanent, and—

Mr. GRIGGS. It is in there?

Mr. HASTINGS. Yes; it is in there, but we could not get it out. I would say frankly to you we are on leased ground. It is on one of the great power companies there. It is on a very low-priced water power—lower than we could get it ourselves. Otherwise we are handicapped there by being away from the forest, and as a matter of fact it is doubtful at the end of a ten or fifteen year lease what shape it will be in.

Mr. GRIGGS. When is your lease up?

Mr. HASTINGS. In 1926. It is not very far off.

Mr. GRIGGS. Whether you have gotten your money out or not, you have made that money and put it in it?

Mr. HASTINGS. Yes; but we have not got it out.

Mr. GRIGGS. That is a question of business judgment, not of tariff.

Mr. HASTINGS. I do not know about that. We would not have accumulated that if we had not had a tariff.

Mr. GRIGGS. And you accumulated, in addition to that, as I believe you told Mr. Randell, an average of 5 per cent?

Mr. HASTINGS. No. I do not think I said that. I said I did not think we have made an average of 5 per cent.

Mr. GRIGGS. I did not mean what you have made, but what you had paid in dividends.

Mr. HASTINGS. I said in answer to Mr. Clark that it was less than 5 per cent of the money we have invested.

Mr. GRIGGS. You are not counting the \$20,000 you made every year and put in this, which in itself is 20 per cent. Then in answer to Mr. Clark you said you have made 5 per cent—"probably 5 per cent," to use your exact language—on the money you had invested, which was \$500,000.

Mr. HASTINGS. That was the year we paid that dividend.

Mr. GRIGGS. What is your average on your investment?

Mr. HASTINGS. I could not tell you offhand. I have brought my books down here and given them a transcript from them.

Mr. GRIGGS. You put a little in that Havenner Biscuit Company, did you not?

Mr. HASTINGS. No, sir. I got out of that and put it into the shredded wheat. I am county treasurer up in that county.

Mr. BOUTELL. How many paper mills, Mr. Hastings, are there in the country, altogether?

Mr. HASTINGS. There are, roughly, of all classes something like 600.

Mr. BOUTELL. How many of these are in the organization of which you are president?

Mr. HASTINGS. I think the last report I had was 157 mills and individuals.

Mr. BOUTELL. So that there are 443 mills or manufacturers that are not in the association?

Mr. HASTINGS. Yes, sir.

Mr. BOUTELL. Of these 443, are any of them in any other association?

Mr. HASTINGS. There is no other paper association except this, except that of the stationers.

Mr. BOUTELL. How is it as to the International Paper Company and the American?

Mr. HASTINGS. They have one membership in it, just as I might have.

Mr. BOUTELL. They are one of the 443?

Mr. HASTINGS. No, sir; they are one of the 157. They are members of this association.

Mr. BOUTELL. You have given the entire domestic production of paper. Can you tell by a proportion of the paper output how many of these mills own their own lands from which they get their materials?

Mr. HASTINGS. No, I could not. They make no report.

Mr. BOUTELL. Do you know if that appears in any of these papers?

Mr. HASTINGS. I believe the paper that will be read by Mr. Lyman, who replies for the International Paper Company, will have a lot of information in it that I have not got, but of course they own a good many mills and woodlands.

Mr. BOUTELL. You have to go into the market to buy your pulp wood and your wood pulp?

Mr. HASTINGS. Yes.

Mr. BOUTELL. You do not know how many mills are in that position?

Mr. HASTINGS. No, sir.

Mr. BOUTELL. You do not know what proportion it may be by ratio of output?

Mr. HASTINGS. No, sir. Most of the mills up near Watertown own their own timber lands, whereas at Niagara Falls there is no timber land within easy reach, and we could not operate to advantage with the small amount of wood that we would get, and therefore it is cheaper for us to buy in the open market.

Mr. BOUTELL. What I hope will be brought out in this hearing is the ratio between the paper output and the ownership of stumpage.

Mr. HASTINGS. If anybody could answer that, Mr. Lyman could, who will follow me.

Mr. BOUTELL. Do you know how many of these paper mills there are in Canada?

Mr. HASTINGS. Roughly, I know of the news end of it, because that has always been my business, and I understand it is something like 450 tons of news paper produced there under normal conditions, of which the home market of Canada used 90 tons and the other is 360 tons of export news out of the country, and that is practically all the amount that is raised. There may be other grades used at home in Canada, like wrapping paper and board and things of that kind.

Mr. BOUTELL. So that with the falling off of supplies in this country there will be an increased demand in this country, or if we repeal this duty the natural source of supply of the United States would be Canada?

Mr. HASTINGS. There is no question about it.

Mr. BOUTELL. When we repeal this duty on pulp or paper—

Mr. HASTINGS. When you do repeal it [laughter]—

Mr. BOUTELL. Put it that way. When we do, or if we do; supposing that the duty be repealed on the paper or the pulp, would we receive importations from any other country than Canada?

Mr. HASTINGS. Yes, sir; you would. You would receive shipments from Norway and Sweden, and inside of three years you would receive shipments from the Baltic, in Russia, where at present they are building sulphite mills to use their immense forests with pauper labor.

Mr. BOUTELL. In direct competition with the paper of Canada?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. On that line I would like to ask you a question. A while ago you answered that if the price of paper to-day was \$55 a ton—

Mr. HASTINGS. Of course, a great deal of paper is being sold for less than that on contract.

Mr. UNDERWOOD. Across the line, what is the same kind of paper selling for in Canada?

Mr. HASTINGS. I do not know. Mr. Marcuse may tell you. Some Canadians bought some of us at auction. I think they got \$2.25 for it. That is \$45 per ton.

Mr. UNDERWOOD. There is a difference in the price of paper to-day or any other day of from \$10 to \$25 a ton. If the duty was removed

on manufactured wood pulp and news paper, to what extent would it reduce the price in this country?

Mr. HASTINGS. I believe it would reduce the price pretty nearly the amount of the tariff; perhaps half. I say "half" because I happen to know that in the last year, when the price of paper went up here through natural causes, the Canadians thought that the American market was just ripe for their plucking and they came over here and made contracts for several United States papers; but in the contracts it was expressly stipulated that if the duty was taken off by the United States the Canadian was to have half and the American publisher was to have half. In other words, he proposed to divide if the duty was taken off. That is provided in the contract.

Mr. UNDERWOOD. With paper selling at \$45 in Canada to-day, if the duty on wood pulp was all taken off at this moment, what would you say would be the price in this country?

Mr. HASTINGS. It would be the same. There is no surplus there.

Mr. UNDERWOOD. The price of paper then to-day would be \$55 in this country?

Mr. HASTINGS. Yes.

Mr. UNDERWOOD. How would it be \$55 in America or in the United States and \$45 in Canada?

Mr. HASTINGS. For the reason that the market price is there. Most of their paper is bought on contract, and the market here for what little I might have to sell would be \$55. It would not be within \$4 or \$5 a ton less.

Mr. UNDERWOOD. As the head of this association, I would like to have you answer a question. I do not care whether you take to-day to do it, or to-morrow, or any particular time, but I want to find out what you think would be the general effect of the reduction of this tariff. Take any day and fix the price of paper of to-day, with the duty on, and tell me what in your judgment the price would be with the duty off?

Mr. HASTINGS. That, as I gather, was about what the chairman wanted me to do.

Mr. GRIGGS. And give the reasons.

Mr. UNDERWOOD. Can you tell me what would be the difference in price with the duty off in this country?

Mr. HASTINGS. I say to-day I do not think there would be any difference, because there is not any paper to come in.

Mr. UNDERWOOD. If we repealed all duty to-day, the price would be the same?

Mr. HASTINGS. Yes; but what it would be six weeks or a month from now I could not say.

Mr. UNDERWOOD. While you said the general conditions of the trade are there, do you feel that the repeal of this duty would lessen the price of paper in this country or not?

Mr. HASTINGS. I believe it would.

Mr. UNDERWOOD. To what extent?

Mr. HASTINGS. Practically, as I said a few moments before, half of the duty, or about \$3 a ton, because the Canadian demands half of it in the contracts which he did make last year in this country.

Mr. UNDERWOOD. Then if paper under the duty was selling at \$55, it would sell for \$51.50 with the duty off?

Mr. HASTINGS. It would be \$52.50. That is, on your basis of figuring.

Mr. UNDERWOOD. You think it would sell on the basis of \$52.50?

Mr. HASTINGS. Yes. But as I say, I would not go into a tariff discussion here on that, but I will be glad to submit something at the chairman's suggestion.

Mr. GRIGGS. Does the price in Canada go down in Canada when it goes down here? When it was \$45 a ton six months ago here was it then \$45 a ton in Canada?

Mr. HASTINGS. I do not know. Really it does not come into this market.

Mr. GRIGGS. They export to England?

Mr. HASTINGS. They can get in there without a tariff. But take off the tariff wall here—and we are right across the border from Canada—next door—and we will get it on account of the freight rates.

Mr. GRIGGS. If we take off this duty would your mill be for sale?

Mr. HASTINGS. Yes. It is for sale now if anybody wants it. In reply to the publishers' accusation, I must say they are utterly foolish, if they have the money that they are reputed to have made in their own business, in not having gone into the paper business. They ought to build mills. What is the use of getting out in the middle of the road and hallooing when they have a chance to remedy their own condition?

Mr. UNDERWOOD. The freight rates are heavy?

Mr. HASTINGS. Yes, sir.

Mr. UNDERWOOD. What advantage has the American mill over the Canadian mill in the matter of freight rates?

Mr. HASTINGS. Very little.

Mr. UNDERWOOD. Is not the American mill nearer to the Canadian market?

Mr. HASTINGS. Very little nearer. I have in my brief here the different freight rates from Canadian mills and from several American mills. You can judge for yourselves.

Mr. UNDERWOOD. What would you estimate the difference to be?

Mr. HASTINGS. I should say not over 2 per cent.

Mr. UNDERWOOD. Figure that in tons.

Mr. HASTINGS. From my mill to New York or to Boston it would be 15 cents. That is an even figure. From Chisholm, Me., to Boston it is 17 cents. They do not give the rate from the Canadian mills to Boston, but here is New York, 18 cents. That would be a dollar a ton, roughly, on that one shipment from Grand Mere, one of the large mills in Canada, to New York.

Mr. UNDERWOOD. In favor of the American manufacturer?

Mr. HASTINGS. In favor of the American manufacturer.

Mr. HILL. Right on that subject, would you not have the disadvantage of having to pay more freight on your pulp wood than the Canadian mill would in bringing your supplies to you?

Mr. HASTINGS. Yes, sir.

Mr. HILL. How would the two things offset each other?

Mr. HASTINGS. The Grand Mere mill absolutely has no freight rate. The river brings its supply to its door.

Mr. HILL. What is your freight rate?

Mr. HASTINGS. Ours is on the average \$4 a cord from the average shipping point, if we get it in Canada.

Mr. UNDERWOOD. You do not buy it in Canada?

Mr. HASTINGS. We buy a good deal in the United States, and some in Canada.

Mr. UNDERWOOD. The western paper mills are very much nearer the western markets for the sale of their paper than the Canadian mills are, are they not?

Mr. HASTINGS. Yes.

Mr. UNDERWOOD. What is the differential in their favor on freight rates?

Mr. HASTINGS. I could not answer that, because I do not know.

Mr. UNDERWOOD. It would be considerably smaller than the differential you figured a moment ago?

Mr. HASTINGS. I think it would.

Mr. GRIGGS. If the tariff was taken off everything else, would you be willing to have it taken off paper?

Mr. HASTINGS. Yes; I should say I would, because as a general plea that might answer. But I would not vote for such a proposition, and I am not a tariff shark, either.

Mr. GAINES. What proportion of the print paper does the International Paper Company make in the United States?

Mr. HASTINGS. Forty-three per cent, according to the last statement I saw.

Mr. GAINES. That is less than half.

Mr. HASTINGS. That is less than half.

Mr. GAINES. You were asked about contributing to the tariff duties or revenues of the Government. I see that we imported of wood pulp, mechanically ground and chemically unground and chemically bleached, 477,000,000 pounds, on which a duty was paid of \$678,000, in round numbers.

Mr. HASTINGS. I understood from Mr. Clark that we had only paid \$200,000.

Mr. CLARK. That was on paper.

Mr. GAINES. On paper, \$96,000.

Mr. GRIGGS. On page 561 it is \$96,000 as duties on paper.

Mr. GAINES. The duties on wood pulp were \$678,000 and something?

Mr. GRIGGS. What page is that?

Mr. GAINES. Page 558. Adding to that \$96,000 on print paper, it would make, in round numbers, \$770,000 of tariff. You import your wood pulp, do you?

Mr. HASTINGS. We manufacture our own mechanical pulp and buy our sulphite pulp.

Mr. GAINES. Under what rate does that come?

Mr. HASTINGS. Chemical pulp.

Mr. GAINES. How much do you import in a year?

Mr. HASTINGS. We are not importing much of it. We are getting some now from Canada, because of the shortage some time ago, on contracts. Our aim is to buy American pulp.

Mr. GAINES. What is the present price of print paper in New York?

Mr. HASTINGS. Do you mean if a man wants a carload and wants it bad—right away?

Mr. GAINES. For one of the big New York dailies, for example?

Mr. HASTINGS. Their prices are \$45 a ton, I understand.

Mr. GAINES. Do you know how much that would be on one single paper?

Mr. HASTINGS. On a paper the size of a New York paper, perhaps the Globe-sized page, or the Staats-Zeitung size, it would be about two and one-half mills. [Laughter.]

Mr. GAINES. I do not happen to know those papers. Say the New York Sun size?

Mr. HASTINGS. That is practically the same size—an eight-page paper.

Mr. GAINES. Suppose the whole amount of tariff was added to the price of print paper. How much would that increase the cost of a single copy of a paper? Assuming that the tariff increases the cost of a paper about the whole amount of the tariff, how much, then, would it increase on that assumption the price of a single paper?

Mr. HASTINGS. Thirty-seven one-hundredths of a mill. [Laughter.]

Mr. GAINES. Then Mr. Norris was right in saying that they probably could not pass it on to the ultimate consumer.

Mr. HASTINGS. I am afraid they could not.

Mr. GAINES. Now take the small country daily. You spoke a while ago about wrapping up bundles for the small papers. At the present price of paper to those concerns, what would it amount to on a single paper?

Mr. HASTINGS. It would be so small that it would be quite difficult to figure it.

Mr. GRIGGS. Would it not be the same as any eight-page paper?

Mr. HASTINGS. No. They are generally smaller, and the country paper is usually printed once a week. It would be the same if the paper was the same size, a weekly paper with a thousand circulation, 2 reams of paper weighing 100 pounds. To the publisher of such a paper it would amount to \$15 a year for his whole paper bill, a thousand copies a week, 52 times a year. It would make a difference of about \$15 a year if the purchaser paid the whole duty, that is the publisher; and to the consumer it would amount to—

Mr. GAINES. It would amount to that to the publisher for all these papers?

Mr. HASTINGS. Yes, if he paid the duty. The cost of the New York paper was a quarter of a cent, two and one-half mills, for the paper.

Mr. GAINES. I am trying to get at that country newspaper cost if I can.

The CHAIRMAN. It takes about two reams for the country newspaper with a thousand circulation.

Mr. HASTINGS. That is just what I said.

The CHAIRMAN. How much does that weigh?

Mr. HASTINGS. About 50 pounds to the ream.

The CHAIRMAN. A country newspaper man told me it was 30 pounds. Some is heavier than others, I suppose?

Mr. HASTINGS. Yes.

The CHAIRMAN. Fifty pounds to the ream—that would be 100 pounds to an edition, would it not?

Mr. GAINES. You will get me mixed up in my calculations, which will confuse Mr. Hastings. [Laughter.]

The CHAIRMAN. I hope to hear some witnesses on the vital facts of the case.

Mr. GAINES. How much did you say, Mr. Hastings, that that would amount to on a single paper?

Mr. HASTINGS. On a single paper it would amount to thirty-seven one-hundredths of a mill, the duty. [Laughter.]

Mr. CALDERHEAD. It is three-tenths of a cent a pound, is it not?

Mr. HASTINGS. Yes.

Mr. CALDERHEAD. It would take about six of those papers to weigh a pound?

Mr. HASTINGS. More than that.

Mr. GAINES. Will you make a calculation and file it, showing exactly what the increased cost of a single paper would be of the sort we are talking about, on the assumption that the entire duty is added to the cost of the home product?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. It would take a little less than \$10 a year. That is what it would be.

Mr. HASTINGS. On a 50-pound paper it would be \$15 a year.

The CHAIRMAN. That would be 5,200 pounds a year. That would be \$2.50, and the whole duty would be \$15.

Mr. CLARK. You are taking the smallest paper you can find, printed on the flimsiest kind of paper.

Mr. HASTINGS. Are you speaking of the published circulation or the actual circulation? [Laughter.]

Mr. CLARK. About the actual circulation. I used to be in the newspaper business myself.

Mr. HASTINGS. Then I will not argue with you. [Laughter.]

Mr. CLARK. Instead of the average country weekly having but 4 pages, it has 8 pages, and frequently 12 pages, since they have got to running the patent insides and supplements and all that.

Mr. HASTINGS. And in that case, Mr. Clark, it would not cost the publisher \$15 more. The additional cost would be on the man who gets out the patent inside.

Mr. GRIGGS. But he has to pay for the paper.

Mr. HASTINGS. Then it would not make any difference to the consumer, the country publisher.

Mr. CLARK. I understood from what you said a while ago that your immense profits are made by adding together all these small things.

Mr. HASTINGS. We have no immense profits.

The CHAIRMAN. I do not think that has any effect whatever. We would like to get at the practical facts of the case.

ARTHUR C. HASTINGS, NEW YORK CITY, SUBMITS BRIEF OF THE AMERICAN PAPER AND PULP ASSOCIATION ASKING RETENTION OF DUTIES ON PAPER AND PULP.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As president of the American Paper and Pulp Association I have been delegated to present briefly the contentions of manufacturers in paper and pulp as to the retention of the present

duties in most instances and in a general way, an argument as to why they should be increased in some specific cases.

We understand the revision of the tariff is to be undertaken on the basis that—

“Such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries.”

We believe the paper industry, as a whole, will be satisfied with such a revision and asks for itself only the same consideration as to protection as is applied to other industries.

Importations of paper and pulp during the last few years should be considered, and if there were some kinds extensively imported that are, or might be made in this country, the corresponding duties should be increased, not only for the sake of the manufacturer, but to build up the manufacturing industries of this country.

We ask only enough protection to enable us to meet such conditions as are imposed on our industry by nature or law, as we can not overcome by capital or energy the natural conditions existing in other countries due to cheap labor and more abundant nature.

We believe that when business is normal and the demand equal to the supply the tariff has little or no direct influence on prices. During times of depression it is a protection to the home manufacturer, but with the present tariff, under any conditions, the rate is not so high but what foreign paper or pulp can be imported into this country to supply the demand without particular hardship to the consumer.

During the past year many thousand tons of the different grades of paper and pulp were imported into the United States and at a time when the consumption of this country demanded it. Since January, 1908, at a time of general depression in all manufacturing lines, the paper business was no exception in its experience, with an apparent overproduction. Prices were very materially reduced over what they had been the previous year, due entirely to the law of supply and demand.

The duties on paper and pulp are much lower than the general average on all other lines. The duty on ground wood pulp, on an ad valorem basis, amounts to about $8\frac{1}{3}$ per cent, according to the market price in vogue; on chemical pulp, about the same; on newspaper, 15 per cent; on book paper, from 15 to 20 per cent, according to grade; on writing paper, 25 to 35 per cent, according to weight and quality. Some few high-grade papers and specialties take a still higher duty, but the average duty on an ad valorem basis on all imports of paper for the year ending June 30, 1907, was only about $27\frac{1}{2}$ per cent, whereas for all merchandise imported under other schedules it was over 40 per cent.

Manufactures of paper imported in 1898 were something like \$2,840,000, which increased in 1907 to \$10,728,000. During these same periods pulp increased from \$600,000 to \$6,348,000.

The Treasury Department is unable to give the actual amounts collected on the different grades of paper and pulp imported during any period, but there is no question that if the duty was increased upon the higher grades of chemical pulp the imports would decrease and this same quantity be manufactured in the United States; in

other words, the domestic article would displace the foreign pulps now imported.

This argument will be taken up by one of the members of our association who is thoroughly familiar with the conditions as relating to the higher grades of pulp and the probable results if the duty should be increased to a point where we could compete with the foreign article. When it is known that there are some \$300,000,000 invested in the paper and pulp industry, with an annual business of over \$200,000,000, showing that it takes a year and a half to turn over the capital, and in some grades nearly three years, it will readily be seen that this business, as compared with many other manufacturing lines, requires more capital for its annual business and therefore needs more profit in the way of returns on the manufactured article.

A portion of the press of the United States to the contrary, no manufacturers of paper in this country have made exorbitant profits, and as a matter of fact they have not received an adequate return on the capital invested as compared with any of the staple industries of this country. While the industry has grown enormously, it is due to the energy of the American manufacturer and to the protection afforded the industry by this Government in the shape of a tariff. Should the tariff be reduced, it would strike a blow that would be most serious to this industry and lead to the abandonment of many mills and the ceasing of operations in the way of building new mills.

At the present time there is building a new mill for the production of news paper, with a capacity of 200 tons per day, which will be doubled as soon as the demand warrants. This mill is in the Middle West, with an unlimited supply of raw material, but with the tariff reduced it is very doubtful if capital could be interested in such an enterprise.

The attempt of part of the American publishers to have the duty taken off of paper and pulp during the last session of Congress was a very selfish movement on their part, when it is known that in the last twenty years the price of news paper has been reduced through competition and improved methods of manufacture over 30 per cent, and that where, in the same period of time, the quantity produced per year has increased over 75 per cent, it will readily be seen what a protective tariff has done for the consumer.

Under the present wise policy of this Government this industry can and will maintain the same rapid rate of growth and improvement in methods if protection is not withdrawn. There are abundant water powers, ample supplies of suitable wood and other material to increase the production thousands of tons annually, particularly in the South, where there are many undeveloped water powers, large supplies of suitable wood for the manufacture of paper and pulp, in addition to hundreds of thousands of tons of other materials which are now going to waste, such as cotton-plant stalks and seed delint, flax, cornstalks, and many other fibrous plants.

At the present time the Government is making in this city experiments with cornstalks and from the printed reports so far they promise results that will cheapen some grades of paper over the present method of using wood fiber. It is estimated there are 150,000,000 tons available for this purpose, or 40 times as much as the annual amount of paper of all grades turned out, so that it would seem as

though we still had raw material at our doors for several years to come.

We beg to call your attention to the very exhaustive statement of Arthur D. Little, official chemist of the American Paper and Pulp Association, read at the annual meeting of the association in February, 1908, a copy of which we beg leave to file with the committee.

You will see that the paper manufacturers are fully alive to the important question of raw material supply and are looking and working with a view of obtaining some material which might displace wood eventually through using some material which can be gotten from an annual crop.

In addition to the work which Mr. Little is doing, the Government is also fully alive to the possibilities of some other material. The insular service, through Col. Clarence R. Edwards, is much interested in the question of bamboo as a raw material, which grows luxuriantly in the Philippines and is an annual crop.

The earliest record we have of paper is from the Egyptians, who used papyrus. Since then many different materials have been used, as the necessity of the increasing population of the world needed paper as they became educated, it being truly said that "the consumption of paper is the measure of the people's culture."

After the Egyptian raw material probably came the use of old rags. As the people became more civilized they wore clothes, and these old clothes were made to do their duty in the shape of new paper. Not many years ago the supply of rags became inadequate to supply the demand for paper, then came in straw pulp, made from wheat and rye straw; then came the invention of the present raw material in the shape of mechanical wood pulp, which is so much cheaper than the straw pulp that that process was abandoned. Now there is great fear on the part of a few of the newspaper publishers particularly that the supply of wood is inadequate and that paper and pulp should be put on the free list, so that the markets of the world shall be thrown open as far as the American manufacturer is concerned.

The history of the paper business shows that the American people are well able to cope with any conditions which may confront them, and we firmly believe that before the question of raw material shall become acute other materials will be found to take the place of pulp wood. There are hundreds of thousands of tons of material going to waste to-day which may become a good paper making material as soon as a process is discovered for handling the material cheaply, and this process is sure to come, as all the others have before.

The price of paper has been steadily decreasing for years, and to-day, although the price is higher than it was two or three years ago, the actual figures show that this increase comes from an advance in wages particularly, and material used about a paper mill; not only the raw material, but everything that is used in a mechanical way to run a manufacturing plant.

To-day one of the most successful mills in the United States is equipping a department to use esparto grass, which is to be brought into this country in shiploads from Algiers and made into pulp and paper in this country. This is almost a case of history repeating itself and going back to the Egyptian times, but it only goes to show that the American manufacturer is quite alive to all conditions and possibilities.

With something like four million tons of annual product, the paper industry furnishes to the railroads in the way of freight and raw materials upward of 20,000,000 tons of freight annually. They consume 3,000,000 tons of coal, all from our domestic mines. They sustain a large number of establishments which supply them with machinery and supplies used only in paper mills. They furnish employment directly to over 75,000 men in their plants, and probably 40,000 men in getting out the raw material in the woods and mines, besides indirectly supporting an army of men engaged in supplying them with the material which they use in their manufacturing departments.

For every dollar which the consumer pays for paper it is estimated that nearly 70 cents goes to the wage fund of the country. In many sections of the country they have been the pioneers, building villages, developing power, moving in population to places that have heretofore been waste, necessitating the building of railroads for carrying material and supplies.

From Bulletin 88, issued by the Department of Commerce and Labor, Bureau of the Census, of 1905, we find total water power used in all industries was, roughly, 1,648,000 horsepower, of which the paper and pulp manufacturers used 718,000, or something like 43 per cent of the total amount developed at that period.

The protective tariff that we have been working under has stimulated the building of paper and pulp mills to an enormous extent. Instead of increasing the price to the consumer, it has stimulated overproduction. The price has steadily gone down in twenty years under a protective tariff from $3\frac{1}{2}$ cents a pound down to less than \$2 per hundredweight.

During the last year the cost to manufacture has increased considerably both as to labor and as to every article which goes into the manufacture of paper or into the maintenance of the plant.

The contention of the consumer that the manufacturers are reaping an undue profit was thoroughly refuted at the hearings before the select committee in Washington during the last session of Congress, when full reports were made by the paper manufacturers of their increased cost of production. It was shown by tabulating the results of the news mills reporting that the increased cost of production in the last six years was about 35 per cent.

We desire to file with this statement of facts information as to the relative wages paid employees in paper mills in foreign countries as compared with men in the American mills, filling the same positions and doing the same work, under not as good manufacturing conditions as are found in the paper mills of this country. All the mills in the United States having practically been built during a period covered by a protective tariff.

The capital invested in the plants of course is much greater from the fact that everything that has gone into these plants was protected, and it would be very unfair to put a tax upon the manufacturer for every one article which he uses, and then throw his product open to the manufacturers of the world to compete with, with their cheap labor and material.

In going over the schedule of the Dingley tariff, there is no one article in the free list which goes into the manufacture of paper or pulp, or among the articles specified in the reciprocity act of 1897

except the raw material; many of the articles are highly protected, for instance:

	Per cent.
Wool felts.....	100
Cotton felts.....	45
Hemp twines.....	100
Alum.....	30
Soda ash.....	25
Wire cloth.....	35

In addition to a heavy duty on machinery, castings, and many other articles used directly and indirectly in the manufacture of paper.

In addition to Canada a menace is the older countries, who are endeavoring to keep their laborers at home by going into the manufacturing business on a scale never before attempted in those countries. Norway and Sweden are not only able to produce more cheaply on account of labor conditions, but they have ample raw material right at their doors. Russia with her pauper labor and endless forests is going into the manufacture of sulphite pulp on a large scale. How long would it be, with the American market thrown open, before she would also make and send the finished paper in here?

To-day the foreign pulps have taken the place of our own to an extent that is keenly felt by our own manufacturers and has thrown many men out of steady employment.

Some of the lower grades of paper—for instance, building or saturating paper—are made from the lowest grade of rags. The domestic collections do not supply the American mills and large portions are imported from the poorer foreign countries. These rags come in without duty, but should the tariff be taken off this particular grade of paper—it being now only 10 per cent ad valorem—these manufacturers would be forced to discontinue the manufacture of this grade of paper, and as their mills are not capable of making any other grade with profit it would mean their extinction, throwing out of employment thousands of men, not only those actually engaged in the paper mills, but an army of the poorer class of people in all the large cities who collect this lower grade of material, and for which this is the only use. In many cities these refuse rags are gathered by the municipality in sorting plants, and in this way it gives employment to a great many poor people who sort them, thereby giving employment to an almost helpless class of citizens to earn a small living.

There should be in force an antidumping law to protect the American manufacturer, the same as other countries have.

To-day much of the pulp, principally sulphite class, is being put in here at probably lower figures than it can be made for at home, so low that the American manufacturers can not compete.

It would be impracticable to admit print paper and wood pulp free of duty, or even wood pulp, without disturbing the whole paper-making industry.

Raw material in the shape of wood comes in free of duty. Pulp made from this is a large component part of paper. The pulp-making industry has a large capital investment and employs thousands of men and is entitled to protection in the same ratio as paper, as it is not raw material.

It must be remembered that the newspapers have to a certain extent the ear of the American people and they have emphasized un-

duly the quantity of wood being used for paper and pulp, and without investigating the matter or taking steps to enlighten himself on the subject the average reader supposes that we are the ones who are devastating the forests of this country. By referring to the Forest Service and reports of 1906 it is shown that less than 2 per cent of the annual consumption of all kinds of wood is used for pulp, and that a large percentage of that was unsalable for any other purpose than pulp on account of the size and its being limbs and tops of tree, so it is fair to suppose that less than 1 per cent really of the annual consumption is actually used for pulp and paper and much of it would be wasted entirely if it were not used for this purpose.

This same service shows that wood other than spruce is increasing in use very rapidly and that spruce is really being relatively less used than it has been, which confirms our contention that the manufacturer will use what is cheapest and most necessary for the successful operation of his plant.

Reports made by this bureau estimate that we export from this country to foreign countries 5 per cent of the total consumption, while paper-pulp manufacturers use less than 2 per cent. In other words, if we should stop the exportation of lumber, it would more than make up for the amount used in pulp.

There is cut for railroad ties something like 7 per cent of the total cut of lumber. It is estimated that fire wood for domestic service amounts to twenty-five times as much as is used for pulp. So taking these figures, even if they are estimates, they show that the paper man has been criticised for something he is not responsible for. While many of these figures are estimates, the quantities used by the pulp man can be better checked as to quantity than any other use, as it is pretty well known how much wood it takes to make a ton of pulp or paper and how much of these two commodities are used per year.

The value on the importation of wood into this country on a certain valuation in 1907 was, roughly, \$2,800,000. The exports of forest products for the same period was \$33,000,000.

The average freight rate from Canadian mills to the markets of the United States is about the same as it is from the shipping points of the American mills to the same markets, thus showing that with no duty to pay they would be practically on the same basis as to cost of delivery.

In 1907 there appears to have been a concerted movement on the part of many Canadians to prohibit by law the exportation of any wood for pulp purposes from the Dominion of Canada. The interviews, as printed by the *Globe*, of Toronto, from time to time do not show that all producers of lumber were in favor of this action, and we quote from an interview with the Hon. Senator Edwards, head of the W. C. Edwards & Co. (Limited), manufacturers of lumber, who have immense establishments at Ottawa and Rockland, as follows:

The senator favored a policy of making all the forest lands available for operation, and their intelligent working under proper regulations and supervision, as distinct from the idea of some people that the plan to be adopted was the clearing off of the forests as rapidly as possible, with a view to making room for settlement. There was no reason why, under an intelligent system, the forest crop of Canada, as it might be called, should not be everlasting. His company, he said, was going to build in the Gaspé district of the St. Lawrence a pulp mill and lumbering establishment where these ideas would

be carried out to a still more scientific extent than was now the case on their limits. Under the direction of a forester of standing and experience it was intended to show that it would be practicable to keep the establishment going by simply cutting the annual forest growth.

On the other hand, Sir William Van Horne, largely interested in the largest paper-making plant in Canada, at Grand Mere, Quebec, takes the other side of the question, and we quote from his remarks as follows:

Another important American holding in Canada is that of the Burgess Sulphite and Fiber Company and the Berlin Mills Company, of Berlin, N. H. I do not know the extent of the timber limits belonging to these companies, but it is large, and they have acquired the Lachute water power, on the St. Maurice River, for the purpose of a "rossing mill" for barking pulp wood to be shipped to the New Hampshire mills, the barking being done to save the freight charges. The Battle Island Sulphite and Fiber Company, of Oswego, N. Y., also holds limits on the St. Lawrence, the extent of which I do not know. Many paper concerns in the United States, besides those I have mentioned, are buying Canadian pulp wood, ground pulp, and sulphite fiber to eke out their supply. Without the Canadian supply of pulps and pulp wood many of the American mills would have to shut down very soon. If they can not get our pulps or pulp wood they must eventually come to Canada to make paper, and every paper mill established in Canada means a town of from 5,000 to 15,000 people, and a great addition to the wealth of the country.

* * * * *

I should not dare to estimate the value of Canada's spruce timber ten years hence if some policy were adopted by the dominion or the provincial governments which would, directly or indirectly, prevent the export of raw wood. The American owners of Canadian limits estimate the possibilities as highly as I do. They do not hesitate to buy Canadian timber limits, because they know that in the event of the adoption in Canada generally of a policy like that of Mr. Hardy's in Ontario, they would profit immensely from their timber holdings. I hold that this tremendously valuable asset should be preserved in every possible way; that the Provinces having timber should regard it as a permanent crop and apply well-considered regulations to the cutting from crown lands, with a view to promoting the growth of the young timber and to the prevention of forest fires, and that the areas reserved for the growth of timber should be carefully marked out and withdrawn from settlement. This would leave an abundance of land available for settlement for a long time to come in all of the timbered districts, for there are everywhere areas which have been either burnt over or cut so clean as to leave no hope of a new growth.

In the Province of Quebec, and perhaps this is true of other Provinces, a real or pretending settler may take up land for farming purposes in any timber limit, and in such a case the owner of the license is given one year within which to cut such timber as the law permits to be cut from crown lands, after which the settler may cut the rest. There is no reason to believe that in the Province of Quebec, if not elsewhere, lands have been so taken by pretending settlers at the instance of jobbers in logs or pulp wood, the settler abandoning the land as soon as he has cut all that he finds worth cutting.

I do not think there would be any danger of retaliation on the part of the United States in the event of some such policy as I have outlined being carried out. I can see no possible ground for retaliation on the part of the United States in view of the precedents which they have themselves established, and I can think of no form of retaliation that would not be much more damaging to themselves than to us, and they are not given to foolishness of that kind. So far as tariffs go, I do not see that they could make them worse, for the Dingley tariff, which is still in force, was framed for the purpose of excluding everything from Canada which the United States did not need, such as timber, pulp wood, ground and sulphite pulp, etc.

We do not agree fully with Sir William, but the fact of free paper and pulp would mean the building of large plants in Canada, which, in the course of a few years, would put the American manufacturer out of business through overproduction and their inability to manufacture cheaper.

The manufacturers of paper and pulp believe that justice will be done to the industry by your committee. We believe the facts brought out by the so-called "Mann Investigating Committee" will be of very great service to your committee in arriving at a conclusion as to what is due to the industry in the United States as a whole. We desire to furnish your committee with any information in our power that you may wish, and shall hold ourselves in readiness at any time to respond to any inquiry you may make, either by letter or in person.

AMERICAN PAPER AND PULP ASSOCIATION,
By ARTHUR C. HASTINGS, *President*.

EXHIBIT A.

MEMBERS OF THE AMERICAN PAPER AND PULP ASSOCIATION.

American Writing Paper Company	Holyoke, Mass.
Ancram Paper Company	New York City.
Bardeen Paper Company	Otsego, Mich.
Bare, D. M., & Co.	Roaring Spring, Pa.
Battle Island Paper Company	Fulton, N. Y.
Bedford Pulp and Paper Company	Richmond, Va.
Beckett Paper Company	Hamilton, Ohio.
Bergstrom Paper Company	Neenah, Wis.
Bryant Paper Company	Kalamazoo, Mich.
Berlin Mills Company	Berlin, N. H.
Brown, L. L., Paper Company	Adams, Mass.
Brownville Board Company	Brownville, N. Y.
Brownville Paper Company	Brownville, N. Y.
Burgess Sulphite Fiber Company	Boston, Mass.
Carew Manufacturing Company	South Hadley Falls, Mass.
Carthage Sulphite Fiber Company	Carthage, N. Y.
Carthage Tissue-Paper Mills	Carthage, N. Y.
Central Paper Company	Muskegon, Mich.
Champion Coated Paper Company	Hamilton, Ohio.
Champion-International Company	Lawrence, Mass.
Cheboygan Paper Company	Cheboygan, Mich.
Chemical Paper, Company	Holyoke, Mass.
Cherry River Paper Company	Philadelphia, Pa.
Cleveland-Akron Bag Company	Cleveland, Ohio.
Cleveland Paper Manufacturing Company	Cleveland, Ohio.
Cliff Paper Company	Niagara Falls, N. Y.
Columbian Paper Company	Buena Vista, Va.
Combined Locks Paper Company	Appleton, Wis.
Consolidated Water Power and Paper Company	Grand Rapids, Wis.
Continental Paper Bag Company	New York City.
Crane, Z. & W. M.	Dalton, Mass.
Crane Bros.	Westfield, Mass.
Crane & Co.	Dalton, Mass.
Crivitz Pulp and Paper Company	Crivitz, Wis.
Crocker-Burbank Company	Fitchburg, Mass.
Crocker-McElwain Company	Holyoke, Mass.
De Grasse Paper Company	Carthage, N. Y.
Dells Paper and Pulp Company	Eau Claire, Wis.
Dexter, C. H., & Sons.	Windsor Locks, Conn.
Dexter Sulphite Pulp and Paper Company	Dexter, N. Y.
Diamond State Fiber Company	Bridgeport, Pa.
Diana Paper Company	Harrisville, N. Y.
Dill & Collins Company	Philadelphia, Pa.

District of Columbia Paper Manufacturing Company	Washington, D. C.
Eastern Manufacturing Company	Bangor, Me.
Eaton-Dikeman Company	Lee, Mass.
Edwards Manufacturing Company, The John	Port Edwards, Wis.
Emerson Paper Company	Wendell, N. H.
Esleek Manufacturing Company	Turners Falls, Mass.
Everett Pulp and Paper Company	Everett, Wash.
Falls Manufacturing Company	Oconto Falls, Wis.
Finch, Pruyn & Co.	Glens Falls, N. Y.
Flambeau Paper Company	Park Falls, Wis.
Fletcher Paper Company	Alpena, Mich.
Flint, Wyman, & Sons Company	Bellows Falls, Vt.
Fox River Paper Company	Appleton, Wis.
Garrett, C. S., & Son Company	Philadelphia, Pa.
Gilbert, Frank, Paper Company	Waterford, N. Y.
Grandfather Falls Company	Merrill, Wis.
Hamilton & Sons, W. C.	Philadelphia, Pa.
Hammermill Paper Company	Erie, Pa.
Hampshire Paper Company	South Hadley Falls, Mass.
Hartje Paper Manufacturing Company	Steubenville, Ohio.
Hennepin Paper Company	Minneapolis, Minn.
Hinckley Fiber Company	Hinckley, N. Y.
Hollingsworth & Whitney Company	Boston, Mass.
Hubbard, A. H., & Co.	Norwich, Conn.
Ingalls & Co.	Castleton, N. Y.
Interlake Pulp and Paper Company	New York City.
International Paper Company	New York City.
Itasca Paper Company	Grand Rapids, Minn.
Jessup & Moore Paper Company	Philadelphia, Pa.
Kalamazoo Paper Company	Kalamazoo, Mich.
Katahdin Pulp and Paper Company	Lincoln, Me.
Keith Paper Company	Turners Falls, Mass.
Kimberly-Clark Company	Neeah, Wis.
King Paper Company	Kalamazoo, Mich.
Knowlton Brothers	Watertown, N. Y.
Lang, John, Paper Company	Philadelphia, Pa.
Lewis, J. P., Company	Beaver Falls, N. Y.
Linddaues Pulp Company	Kaukauna, Wis.
McEwan Brothers	Whippany, N. J.
Mead Pulp and Paper Company	Dayton, Ohio.
Marquette and Menominee Paper Company	Menominee, Mich.
Megargee Paper Mills	Philadelphia, Pa.
Menasha Paper Company	Menasha, Wis.
Michigan Paper Company, The	Plainwell, Mich.
Michigan Sulphite Fiber Company	Port Huron, Mich.
Mittineague Paper Company	Mittineague, Mass.
Monadnock Paper Mills	Bennington, N. H.
Monarch Paper Company	Kalamazoo, Mich.
Moorehouse, R. T.	Bridesburg, Philadel- phia, Pa.
Mount Tom Sulphite Pulp Company	Mount Tom, Mass.
Munising Paper Company	Munising, Mich.
Nashua River Paper Company	East Pepperell, Mass.
Nekoosa-Edwards Company	Port Edwards, Wis.
New Haven Pulp and Board Company	New Haven, Conn.
Newton Falls Paper Company	Watertown, N. Y.
New York and Pennsylvania Company	New York City.
Niagara Paper Mills	Lockport, N. Y.
Nixon, M. & W. H., Paper Company	Philadelphia, Pa.
Northern Paper Mills Company	Green Bay, Wis.
Northwest Paper Company	Cloquet, Minn.
Odell Manufacturing Company	Boston, Mass.
Orono Pulp and Paper Company	Bangor, Me.
Oswego Falls Pulp and Paper Company	Fulton, N. Y.
Oxford Paper Company	Portland, Me.

Parson Pulp and Paper Company	Philadelphia, Pa.
Parsons, W. H., & Co	New York City.
Patten Paper Company	Appleton, Wis.
Peninsular Paper Company	Ypsilanti, Mich.
Penobscot Chemical Fiber Company	Boston, Mass.
Pettebon-Cataract Company	Niagara Falls, N. Y.
Plover Paper Company	Stevens Point, Wis.
Port Edwards Fiber Company	Port Edwards, Wis.
Poland Paper Company	Mechanic Falls, Me.
Progressive Pulp and Paper Company	Plattsburg, N. Y.
Raquette River Paper Company	Potsdam, N. Y.
Raymondville Paper Company	Watertown, N. Y.
Reading Paper Mills	Philadelphia, Pa.
Rhineland Paper Company	Rhineland, Wis.
Richmond Paper Manufacturing Company	Richmond, Va.
Rising, B. D., Paper Company	Housatonic, Mass.
Riverside Fiber and Paper Company	Appleton, Wis.
Robertson Brothers	Hinsdale, N. H.
Rogers, J. & J., Company	Ausable Forks, N. Y.
Rogers Paper Manufacturing Company (Incorporated), The	South Manchester, Conn.
St. Croix Paper Company	Woodland, Me.
St. Regis Paper Company	Watertown, N. Y.
Shawmut Manufacturing Company	New York City.
Smith Paper Company	Lee, Mass.
Strange Paper Company, The John	Menasha, Wis.
Taggart Brothers Company	Watertown, N. Y.
Taylor-Burt Company, The	Holyoke, Mass.
Thilmany Pulp and Paper Company	Kaukauna, Wis.
Ticonderoga Pulp Paper Company	New York City.
Tileston & Hollingsworth Company	Boston, Mass.
Traders' Paper Board Company	Bogota, N. Y.
Union Bag and Paper Company	New York City.
United Box Board and Paper Company	New York City.
Victoria Paper Mills Company	Fulton, N. Y.
Wanaque River Paper Company	Wanaque, N. J.
Warren Manufacturing Company	New York City.
Watab Pulp and Paper Company	Sartell, Minn.
Wausau Paper Mills Company	Brokaw, Wis.
Weeks, F. G.	Skaneateles, N. Y.
West End Paper Company	Carthage, N. Y.
Weston, Bryon Company	Dalton, Mass.
West Virginia Pulp and Paper Company	New York City.
Wheelwright, Geo. W., Paper Company	Boston, Mass.
Weeks, Charles G.	Skaneateles, N. Y.
Willamette Pulp and Paper Company	Oregon City, Oreg.
Wisconsin River Pulp and Paper Company	Stevens Point, Wis.
Wisconsin Tissue Paper Company	Appleton, Wis.
Woronoco Paper Company	Woronoco, Mass.
Worthy Paper Company	Mittineague, Mass.
York Haven Paper Company, The	New York City.

EXHIBIT B.

Rates of wages in foreign and United States mills making high-grade sulphite pulp.

[The wages per week have all been figured on the same number of hours per week. In some instances the wages for Europe have increased somewhat, these men inform us.]

Name.	Present position.	Wages per week.	European position.	Wages per week.	Per cent of American wages.
Albert Engler	Machinist	\$16.50	Machinist	\$7.50	0.45
Chas. Helwig	Machine tender	14.40	Machine tender	7.50	.52
Frank Kabolnick	Cook	16.80	Cook	5.04	.30
Otto Richert	Reel tender	11.40	Beater man	2.52	.22
Jake Glombowski	Bin trimmer	9.60	do	2.52	.26
Jos. Glombowski	Cook's helper	10.60	Rag cutter	2.60	.25
Martin Zellan	Barker	9.60	Straw cooker	3.60	.38
M. Minkowski	Screen helper	11.40	Watchman	3.00	.26
John Feidler	Cook's helper	10.80	Bleach man	2.70	.25
Albert Seig	Laborer	9.00	Laborer	3.78	.42
Michial Kern	Digester man	12.00	Fireman	5.04	.42
John Ordowski	Laborer	9.00	Laborer	3.75	.42

EXHIBIT C.

Scotch mill as compared with Mechanicsville mills.

[Average pay per two weeks (twelve days).]

	Scotch mill.	Mechanicsville mill.		Scotch mill.	Mechanicsville mill.
Beater men	\$20.00	\$46.08	Good journeymen	\$15.00	\$36.00
First assistant	12.50	22.20	Apprentices	6.00	34.20
Second assistant	8.75	22.20	Head firemen	17.50	42.00
Machine men	24.00	56.16	First assistant	11.25	28.80
First assistant	12.75	30.24	Head finisher	20.00	49.20
Second assistant	8.50	27.36	Finishing girls	8.00	15.00
Grass boiler man	17.50	28.80	Tyers up	10.00	
Assistant	10.00	21.00	Outside labor	9.00	18.00
Cutter men	18.75	40.20	Supercalender man	17.50	29.04
Assistant	7.50	19.20	Helper	8.00	21.00
Cutter boys	4.00	15.00	Steam engineers	20.00	38.00
Head machinist	30.00	45.00			

EXHIBIT D.

REPORT OF ARTHUR D. LITTLE, OFFICIAL CHEMIST OF THE AMERICAN PULP AND PAPER ASSOCIATION.

Mr. President and Members of the American Paper and Pulp Association:

The year just ended has been an uneventful one in the chemical technology of pulp and paper making and has been unmarked by the appearance of any new chemical process or method of the first importance. The following matters, however, deserve brief mention:

The year has shown an increasing tendency in the sulphite process toward the use of stronger liquors, particularly in Sweden, where liquors carrying 5 per cent or more of total sulphurous acid are being employed to advantage in respect of improved quality of product and a better recovery of gas.

Concurrently with the foregoing there has developed a tendency toward shorter cooks and there is no longer any doubt that pulp of first-rate quality can be produced in a cook of seven hours' total duration or even less. This means, of course, considerably increased output from the same plant.

The year has also witnessed the rapid introduction of new types of sulphur burners of large capacity. These are either of the rotary or agitating types, and by their better control of the air supply permit the workmen to maintain a much higher content of sulphurous acid in the burner gas. Gases containing 16 per cent of sulphurous acid are now not uncommon.

With the more general recognition of the necessity for better control of furnace gas and the advantages derived from a higher content of sulphurous acid, there have come from Europe proposals to utilize the sulphurous acid in the absorption system under a considerable pressure. Harpf points out that under 60 pounds pressure it is easy to dissolve 8.14 per cent of sulphurous acid in water even when no lime is present as against 1.63 per cent for water under the ordinary atmospheric pressure.

An important new departure in the sulphite process is the employment of superheated steam in cooking. This is coming into extensive use in Germany and Sweden and offers a number of important advantages. It saves steam, prevents the undue dilution of cooking liquors, enables the cook to be made in shorter time, and permits the use of weaker liquors than usual in the summer time when it is ordinarily difficult to keep the liquors up to strength. There has been nothing whatsoever to show that either the strength of the fiber or its bleaching quality are influenced at all adversely.

The year has seen some measure of success in the difficult problem of utilizing the waste sulphite liquor. Some inconclusive experiments have been made looking to the employment of the waste liquor for keeping down dust on roads. Considerable progress is to be recorded in the utilization of the concentrated liquor as a binding material, as, for example, for molder's sand, and there is also good promise of the successful utilization of the waste liquors as a supplementary tanning agent.

Perhaps the most significant development of the year has been the introduction to this country through importation of considerable quantities of kraft paper. The manufacture of this paper has been very recently worked out in Sweden through the use of pulp prepared from coniferous woods by a modification of the sulphate process. The wood is somewhat undercooked in a liquor which contains from one-fourth to one-third black liquor from a previous cook. The resultant pulp has a dark but pleasing and characteristic brown color and is used for making paper immediately after washing and without admixture of other stock. As its name implies, the striking quality of kraft paper is its great strength, which renders it available for many special uses of importance. The strength ratio of kraft paper as shown by our tests is about 1.15 as contrasted with about 0.85 for a good quality all-sulphite paper.

The special significance and technical importance of kraft paper is found in the direct evidence it furnishes that the possibilities of all-wood papers have not yet begun to be appreciated. Another cellulose industry, that of fine cotton textiles, has within the last few years been revolutionized as the result of the recognition and utilization of the properties of the cotton fiber substance during treatment with strong caustic soda. I refer, of course, to the process of mercerization as now generally applied to the production of cotton yarns, exhibiting a splendid silky luster. The general trend of development in paper making indicates that it is well within the range of probabilities that an analogous revolution may be impending in the treatment and utilization of chemical wood fiber. The production of kraft papers has shown that a profound variation in the properties of the fiber and a variation along new lines may be established by a minor change in the conditions of the cooking process. Other variations quite as profound are now known to be set up by the hydration of the fiber substance brought about by beating under stone rolls, as exemplified in the production of the transparent pergamin and glassine papers. This hydration effect, for instance, is unquestionably susceptible of a much wider range of application than it has yet received even in Germany, while in this country it is scarcely utilized at all. The same effect, although brought about by different methods, appears in the curiously parchment-like papers recently produced from the pith cells of both the cornstalk and the waste sugar-cane chips known as "bagasse." In these cases the walls of the pith cells are of such delicacy that the cellulose is hydrated during the purification process of boiling with caustic alkali, and the cell walls are therefore superficially fused together during the process of making and drying the paper. This explains the curious result that a paper of remarkable strength and toughness may be prepared from cells so short and wide that they can not properly be regarded as fibers at all. To this hydration effect upon the pith cells must mainly also be ascribed the remarkable qualities of the bagasse boards now being manufactured in Louisiana by the Lee process, in which the bagasse chips are undercooked in a liquor prepared from saccharate of lime made by mixing lime and molasses with water.

As bearing directly upon the development in this country of new types of paper I may be permitted to point out the desirability of a better recognition here of the merits of stone-roll beating engines and the edge runner or koller-gang for working up undercooked pulps for the production of papers of exceptional strength.

The constantly rising price of wood and the growing scarcity of hard-fiber wastes available for paper making have led during the year to a continued and persistent search for new fiber and new sources of supply. Excellent papers standing midway in properties between rag and wood papers have been prepared from corn stalk by cutting out the nodes and slicing off the outer shell to separate the region carrying the fiber from the pith. The shell is reduced to fiber by boiling with caustic soda. The pith, if cooked by itself, yields the parchment-like paper previously referred to, while the entire stalk, except the nodes, yields a rather hard paper of intermediate quality. Papers of generally similar character have been made from bagasse.

The immense quantity of cotton stalks annually available in the South, where, on the average, 22,750,000 tons are each year burned or plowed under or otherwise wasted, has caused this material to be looked upon as a possible source of stock for the lower grades of paper. Several processes for reducing the stalks have been proposed, and attempts to treat the stalks by the sulphite process are now under way in the government laboratory at South Boston. The subject has an especial economic interest in view of the extensive ravages of the cotton holl weevil, the damage from which last year is estimated at \$25,000,000. Any method of utilization which would put a value on the stalks sufficient to cause the farmers to cut and remove them from the fields would go very far toward checking the depredations of this insect, and thus save a large proportion of the great sum now lost.

Projects for utilizing peat as paper stock come up perennially, and during the past year an unsuccessful attempt has been made at Celbridge, Ireland, to manufacture paper from this material. I believe it may fairly be said that on account of the shortness and lack of strength and chemical condition of the fibers which have survived decay in peat it is hopeless to expect to make a useful paper from peat without a very large admixture of other stock. Upon the other hand, it does seem to be well adapted to the manufacture of boards of excellent quality, and this manufacture has recently been established in Michigan.

Actuated by a desire to open up new agricultural possibilities for its colonies, and at the same time to supply British paper makers with cheaper raw material, the British Government commissioned the English paper expert, Mr. R. W. Sindall, to make a study of the subject in India and other colonies. In his recent report Mr. Sindall urges the utilization of bamboo and rice straw. It will be remembered that many years ago Mr. Thomas Routledge, to whom the introduction of esparto was due, brought out a monograph on bamboo as a paper stock, and printed the pamphlet on an excellent quality of paper made wholly from bamboo. It should be pointed out, however, that the length and character of fiber in both bamboo and rice straw are such as to preclude the use of these materials as substitutes for the wood of the cone-bearing tree for pulp making.

An important step in the interests of American paper makers has been taken during the year by the United States Government in establishing under the auspices of the United States Forest Service a model sulphite pulp mill and testing laboratory at South Boston, Mass. This laboratory will be quite fully described by Dr. Arthur L. Dean, of the Forest Service, in the convention number of the Paper Trade Journal, and I need therefore only say that there is every prospect that the work of the laboratory will extend the range of usefulness of the wood fibers by demonstrating that many woods besides those now utilized are immediately available for paper making and will yield pulps varying so much among themselves in character as to permit their advantageous use in many different sorts of paper.

In 1884, when the sulphite process was first put in commercial operation in the country, in the mill of the Richmond Paper Company, large quantities of poplar were reduced to pulp by the sulphite process. Sulphite poplar has properties which make it an especially desirable stock, and the market would undoubtedly take a considerable quantity of this pulp if sulphite-pulp makers did not so universally confine their output to the fiber of coniferous trees. It is beginning to be recognized that the southern gum woods and the tupelo are

admirably adapted for the production of sulphite fibers of the general character of sulphite poplar, while the woods themselves are so cheap and available in such great quantity that it is practically certain that sulphite pulp made from them will, before long, be a factor in the industry.

In Germany a new brown pulp has appeared, which stands between steamed-ground wood and sulphite in its paper-making qualities. It is made at the plant of Prince Donnersmarck, at Krappitz, by grinding bolts of wood which have been cooked with waste soda liquor.

There has been, during the year, a greatly increased use of special rosin sizes manufactured outside the mill, and these sizes are made by methods which insure a much higher content of free rosin than the usual mill size. This increase in free rosin is unquestionably an advantage, particularly in most cases where snap and rattle are desired in a paper, and it permits a substantial reduction in the amount of alum used. The steady rise in the price of rosin itself has led to the devising of new methods of extraction from stumps and wood previously wasted, and there is good reason to believe that considerable quantities of rosin will be available from these hitherto neglected sources.

The year has seen some notable addition to the literature of cellulose, and among the publications in English should be mentioned "Chapters on Paper Making" by Clayton Beadle, "Paper Technology," by R. W. Sindall, and "Researches in Cellulose 1900-1905," by Cross and Bevan. The two former books will be found helpful by any paper maker. The one last mentioned, while lacking the same general interest, is of the first importance to cellulose chemists and is particularly noteworthy for the radical changes in the theory of cellulose and the method of attack of cellulose problems now laid down by these distinguished chemists, who have done so much to establish the chemistry of cellulose as it is known to-day. They now take a distinctly agnostic position which involves the recognition of current views of the constitution of cellulose as inadequate, and they lay particular stress at this time upon the colloidal character of cellulose as influencing its chemical properties.

It is appropriate at this point to mention the newly organized Verein der Zellstoff und Papier Chemiker, of which your chemist has the honor to be a member. Although the society has its headquarters at Berlin, it is cosmopolitan in its membership and should prove an efficient agent in the development of the chemical technology of pulp and paper making. Another influence in the same direction should come from the new journal, Chemical Abstracts, published by the American Chemical Society, and which will contain, grouped under their appropriate subjects, abstracts of all chemical articles containing new matter wherever published. The subject of cellulose and paper making has been assigned to the reporter.

Considerable work has been carried on during the year in paper testing and the study of special problems in paper making by the United States Bureau of Standards and the recently established Paper and Leather Laboratory of the United States Department of Agriculture. The work will undoubtedly lead to greater definiteness and rigidity in the government specifications for supplies of paper. No report on the results obtained has yet been issued by either bureau.

It becomes increasingly evident that German paper-testing methods, although essential for purposes of research, are not well adapted to the requirements of commercial practice in this country. Testing methods and machines to be generally useful here must yield their results quickly and with a minimum of effort, and for most purposes a reasonably approximate figure which can be secured almost at once is more useful than extreme accuracy obtained at the expense of a disproportionate expenditure of time and labor. In place of the German "breaking length" as a measure of the strength of papers, I have therefore been led to propose and would urge you to adopt what I have called the "strength ratio" of paper—that is, the quotient obtained by dividing the figure for strength in pounds per square inch as registered by the Mullen tester by the thickness in ten-thousandths of an inch, as given by a micrometer. For example, a paper testing 36 pounds on the Mullen machine and which had a thickness of thirty-six ten-thousandths of an inch would have strength ratio of 1,000. A paper of the same thickness testing 18 pounds, would have a strength ratio of 0.500, and so on. The advantage of this way of stating results is that these ratios are fairly constant for papers of the same quality, and are easily remembered, whereas it is almost impossible to keep in mind the present figures for the strength tests of the many different thicknesses of even

one quality of paper. As indicating the general order of these ratios, the following tabulation of our results to date may be of interest:

	Strength. Ratio.
News and cheap books, run from-----	0.20 to 0.40
Better grades of book-----	0.40 to 0.75
Flats-----	0.70 to 0.90
Cheaper bond papers-----	0.65 to 1.00
Better grades of bond-----	1.00 to 2.00
Ledger papers-----	1.00 to 2.00
Good grades of manila-----	1.00 to 1.25

Different weights of papers of the same grade approximate closely to the same strength ratio. For example, in case of a bond paper made in a number of different weights the ratios for 13, 14, 16, 20, and 24 pound folios, were, respectively, 1.05, 1.00, 1.07, 0.98, and 1.03.

In concluding this report I desire to say that I will be glad to receive the authorization of the association to conduct during the ensuing year on its behalf a comparative study of the various methods of sampling wood pulp employed in the different mills in this country and abroad. To this end I have collected during the past year a considerable amount of data on these different methods and this has served to bring out in a striking way the utter lack of uniformity in this important work. Some of the methods in vogue are unquestionably subject to grave error and the establishment of a uniform official method would remove much friction between buyer and seller. At present we have the strip method, the quarter sheet method, the whole sheet method, the whole bale method, the wedge method, the punch method, and the disk method, not to mention the numerous variations of each general method. In some cases it is the practice to sample 1 bale in 10, in others 1 in 20, 1 in 25, and even 1 in 50, as now rather generally obtains in Europe. To secure the data necessary to a proper presentation of the whole matter and afford a basis for recommendations looking to the adoption of an official method, it would seem desirable that your chemist be authorized to send out blanks in his official capacity to importers, makers, and buyers of the various grades of pulp, requesting complete and detailed statements as to the methods employed by them or their agents in sampling the pulp they ship or receive. The more promising of these methods should then be made the subject of comparative tests to determine their relative accuracy. A number of such tests have already been carried out during the past year in my laboratory, but in order to avoid premature conclusions I refrain from reporting on them at this time.

EXHIBIT E.

COPY OF A RESOLUTION PASSED AT THE MEETING OF FEBRUARY 7, 1907.

In accordance with the suggestions made in the last paragraph of Mr. Little's report, the following resolution was passed at this meeting:

Resolved, That the official chemist of the association be, and he hereby is, instructed and empowered to make during the ensuing year a comparative study of the various methods of sampling and testing wood pulp and fiber and to request of buyers and sellers of pulp and fiber such information as they may be willing to furnish as to their methods, with a view to recommending at the next meeting of the association a method for adoption as the official method for such sampling and testing."

EXHIBIT F.

Freight rates.

To—	From—				
	Niagara Falls.	Chisholm, Me.	Hudson River.	Water-town.	Grand Mere, Quebec, Canada.
	Cents.	Cents.	Cents.	Cents.	Cents.
New York.....	13	17	13	13	18
Boston.....	15	10½	15	15½	None.
Philadelphia.....	13	16	15	17	22
Baltimore.....	13	18	17	17	22
Pittsburg.....	10	19	15	15	17
Cleveland.....	8½	17	17	15	17
Cincinnati.....	13	15½	16	16	15½
Chicago.....	15	18	18	18	18
Detroit.....	10	17½	15	15	16
Memphis.....	32	34	32	32	32
Houston.....	31	37½	36	35	91
New Orleans.....	31	37½	36	35	None.
Atlanta.....	40	45½	40	40	43½
St. Louis.....	18½	21	21	21	21½
Omaha.....	33½	36	36	36	None.
Buffalo.....					15

STATEMENT OF CHESTER W. LYMAN, OF NEW YORK, REPRESENTING THE INTERNATIONAL PAPER COMPANY.

SATURDAY, *November 21, 1908.*

Mr. LYMAN. Mr. Chairman and gentlemen of the committee, I have prepared a paper which I will read and a copy of which I will place in your hands.

Mr. GRIGGS. His speech is so prepared that we can read it.

Mr. LYMAN. I have come here voluntarily, and I would very much prefer to present our case as we have prepared it, and if you wish afterwards to ask any questions I would be happy to answer them if I can. But I have put some thought on this matter and formulated our ideas into as brief a form as possible, and it is only a matter of fifteen or twenty minutes reading it to you, and I think it touches pretty much every side of the question, and when I get through you will have a good idea of what the International Paper Company is. With your permission I will read.

(Mr. Lyman read the following document:)

The International Paper Company was incorporated under the laws of New York State on January 31, 1898. It took over by purchase a number of paper, sulphite, and ground-wood mills, also timber lands in the United States and Canada and developed and undeveloped water powers in the United States. In its organization no stock was put on the market and no commissions were paid to anyone in connection with the organization. The vendors received stock and bonds of the new company.

The company in 1907 was operating the following-named plants in the United States at the locations indicated, the year 1907 being specified because during 1908 operations were interrupted by the general business depression and a strike:

Glens Falls Mill.....Glens Falls, N. Y.
Fort Edward Mill.....Fort Edward, N. Y.

Hudson River Mill	Palmer, N. Y.
Otis Mill	Chisholm, Me.
Glen Mill	Berlin, N. H.
Niagara Falls Mill	Niagara Falls, N. Y.
Rumford Falls Mill	Rumford Falls, Me.
Falmouth Mill	Jay, Me.
Webster Mill	Orono, Me.
Winnipiseogee Mill	Franklin, N. H.
Livermore Mill	Livermore Falls, Me.
Montague Mill	Turners Falls, Mass.
Lake George Mill	Ticonderoga, N. Y.
Fall Mountain Mill	Bellows Falls, Vt.
Ontario Mill	Watertown, N. Y.
Plercefield Mill	Piercefield, N. Y.
Solon Mill	Solon, Me.
Umbagog Mill	Livermore Falls, Me.
Cadyville Mill	Cadyville, N. Y.
Riley Mill	Riley, Me.
Wilder Mill	Wilder, Vt.
Gardiner Mill	South Gardiner, Me.
West Enfield Mill	West Enfield, Me.
Milton Mill	Milton, Vt.
Watertown Mill	Watertown, N. Y.
Woods Falls Mill	Watertown, N. Y.
Underwood Mill	Faust, N. Y.
Harrisville Mill	Harrisville, N. Y.
Ammonoosuc Mill	West Milan, N. H.
Bemis Mill	Bemis, Me.

Eighteen paper mills, 8 separate pulp mills, and 4 wood-preparing mills.

In each of these places the company's mill is an important factor in the maintenance of the community and in many of them it is the only productive agency, besides indirectly furnishing a market for the outlying farm districts. The company employs normally about 7,000 persons at its mills, besides its operations in the woods in the United States, which are estimated to employ 8,500 persons. There are thus directly and wholly dependent upon the wages paid by the company, estimating five persons to a wage-earner, 77,500 people, besides to a less extent farmers, storekeepers, manufacturers of supplies, and transportation companies.

Except for its wood operations in Canada, almost every dollar it receives is expended in the United States. The following are some of the principal items of home production consumed annually by this company:

Coal	tons	400,000
Sulphur	do	18,500
Lime and limestone	do	18,000
Chemicals	do	27,000
Construction and repair materials		\$1,500,000
Paper and pulp machine supplies		\$900,000
Domestic pulp wood		\$5,570,000

It is estimated that it furnishes annually 2,500,000 tons of freight to the common carriers of the country.

The capital employed is represented by \$22,406,700 preferred stock, \$17,442,800 common stock, and \$17,560,000 bonds. The stock is held by about 4,200 individuals, about one-third of whom are women. The average holding of preferred stock is 70 shares per capita and of common stock 170 shares per capita, or at the market price of the stocks about \$400 and \$170, respectively.

Including operatives, stockholders, bondholders, and those immediately dependent upon them, there are probably not less than 100,000 persons financially interested in the prosperity of the company, besides the communities and other industries which it helps support. On the other hand, its customers number only about 500. Most of these are conducting a very profitable business and only a very few are on record as asking for a reduction in the tariff.

In the first year of the company's existence the common stock paid three dividends of 1 per cent each. It has paid none since. The preferred stock paid 6 per cent annually until April, 1908, the April dividend and the following one in July being on the basis of 4 per cent per annum. In October, 1908, the dividend was put on the basis of only 2 per cent per annum.

In ten years its gross business has amounted to over \$200,000,000, while it has paid out in dividends only \$13,951,222.50, and has increased its bonded indebtedness by \$6,000,000. The earnings of the company in excess of dividends in ten years have amounted to \$7,381,083.14, an average of about \$700,000 per annum, which is only 1.8 per cent upon the capital stock of the company. These surplus earnings, together with the proceeds of the sale of \$6,000,000 bonds, have been used mostly in the improvement of its plants in order to keep the cost of production at the lowest possible point.

It was stated in an affidavit submitted by the company to the "Select Committee of the House of Representatives" last spring (and corroborative testimony was introduced) that the assets of the company, less current liabilities, are conservatively worth \$70,421,688, or an excess over both preferred and common stocks and bonds outstanding of \$13,012,188.

The company owns or controls about 900,000 acres of timber lands in the United States and 3,100,000 acres in Canada. It is operating upon these lands in the United States in the most conservative manner possible, in all cases leaving the small growth for the future and avoiding all the waste possible, felling trees with the saw instead of the ax, as formerly, and using the tops of the trees to the fullest extent possible. At some points in New England it has bought abandoned farms having a young growth of spruce on them, and is holding them for its future needs. It is also making some experiments in replanting. It is holding its lands in the United States, in so far as practicable and economical, for future use. It may be added that its operations in Canada are also as conservative as conditions will allow.

It is using approximately 10 per cent of all the water power developed in the United States, according to the government census of 1905, while millions of horsepower are constantly going to waste in the rivers of this country because our industries have not developed sufficiently to utilize more than a small part of this natural resource, which is an almost unused asset.

In 1899, its first full year, the company made 380,000 tons of paper. In 1907 it made 495,000 tons, an increase of 30 per cent. It makes all the pulp required for this quantity of paper, and is thus not dependent upon any other company or any other country for any of its requirements of pulp. It does, however, get from Canada about 35 per cent of the pulp wood required, mostly from its own lands,

this coming in free of duty. For the handling and transportation of this wood a large amount of money has been permanently invested, so that it may be laid down at the mills at the lowest possible cost.

In 1907, 83 per cent of its output was news paper, the balance being wrapping and miscellaneous grades. The company produces a negligible proportion of the wrapping and miscellaneous grades produced in the country. The estimated production of news paper in the United States in 1907 was 1,200,000 tons. This company's proportion, therefore, was but 34 per cent. In 1900 the percentage of the news paper output of the United States produced by the company is estimated to have been 65 per cent. It is thus seen that although the company has increased its output of news paper about 12 per cent, its proportion of the total output of the country has fallen from about two-thirds to one-third, due to the policy of devoting its energies to the production of paper at the lowest possible cost rather than to reaching out for a control of the productive capacity of the country or its markets. Considering the total value of all kinds of paper and pulp produced in the United States in 1905, the company produced but 10 per cent, and operated but 19 out of about 760 paper mills in the country.

Before the Select Committee of the House of Representatives it was shown that although the rate of wages paid had increased on an average 66 per cent since the company started and the cost of wood had increased 100 per cent, and many other items beyond its control had likewise increased in cost substantially, yet the total cost of production in 1907 had increased only 14 per cent over 1900, thus demonstrating the improvement in the efficiency of the management and plants of the company.

A compilation just made by the Department of Commerce and Labor from typical pay-roll sheets of this company indicates that the average hourly rate of wages in the mills making news paper in 1907 was 94 per cent higher than in 1900 and the hours of service per day were 22.7 per cent lower per wage-earner.

The following table shows the wages paid in February, 1908, in a similar Canadian mill which makes news paper, compared with the wages paid by this company, showing an excess in our mills over the Canadian mill of about 50 per cent:

	International Paper Company.	Canada.
Machine tender.....	\$0.50	\$0.3542
Second hand.....	.33	.25
Third hand.....	.25	.1666
Fourth hand.....	.234	.1458
Fifth hand and common laborer.....	.2234	.125
Average.....	.3035	.2083

Based upon the above rates the cost of labor per ton of paper in each country is as follows:

International Paper Company.....	\$8.00
Canada.....	5.46

The Canadian mill thus has an advantage of about \$2.50 per ton of paper.

All the mills of this company run on the three-shift, or eight-hour day basis, whereas all Canadian mills, as we understand, are run on the two-shift-per-twenty-four-hours basis, except in the paper machine department of three mills.

Canadian mills likewise have an advantage in the cost of the raw material. The stumpage of pulp wood in Canada, in the Province of Quebec, ranges from \$1.10 per cord to \$1.75 and in New Brunswick from \$1.25 to \$2, whereas in Maine and New York stumpage ranges from \$2.50 to \$3.60. This is an average for Canadian wood of \$1.50 and for domestic wood of \$3 per cord, an advantage of \$1.50 per cord in favor of Canadian stumpage.

The labor in the woods is also about 33 per cent cheaper in Canada than in the United States, as was shown before the Select Committee, pages 1041 to 1045.

To the extent to which we use Canadian wood, we, of course, share these advantages of stumpage and labor, but we are at a disadvantage again when it comes to transportation.

The cost of pulp wood delivered at Canadian mills does not exceed \$6, which was the average quotation in 1907 for rough wood ready for shipment to the United States. The average cost of transportation of Canadian wood to the mills of this company in 1907 was about \$3.25 per cord. As it takes approximately $1\frac{1}{2}$ cords of wood to make a ton of paper, this is an advantage of nearly \$5 which the Canadian mill has in the item of pulp wood per ton of paper. In addition, such wood as we buy from Quebec has to pay an extra stumpage to the government of 25 cents per cord, equal to $37\frac{1}{2}$ cents per ton of paper. This comparison is borne out by the prevailing price of domestic pulp wood, which in 1907 was about \$9 per cord in Maine and New York, as against \$6 paid by Canadian mills.

In labor and wood, which are over 50 per cent of the cost of a ton of paper, the average Canadian mill has an advantage over us of \$7.50, so that they are able to pay the duty of \$6 and still make a profit.

The following table shows the wages in several European countries compared with those paid by this company:

Rates of wages per day of twelve hours, International Paper Company, compared with foreign rates.

Department.	Occupation.	International Pa- per Co.	Austria.	Germany.	Sweden.	Norway.	England.	Per cent increase of International Paper Co.	Grand Mere.	Per cent increase of International Paper Co.
Foremen	Ground wood.....	700	\$1.50	\$1.50	\$1.65	\$1.70	500	482	\$2.64	264
	Sulphite.....	394	1.40	1.60	1.70	1.70	307	307		
	Paper.....	540	1.50	1.75	1.85	2.00	380	419		
Wood room	Repairs.....	773	1.10	1.25	1.40	1.50	586	586		
	Steam.....	669	1.00	1.25	1.50	1.50	413	413		
	Head preparer.....	844	1.00	1.00	1.00	1.00	300	300		
	Sawyer.....	300	1.00	.87	1.00	1.00	283	283		
	Barker.....	75	.75	.87	.90	.95	216	216	1.08	79
	Splitter.....	268	.75	.87	.90	.95	182	182	1.68	60
	Chipper.....	268	.75	.87	.90	.95	182	182	1.68	60
Grinders	Head grinder man.....	200	1.00	1.25	1.20	1.30	150	150	1.80	49
	Grinder man.....	280	.75	.87	1.00	1.00	185	185	2.64	14
Ground-wood screens.	Head screen man.....	200	1.00	1.25	1.20	1.20	150	150	1.92	48
	Screen man.....	257	.75	.87	.90	.90	198	198		
Ground-wood presses.	Head pressman.....	200	1.00	1.00	1.20	1.20	150	150	3.00	
	Pressman.....	283	.75	.87	1.00	1.00	186	186	1.72	66
Acid plant.	Sulphur burner.....	238	1.10	1.25	1.25	1.30	198	198		
	Acid maker.....	313	.90	1.00	1.00	1.00	272	272	2.52	48
Digesters.	Lime slacker.....	313	.90	1.00	1.00	1.00	272	272	2.04	82
	Head cook.....	260	1.25	1.50	1.40	1.50	221	221	3.28	37
Beaters	Cook.....	307	1.00	1.00	1.00	1.00	268	268		
	Cook helper.....	329	.70	.75	.80	.80	276	276	2.04	47
Paper machines.	Head beater man.....	344	1.10	1.25	1.10	1.20	307	307	3.36	45
	Beater man.....	308	.80	.90	.80	.90	262	262	1.72	90
Finishing	Machine tender.....	306	1.50	1.80	1.80	1.80	300	300	2.75	118
	Second hand.....	286	1.00	1.20	1.10	1.20	230	230	1.60	147
Indoor miscellaneous.	Third hand.....	200	1.00	1.20	1.10	1.20	178	178	2.70	11
	Fourth hand.....	235	.87	.87	.80	.85	200	200	1.05	155
Indoor miscellaneous.	Fifth hand.....	436	.50	.60	.60	.60	347	347	2.26	19
	Head finisher.....	264	1.20	1.20	1.30	1.30	200	200	1.98	90
Indoor miscellaneous.	Roll finisher.....	224	.80	.90	.80	.90	188	188	1.60	167
	Sheet finisher.....	234	.90	.90	.80	.90	197	197	3.60	11
Indoor miscellaneous.	Counter.....	214	.70	.70	.80	.80	176	176	2.40	11
	Cutter man.....	500	.50	.70	.80	.80	329	329	2.40	8
Indoor miscellaneous.	Cutter girl.....	855	.25	.25	.30	.30	687	687	3.07	37
	Head loader.....	808	.90	1.00	1.10	1.00	637	637	4.16	416
Indoor miscellaneous.	Paper loader.....	300	.60	.75	.80	.80	234	234	1.26	194
		800	.60	.75	.80	.80	220	220	1.87	176

Steam plant.....	7.69	1.10	699	1.25	516	1.40	449	1.40	449	1.75	839	.....
Head engineer.....	4.50	.90	400	1.00	350	1.00	350	1.00	350	1.25	290	.....
Engineer.....	3.60	.90	300	1.00	260	1.10	227	1.10	227	1.60	140	.....
Head fireman.....	3.00	.60	400	.75	300	.75	300	.75	300	1.00	200	.....
Coal fireman.....	2.68	.60	436	.75	257	.65	312	.70	283	.87	208	.....
Coal handler.....	2.68	.50	436	.70	283	.65	312	.70	283	.87	208	.....
Ash handler.....	4.66	1.10	324	1.25	273	1.20	288	1.20	288	2.00	133	.....
Head millwright.....	3.60	.90	300	1.00	260	1.00	260	1.00	260	1.10	227	.....
Millwright.....	2.40	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Millwright's helper.....	2.40	.90	344	1.00	300	.75	220	.80	200	.90	167	.....
Carpenter.....	6.00	.90	667	1.00	600	.90	344	.90	344	1.25	220	.....
Mason.....	3.00	.87	338	1.00	245	.90	567	.90	567	1.25	380	.....
Painter.....	4.08	1.00	308	.57	226	.90	233	.80	275	1.10	173	.....
Electrician.....	2.20	.60	267	1.25	198	1.10	271	1.00	308	1.25	228	.....
Laborer.....	2.20	.60	267	.75	198	.75	198	.70	214	.90	144	.....
Teamster.....	4.00	.60	567	.87	153	.85	159	.80	176	1.00	120	.....
Single team.....	5.32	.60	787	.87	360	.85	371	.80	400	1.00	300	.....
Double team.....	4.44	1.10	304	1.50	512	1.60	526	1.60	565	1.00	432	.....
First clerk.....	3.34	.90	271	.87	196	1.60	177	1.60	196	2.00	122	.....
Second clerk.....	3.11	.60	418	.75	284	.90	271	.80	318	1.50	123	.....
Third clerk.....	3.34	.75	345	.87	315	.60	418	.60	418	1.00	211	.....
Stenographer.....	3.91	.85	360	1.01	287	.90	271	.85	293	1.25	167	.....
Average.....	3.91	.85	360	1.01	287	1.02	283	1.02	283	1.24	189	40
Compared with England (omitting occupations not given for England).....	3.58	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Compared with Grand Mere (omitting occupations not given for Grand Mere).....	3.56	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Approved: BUREAU OF STATISTICS.
BUREAU OF STATISTICS, May 15, 1908.

JESSE L. PLASS,
Chief Clerk, Bureau of Statistics.

Based on these rates, the cost of labor per ton of paper would be in each country as follows:

International Paper Company-----	\$8.00
England-----	3.29
Germany-----	2.48
Sweden-----	2.22
Norway-----	2.22
Austria-----	2.09

Thus some European countries have an advantage on labor solely almost equal to the whole duty of \$6.

While at present no news paper comes into the United States from European countries, we believe that if the duty were removed importations would follow from Scandinavia, Finland, and Germany. In Germany prices are sustained in the home market by a combination sanctioned by the Government and the surplus is sold for export to the highest bidder, regardless of cost, special rates of freight being given by government railroads; and the German manufacturers are thus able to hold important markets in England and in South America and to compete with Canadian and United States paper in Australia and at other points.

We have no exact figures for the cost of production in Finland, but it is a matter of common knowledge that wages there are but a fractional part of what we pay and that wood is extremely cheap. The industry is growing rapidly there. Finland pays our duty upon sulphite pulp and reaches the interior of the United States, underselling western pulp mills at their very doors.

In Scandinavia labor and wood are both very much cheaper than in the United States, and their surplus pulp and paper could be profitably marketed in this country if there were no duty.

Importations of print paper from Canada amounted in 1907 to 13,248 tons, and have continued at an equal rate through 1908, and the business of this company has suffered considerable inroads from this quarter. We were obliged to curtail production, beginning the latter part of 1907, because we could not place our normal product at a price sufficiently remunerative to enable us to pay dividends and the scale of wages in vogue. Starting with the executive department, a system of rigid economy and retrenchment was inaugurated, followed by the reductions in dividends above referred to, which were equivalent to a reduction of 15 per cent on our normal pay roll.

It became apparent in July of this year that a temporary reduction would have to be made in wages. The salaries of superintendents and other mill officials were first readjusted. The reduction in wages of some of the foremen belonging to the union which controlled the machine tenders precipitated a strike. The members of the pulp makers' union, however, and the firemen's union were desirous of continuing work and of helping the company meet a critical situation, and consented to a reduction of about 5 per cent in wages. The strike lasted three months and has finally been broken, the men of the paper makers' organization returning individually and accepting a reduction of about 5 per cent.

The average price at which the product of the company was marketed in 1900 was \$43.64 per ton, delivered to the consumer, and in 1907 it was \$42.83, a decrease of about 2 per cent, notwithstanding the increase in rate of wages of 66 per cent and in cost of wood of

100 per cent. This decrease is in marked contrast with the advance in price of other grades of paper, and particularly with the general increase in the price of all kinds of commodities during the same period.

Our paper is manufactured and sold absolutely independently of other companies manufacturing news paper, which number 52 separate concerns. We make our prices absolutely independently, considering only the cost of production and a fair profit necessary to pay reasonable dividends and maintain the efficiency of our property.

The International Paper Company has made, up to June 1, 1908, 4,621,283 tons of paper, and, as stated, has declared dividends aggregating \$13,950,000. This is an average profit to stockholders of only \$3.02 per ton, so that the duty of \$6 per ton has not, as has been alleged, been a "shelter for extortion."

We believe this mere recital of facts relating to the International Paper Company is conclusive evidence that it is in no sense monopolistic, and it therefore should not be deprived of the protection intended to be accorded to all legitimate industries under the tariff policy of the Government.

Neither conditions precedent to nor the usual results attendant upon a monopoly exist in this case. The company does not dominate the production or price of the line of goods which it manufactures. It is not overcapitalized, and its profits are not only not exorbitant, but are not a fair return upon the investment. It violates no statute aimed at restraint of trade, nor any other. The wage-earner has profited under its management. Its competitors have not complained against it. Its customers acknowledge that its service and the quality of its output have improved since the company was formed, and that they are equal, if not superior, to those of any of its competitors. Its stockholders have never charged it with dishonest or inefficient management, and, in general, none of the grievances exist which are supposed to be engendered by so-called "trusts," with the sole exception that some few publishers have charged extortion and various malevolent acts, which they have repeatedly failed to prove.

If any discrimination is to be made between large industrial corporations which conduct their business in a legitimate manner and those which do not, the International Paper Company claims that it is entitled to commendation rather than condemnation, and in the formulation of the Government's tariff policy that it should receive on its own account fair and reasonable protection, and that no policy should be adopted which would injure it or the industry of which it is but a small part.

Referring to paragraph 393 of Schedule M, we are opposed to any reduction whatever in the duties therein specified for pulp. The duty on mechanically ground wood pulp of one-twelfth cent per pound is equivalent to not more than 10 per cent on the average price.

Next to the raw material, wood, the most important factor in the manufacture of ground wood pulp is water power for reducing the wood to pulp. This company not only produces all the ground wood that it requires, but has ample undeveloped water power in reserve for its future requirements when, and if, the condition of the market warrants a further increase in its output in this country. The making of ground wood pulp constitutes one of the most impor-

tant steps in the process of making paper, and involves a large outlay of capital and the employment of a large amount of labor. We do not believe that our paper should be brought in competition with paper made from foreign pulp having free entry into this country, since the wages in foreign mills are so much less than in our own. Yet in 1907, 138,000 tons, valued at nearly \$2,000,000, came in from Canada.

The duty on chemical wood pulp of one-sixth cent per pound amounts to not more than 9 per cent upon the average price of unbleached sulphite pulp, which is the only kind of chemical pulp that we use to any considerable extent. We make all the sulphite pulp that we require and have ample facilities for increasing our output as fast as conditions warrant. If the duty were taken off from sulphite, or substantially reduced, this market would be flooded not only with sulphite pulp from Canada, but from European countries, particularly Norway, Sweden, and Germany, where, as already shown, labor costs not more than 26 per cent of what we pay; as well as Finland, where wages are still lower.

We do not believe the capital and labor involved in this branch of our business should be subjected to unrestricted competition with foreign pulp, which may be, and is, sold in this market in spite of the existing duty. In 1907, 50,000 tons came from Canada and more than 40,000 tons from Europe.

We will subsequently discuss the so-called "countervailing duty" clause contained in this paragraph and paragraph No. 396.

Referring to paragraph No. 396, we are most emphatically opposed to any reduction in the duty on print paper in so far as it applies to news paper. The duty of three-tenths cent per pound on paper valued at not above 2 cents per pound is practically about 15 per cent upon the price at Canadian mills. This is a much lower duty than almost any other commodity enjoys, and is substantially the same as under the so-called "Wilson tariff." It is not adequate to prevent extensive importations of news paper from Canada, as already shown, and any reduction would mean an increase in importations and a loss of business for us. It would check the growth of our production, and the removal of the duty would close up a number of our mills. We believe that under any conditions the free admission of paper would compel us to abandon many of our plants and either drive us out of business or compel us to build mills in Canada.

We believe that great as is the stake which our stockholders have in this issue it would be as nothing compared with the disastrous effect upon our employees and the communities where our mills are located. We believe that an industrial concern of the magnitude of the International Paper Company can not be crippled or crushed out without serious detriment to the welfare of the country.

The normal capacity of the International Paper Company exceeds the present consumption of its customers, and yet 7,000 tons of print paper were imported into this country during the first half of 1908, depriving the employees of our own and other mills of employment.

If the duty on paper were removed or substantially lowered, and if this resulted in reducing the price, as claimed by some publishers, this company, having no sufficient margin of profit to enable it to resist foreign competition without loss, would be forced, in an effort

at self-preservation, to accomplish retrenchment both by cutting down wages and abandoning conservative and comparatively expensive methods of lumbering on its timber-land holdings in this country; instead of leaving small wood for future growth, it would have to strip the lands of every available stick of pulp wood and would very likely be forced to realize further by marketing all the hard wood thereon. It would aim to keep going long enough to get all it could out of its timber lands, mills, and water powers before abandoning them.

We firmly believe that removing the duty from paper would not only not be in the interest of forest preservation in this country, but would lead to the immediate destruction of the timber on the 5,000,000 acres held by paper manufacturers, and as much more as they could get hold of.

We know of no way by which this result can be avoided if we are brought into competition with free paper, which is what Canada seeks. We believe that the movement in Canada in favor of putting an export duty on pulp wood, or prohibiting its exportation, is not likely to be successful, because it is not founded on any sound or just principles; and we further believe that if it should be successful it would result in such great injury to Canada that such a policy would be short lived.

One of Canada's greatest assets is her forests, but they are only profitable to her in so far as they are productive. We sympathize with any bona fide desire on her part to perpetuate her forests and are willing to submit to any reasonable restrictions in our operations in the Canadian woods which have that end in view, but Canada has a very great area of timber lands, and they can produce a large annual yield without impairing them—all that her mills and ours will want for generations to come.

Canada is exporting \$33,500,000 worth of forest products a year, and is doubtless eager to increase her markets for lumber, etc., and her exports thereof. Her exports of pulp wood in 1907 amounted to about \$5,000,000. It looks inconsistent, to say the least, for her to seek to increase her exports of lumber generally and to check the exports of one particular variety, especially as pulp wood is very generally distributed throughout the Dominion. The consumption by the United States is insignificant compared with Canada's extensive supply.

We are therefore forced to the conclusion that the opposition to exporting pulp wood is not based on any genuine apprehension on behalf of forest preservation. On the contrary, we have conclusive evidence in published statements of the exponents of this policy that the real motive is to hamper the industry in the United States in order to build it up in Canada. The movement is supported by the Canadian paper and pulp manufacturers, who desire to increase their output and to secure a market for it in the United States. In other words, they wish to withhold from us the raw material which we desire and force us to take the manufactured product.

This attitude is inconsistent with their own general tariff policy, which admits our raw material free and raises a high barrier against manufactured products. For example, Canada imported free of duty in 1907 from the United States about \$8,000,000 worth of raw cotton, but our own manufactured cotton goods going into Canada

have to pay duties ranging from 20 to 35 per cent. In addition, Canada gives to England a preference of $33\frac{1}{2}$ per cent on cotton goods, also made from the raw cotton which we furnish. Canada is also taking from us annually about \$28,000,000 worth of coal and coke (all free of duty except 50 cents per ton on bituminous coal) to run her mills to make goods which the United States could furnish her if it were not for her tariff.

Although the Province of Ontario has actually prohibited the export of pulp wood cut from crown lands, and the Province of Quebec discriminates against us by charging 25 cents more per cord for stumpage on pulp wood if it goes to the United States than if manufactured in the Dominion, it seems improbable that either the Canadian people or the government will ever sanction so unfriendly and unusual an act as placing a general prohibition or embargo upon the exporting of pulp wood.

It would seem, however, to be only the part of prudence for this country to prepare itself should such hostile action be taken. We advocate, therefore, that the countervailing duties provided for in sections 393 and 396 should be remodeled so as to make their application more sweeping in case Canada assumes an aggressive attitude. Should your committee desire our views more in detail as to how this should be done, we shall be glad to submit them.

So far as this company therefore is concerned, it is content to have the tariff remain as it is, with the exception of the countervailing clause and the possible addition to the administrative act of the tariff of a provision which will prevent foreign manufacturers from selling their output in this country at lower prices than prevail in their home markets.

Mr. UNDERWOOD. I see that most of your factories are located in New York, Maine, and Vermont. What percentage of the output of paper do your factories represent north of the Potomac River and east of the Allegheny Mountains?

Mr. LYMAN. I should say about 60 per cent, as a rough calculation. [NOTE.—In 1905, according to the census, it was $5\frac{1}{2}$ per cent; in 1907, estimated, 47 per cent.]

Mr. UNDERWOOD. Being a large producer of the paper that is manufactured within that territory, I presume that you ship your paper from the nearest mill to the market that demands that supply, do you not; in other words, if you were shipping to Boston you would send from the mill nearest Boston?

Mr. LYMAN. If the sizes suit our machines, and if the quality suits the customers.

Mr. UNDERWOOD. As a rule you have your mills built for that purpose, do you not?

Mr. LYMAN. We do not have them built for any particular locality; that is, we do not build them for a market that is nearest at hand.

Mr. UNDERWOOD. You manufacture for the market nearest at hand, don't you.

Mr. LYMAN. We manufacture for the country. In the case of New York City, where there is such a great permanent demand, if we put up a mill that was favorably situated to supply that market we would undoubtedly consider the sizes of the rolls used in the New York market, but there would be no guarantee that they would be permanent.

Mr. UNDERWOOD. Does the paper that you ship to the Boston market come from mills more contiguous to the Boston market than from your other mills?

Mr. LYMAN. Yes, naturally, in so far as we can we try to have the average freight rate a minimum.

Mr. UNDERWOOD. Under those circumstances, what is your average freight rate in covering the product to the Boston market from the mills that are contiguous?

Mr. LYMAN. I can only say from general knowledge. We have departments that have their specialties, and no one person in our company knows all the details of all our departments; but I should say that probably 10 cents a hundred is the minimum rate.

Mr. UNDERWOOD. Long tons or short tons?

Mr. LYMAN. Ten cents a hundred pounds.

Mr. UNDERWOOD. That would be \$2 a ton.

Mr. LYMAN. Two dollars a short ton.

Mr. UNDERWOOD. Well, as to the New York market, what would the freight rate come to in the delivery of your product?

Mr. LYMAN. That will average probably 15 cents, or \$3 a ton.

Mr. UNDERWOOD. What is the distance of the contiguous mills of your company to the Boston market?

Mr. LYMAN. The nearest mill that makes newspaper is the distance from the Connecticut River at Bellows Falls to Boston, which I do not know.

Mr. UNDERWOOD. Estimate what it is.

Mr. LYMAN. I understand it is 116 miles.

Mr. UNDERWOOD. What is the distance from your contiguous mills to New York?

Mr. LYMAN. From 50 miles above Albany, and as Albany is about 145 miles, that would make it about 200 miles.

Mr. UNDERWOOD. What is the nearest distance to Boston from the nearest Canadian mill?

Mr. LYMAN. The nearest Canadian mill that I know of, and that I have in mind, is at Ottawa, which is distant about 300 miles from Boston.

Mr. UNDERWOOD. What is the distance to New York from the nearest Canadian mill?

Mr. LYMAN. Well, I think it would be the same as from Ottawa, although I think Boston must be a little farther from Ottawa than New York, but probably about the same distance.

AUDITOR. It would be 400 miles from New York.

Mr. UNDERWOOD. Now, what would it cost for the transportation of a ton of paper from the Canadian mill that is situated 300 miles from Boston to Boston? You stated that the cost from your mill to Boston would be about \$2 for 116 miles. What would be the freight rate from the Canadian mill to Boston?

Mr. LYMAN. Well, I should say that would be probably 15 cents a hundred.

Mr. UNDERWOOD. That would be about \$4.50.

Mr. LYMAN. Excuse me, but it strikes me that it is futile to have these guesses and then try to form conclusions based upon those, when, if you wish, I will put in a table of the exact figures; in fact, that has all been submitted to the Select Committee, and therefore I did not attempt to burden ourselves with memoranda of those details.

Mr. UNDERWOOD. What I wanted was this: As I read your statement through, you did not deal in the freight rate. I desired to ascertain those facts, but if you prefer to put that in in a supplemental paper, very well.

Mr. LYMAN. I will say that the reason why I did not take up the freight rates was that I think you can eliminate them on both sides of the equation; that they do not cut much of a figure one way or the other, except that we have to consider freight on our wood; but as for the freight on the paper, there are some portions of the United States which some Canadian mills can reach for less than some of the American mills, and some points which some of the American mills can reach, naturally, cheaper than the Canadian mills.

Mr. UNDERWOOD. I took it that this shipment of paper was a good deal like a shipment of coal or lumber; that the freight rate was a very material factor in reaching the market, and that when your mills went southward, going away from the Canadian market, you have the advantage of the difference in distance. Are not the western mills located very much nearer the market in which they sell their products than the Canadian mills?

Mr. LYMAN. My impression is that the difference diminishes the farther away you go; that is, as you go farther away from the mills the rates draw nearer together. Is that not so, Mr. Chable?

Mr. CHABLE. The rates from Canadian mills to western points are exactly the same as from places like Otis, Me., or Berlin, N. H. They take what is known as the Berlin rate.

Mr. LYMAN. The Canadian railroads fix that up so as to put the Canadian mill on an equality with the United States mill.

Mr. UNDERWOOD. There are a good many mills located in the West, which are doing a paper business, are there not?

Mr. LYMAN. Yes.

Mr. UNDERWOOD. And they are a good many hundred miles nearer the markets in St. Louis and Kansas City and New Orleans than the Canadian mills, are they not?

Mr. LYMAN. Not a good many hundred miles, I do not think.

Mr. UNDERWOOD. How far south is the farthest paper mill located in the United States; South or West?

Mr. LYMAN. You are speaking of news paper?

Mr. UNDERWOOD. The mills in your business, yes.

Mr. LYMAN. The farthest south is at Turners Falls, in the East; and in the West I should say that was at Appleton, Wis., so far as I know. At Kansas City there is a paper machine started by a newspaper publisher, and I would hardly put that in the category of a mill. It has never been a success, and it does not make its own pulp.

Mr. UNDERWOOD. According to that, Wisconsin is then your farthest southern mill, and the Canadian mills that manufacture paper are largely in eastern Canada, and not in western Canada?

Mr. LYMAN. Mostly in Quebec, yes.

Mr. UNDERWOOD. So that for the western and southwestern market, the mills located in Wisconsin are very much nearer that market than the Canadian mills, are they not?

Mr. LYMAN. Well, that is a question. That hinges on one's knowledge of the relative distances geographically. [Appleton, Wis., to New Orleans, about 1,000 miles. Ottawa to New Orleans, about 1,300 miles.]

Mr. UNDERWOOD. I judged they were, and I wondered if there was any reason in freight rates or otherwise that you knew of, and if so, I would like to have you state it.

Mr. LYMAN. I would consider that there was—as I understand it, the freight rates from those Canadian mills are made equal to the rates from the Wisconsin mills and the Minnesota mills, to such points as those.

Mr. UNDERWOOD. Do you mean to say that the railroads give the same rates now under this new interstate-commerce law from the Canadian mills located at Quebec, to Kansas City, that a mill in Wisconsin would give?

Mr. LYMAN. The Canadian roads can make any rate they want, which of course is not controlled by the Interstate Commerce Commission.

Mr. UNDERWOOD. I understand that you state that as a fact?

Mr. LYMAN. As a general principle, the Canadian roads make very low rates to help out the Canadian industries.

Mr. UNDERWOOD. Can you state it as a fact that the rate is the same; that there is no advantage to the Wisconsin mill over the Canadian mill in freight rate going to St. Louis or Kansas City?

Mr. LYMAN. I am not stating that as a fact, unless it can be corroborated by some gentleman here. I think it is a little higher.

Mr. UNDERWOOD. Do you know how much?

Mr. LYMAN. I do not; and moreover we have no mills in Wisconsin.

Mr. UNDERWOOD. I am talking about the general paper business. I knew from your statement that you have no mills there. The freight rate differential in favor of the American mill must be a dollar or two a ton on paper, is it not?

Mr. LYMAN. In some instances it is a dollar or two in favor of the Canadian mill, as I have stated. Now, it will all come to this, that in my opinion the freight rates are practically the same, and the differences are obscured by other more important factors of cost.

Mr. UNDERWOOD. I notice that your capital stock amounts to something like—I believe you have 22 millions of common stock, 17 millions of preferred, and 17 millions of bonds.

Mr. LYMAN. You have those figures reversed as to the stock. We have 22 millions of preferred and 17 millions of common.

Mr. UNDERWOOD. Does that represent an actual investment, or was that stock issued at a valuation in putting it into the new company?

Mr. LYMAN. The properties that were taken in were taken at an appraised value, and what they actually cost nobody knows but the people who were connected with them before the International Paper Company was formed. They were taken in at what was considered to be a fair value, and most of those who were to take part in the formation of the International Company were anxious to have every other person's property put in at the minimum price so that their own valuation would not be diluted.

Mr. UNDERWOOD. You do not know whether that represented the actual cost, the original cost of the plants, or not?

Mr. LYMAN. Nobody knows that. Their appraised value was had at a time of very great depression and very small earnings; and if the formation of the company had been postponed a few years, until there was general prosperity, I presume that they would have been appraised at a very much larger figure; that is, the owners would not

have been willing to part with them at such figures as they were taken in at in 1897.

Mr. UNDERWOOD. In 1897 the prices had not gone up very extensively?

Mr. LYMAN. Gone up from when?

Mr. UNDERWOOD. Had not advanced as they had up to 1907.

Mr. LYMAN. In 1897 they had not advanced from when?

Mr. UNDERWOOD. They were not nearly as high as they were in 1907, ten years later—the general prices?

Mr. LYMAN. Well, our first business year was 1898, and I have given our prices for 1900. My impression is that the prices for 1898 was about the same as 1900, and that the prices in 1897 were—

Mr. UNDERWOOD. I do not think you understand the question that I asked you. You say that you put this property in at a low valuation, that you considered it a low valuation, but that had it been put in a few years later it would have gone in at a much higher price. You put it in in 1897 or 1898—

Mr. LYMAN. It was appraised in 1897, and the company started in 1898.

Mr. UNDERWOOD. Since that time, according to your statement here, you have not been able to pay any dividends on the common stock?

Mr. LYMAN. Only three small dividends.

Mr. UNDERWOOD. You stated that if this property had been put in a few years later it would have been put in at a very much higher figure. There is nothing here in the earning capacity of the company to warrant that statement—that you could have put it in at a higher figure?

Mr. LYMAN. There was a time during the Spanish war when paper became very scarce and independent mills asked a good deal more for their paper than the International Paper Company did, and it was in our power to ask very much higher prices than we did ask.

Mr. UNDERWOOD. The Spanish war occurred at the time you organized, in 1898?

Mr. LYMAN. That was our first year, but the effect was not felt so much until the latter part of 1898 or 1899. I think you will find that generally the stimulus of the Spanish war—I do not remember when the Boer war occurred—but I know that the effect of those occurrences was not felt for a year or so commercially.

Mr. UNDERWOOD. If your statement as to the earning capacity of the company is correct, there is nothing in your earning capacity to demonstrate that the property was worth what you put it in the company for, is there? It has only paid a dividend on two occasions, on the bonds and preferred stock. In 1901 net earnings were 6 per cent on \$50,000,000, or on \$10,000,000 more than outstanding stock.

Mr. LYMAN. The value of a property is not wholly determined by what it will earn; if it were, stock watering, of course, would be justified.

Mr. UNDERWOOD. Then, this stock really has some speculative value; that is, it is speculative value that they have put in here and not an actual value?

Mr. LYMAN. That is a thing that can not be positively said by anybody, because the matter of valuation is uncertain, and one person may say that a thing is worth so much, and another so much; and if

the man who sold that property had said that his property was worth so much in common stock and so much in preferred stock, there is nobody who could prove but that it was right.

Mr. UNDERWOOD. But really, as a matter of fact, the great percentage of the value of this company is upon a speculative estimate as to the value of your water power and your wood holdings—land holdings—and not as to the buildings and plants. Is not that so?

Mr. LYMAN. The plants are a large element. That is all shown in a statement to the Select Committee showing just how we make that up.

Mr. UNDERWOOD. Now, it was stated to-day by the gentleman who preceded you on the other side that your mills were old and not up to date, and that no improvements were put into them. Is that so?

Mr. LYMAN. It is wholly misleading. It is a statement that he has harped on for ten or twelve years, ever since the hearings, in 1896, when it was stated that they were dilapidated and old then. It is perfectly absurd.

Mr. UNDERWOOD. If that statement is untrue, then to what extent have you improved your mills and developed them since that time; since your organization?

Mr. LYMAN. The extent to which we could with the outlay of the proceeds of \$6,000,000 bonds and what surplus earnings we could make to keep them up.

Mr. UNDERWOOD. How much did it amount to?

Mr. LYMAN. Roughly speaking, \$12,000,000 or \$13,000,000, perhaps—\$10,000,000 I would say, because some of these earnings we appropriated in other ways; they were absorbed in working capital—that is, the working capital increased.

Mr. UNDERWOOD. Do I understand you to say that you have improved these plants to the extent of 10 millions of dollars in addition to 6 millions of bonds?

Mr. LYMAN. No; including.

Mr. UNDERWOOD. Four millions of dollars in addition to 6 millions bonds?

Mr. LYMAN. Yes, sir.

Mr. UNDERWOOD. How much have you increased your working capital since your organization?

Mr. LYMAN. That I am unable to say offhand without working it out from our statement. It fluctuates. We have been having several bad years, and our working capital has been absorbed.

Mr. UNDERWOOD. Do you know what your working capital was when you organized your company?

Mr. LYMAN. Well, I did know, but I don't recollect it. I should say four or five millions.

Mr. UNDERWOOD. What is your working capital to-day?

Mr. LYMAN. I say, I do not know.

Mr. UNDERWOOD. Is it in excess of what it was when you started?

Mr. LYMAN. I can not say just what the last balance sheet would show as free capital. I think that when we made up a statement for the Select Committee that it was somewhat less than five millions.

Mr. UNDERWOOD. Then you have not increased your working capital since you started?

Mr. LYMAN. That would follow if those guesses are correct.

Mr. UNDERWOOD. But you have added four millions out of your profits to your improvements?

Mr. LYMAN. To maintenance.

Mr. UNDERWOOD. I thought you said a while ago that it was betterments. Maintenance would leave the mill in the same condition, while betterments would put it in a better condition.

Mr. LYMAN. I do not think I used the word "betterments;" I said improvements.

Mr. UNDERWOOD. You said the property was in a better condition than when you started out, and for that reason the gentleman's statement was incorrect. Do you take that back?

Mr. LYMAN. I think I stated that the statement that they were a lot of dilapidated mills, or ever had been so, was grossly misleading.

Mr. UNDERWOOD. Well, in view of that, you said that you had put betterments on them probably to the extent of these earnings, \$6,000,000 out of bonds and \$4,000,000 out of profit. Now, you have been running for about ten years?

Mr. LYMAN. Yes, sir.

Mr. UNDERWOOD. That would represent an earning capacity in addition to what you paid on your stock of about \$400,000 a year profit that you have made out of the business?

Mr. LYMAN. I have worked that all out right here—\$700,000.

Mr. GRIGGS. You say that the earnings of the company in excess of dividends in ten years amounted to \$7,381,000, leaving the surplus earnings, together with the proceeds of sale of \$6,000,000 of bonds, as having been used mostly in the improvement of plants, which is \$13,381,000?

Mr. LYMAN. Yes.

Mr. GRIGGS. You only used \$10,000,000 of that?

Mr. LYMAN. I say mostly. I did not substantiate that by looking it up. I know the affairs of the company generally.

Mr. GRIGGS. I am not trying to mix you up at all, but to set you right.

Mr. LYMAN. Yes; I do not want to be held down to too great exactness in making statements in answering questions of this nature.

Mr. UNDERWOOD. Counting betterments and improvements, you have a pretty profitable concern?

Mr. LYMAN. Not at all, sir. I do not regard that as at all an adequate profit for the property that is represented.

Mr. UNDERWOOD. What effect do you think it would have on the price of paper if we were to repeal all duties on manufactured wood pulp and paper?

Mr. LYMAN. On the price of paper?

Mr. UNDERWOOD. I will put it in this way: I will not say to remove the duties, but if we adopted a minimum and maximum tariff bill, and the executive department of the Government should enter into a reciprocal agreement under a minimum and maximum tariff rate with Canada that would remove the duties from Canadian wood pulp and Canadian paper—leaving out the balance of the world—I will ask you what effect that would have on the price of paper?

Mr. LYMAN. That would be exactly tantamount to removing the—

Mr. UNDERWOOD. That would mean free trade from Canada to this country.

Mr. LYMAN. The effect would be the same as if you took it off here, unless it gives us power to retaliate by going in and getting the Canadian market.

Mr. UNDERWOOD. What I mean is this, to make myself plain: If we had free trade on paper and wood pulp between this country and Canada, leaving out the balance of the world, leaving the duty on for the balance of the world, what effect would that have on the price of paper in the United States?

Mr. LYMAN. I think it would gradually lower the price, and in the course of ten years you would find that the paper was being made up in Canada, and the mills here would be abandoned in a very large number; but the change, as I look at it, would take place gradually.

Mr. UNDERWOOD. To what extent would it immediately lower the price?

Mr. LYMAN. I do not think it would immediately lower it at all. There is great scarcity of paper at this minute. If we should have a rainy season before things freeze up, the situation would be relieved.

Mr. UNDERWOOD. At a time when you were able to produce sufficient paper both in this country and Canada, mills running under normal capacity, what effect would it have on the market?

Mr. LYMAN. If we were running to normal capacity and the consumption and production were just about balanced, it would reduce prices just as soon as Canada could increase her output, which we would do.

Mr. UNDERWOOD. Well, if you can not answer my question, all right; but I would have liked to have had from you a statement of facts, as you are in the business, but if you can not make it, say so.

Mr. LYMAN. People are very apt to ask questions from practical men and lead them to make a reply about something which they do not know anything about. Now, I know just enough about this to know that I can not tell you just what is going to happen, because so many things could occur to interfere with that.

Mr. UNDERWOOD. The amount of the tariff on a ton of Canadian paper coming into this country is how much?

Mr. LYMAN. Six dollars.

Mr. UNDERWOOD. Would it reduce the price to the extent of \$6 if we took the tariff off?

Mr. LYMAN. I believe it would not at once. It might have that tendency, but before the tendency could work out, some other tendency and influence might get to work that would offset it.

Mr. UNDERWOOD. Then you do not think the reduction in price in this country would amount to as much as \$6?

Mr. LYMAN. Not immediately; no.

Mr. UNDERWOOD. Do you think it would ultimately?

Mr. LYMAN. Yes, other things being equal, if no other conditions come in to change it—suppose, for instance, that all the Canadian mills were unionized, and wages were raised. Would not that have a tendency to offset it? There are a great many things like that that can happen.

The CHAIRMAN. Who is the author of this brief that you have presented?

Mr. LYMAN. I wrote it.

The CHAIRMAN. You are the author of it?

Mr. LYMAN. Yes.

The CHAIRMAN. You state that in 1898 the International Paper Company took over the property of a number of corporations by purchase, as I read it. What did they do, buy out the stockholders?

Mr. LYMAN. The old companies—for instance, the Glen Manufacturing Company, that had mills at Berlin—sold all of their property to the new company, the International Paper Company—as a matter of fact, they sold it to trustees who received it.

The CHAIRMAN. I do not care how the transfer was brought about, but they sold it for what consideration, cash?

Mr. LYMAN. Stock and bonds of the International Paper Company.

The CHAIRMAN. Do you remember the amount of stock and bonds?

Mr. LYMAN. Of that particular mill, or any mill?

The CHAIRMAN. Yes.

Mr. LYMAN. No; I do not.

The CHAIRMAN. Do you remember that of any of them?

Mr. LYMAN. No; I do not.

The CHAIRMAN. You have figures to tell you of each mill?

Mr. LYMAN. Yes.

The CHAIRMAN. If it would not be too much trouble, I wish you would produce a statement showing the purchase price of each of these properties, and how paid, in cash, bonds, or otherwise.

Mr. LYMAN. We can do that, and would be glad to do it.

The CHAIRMAN. And the capacity of each mill—the number of tons they made each day—at the time of the purchase. Have you got that information here now?

Mr. LYMAN. No; I have not, but I will have my secretary make a memorandum of it and furnish it.

The CHAIRMAN. You may send it to the committee to be filed. Now, you make certain statements here about the wages paid in the mills, your mills, and the foreign mills; that is, you make a statement about one of the Canadian mills. What Canadian mill is that?

Mr. LYMAN. The first statement refers to the J. R. Booth mill at Ottawa.

The CHAIRMAN. And what is the capacity of that mill?

Mr. LYMAN. It has increased lately. What is the capacity of the Ottawa mill, Mr. Chable?

Mr. CHABLE. About 100 tons.

Mr. LYMAN. What was it in February?

Mr. CHABLE. The same then.

The CHAIRMAN. And where did you get your information about the wages?

Mr. LYMAN. Mr. Whitcomb, the manager of our manufacturing department at that time, was at that mill, and talked personally with the laboring men in the mill; got it from the men themselves as to what they were being paid, and made a memorandum of it.

The CHAIRMAN. When did you get that?

Mr. LYMAN. That was gotten in the spring of this year.

The CHAIRMAN. Did you get information as to the wages paid in any other Canadian mill?

Mr. LYMAN. We did; through the president of one of the labor organizations. He got a partial list of several mills, and one of those is incorporated in that statement; that is the Grand Mere, Laurentide mill.

The CHAIRMAN. You did not put that in your brief?

Mr. LYMAN. Yes; that is in one of the statements. It is rather incomplete.

The CHAIRMAN. The last column in that statement?

Mr. LYMAN. Yes, sir.

The CHAIRMAN. Does that represent the wages in several mills?

Mr. LYMAN. That is fairly representative, I understand. We haven't got it absolutely and completely.

The CHAIRMAN. What about this mill of Sir William Van Hornè's that we hear so much about?

Mr. LYMAN. That is the Laurentide Paper Company, at Grand Mere, on the St. Maurice River. It was started originally by United States capital, and is the one that General Alger had an interest in.

The CHAIRMAN. Where is it located?

Mr. LYMAN. At Grand Mere, on the St. Maurice River.

The CHAIRMAN. What part of Canada is that?

Mr. LYMAN. It is in Quebec, about the central part.

The CHAIRMAN. Sir William has made some statement about wages paid in the mill, hasn't he; or some statement has been published purporting to have come from him?

Mr. LYMAN. There has been a statement from that mill as to wages, but I do not know whether Sir William Van Horne has ever made any statement in regard to wages or not.

The CHAIRMAN. And that statement purported to show that the wages were greater in the Canadian mills than in the American mills?

Mr. LYMAN. I say I am not aware of any statement made by Sir William Van Horn.

The CHAIRMAN. You said that there was a statement published. That statement that you saw published purported to show greater wages paid in that mill than in the American mills, did it not?

Mr. LYMAN. I do not think it made any comparison.

The CHAIRMAN. I noticed something in Mr. Norris's brief about it, some general statement, and I would like to know the facts about it.

Mr. LYMAN. We have no very good data as to the wages paid in the Canadian mills. It is not complete.

The CHAIRMAN. Do you think you can get those figures for me?

Mr. LYMAN. We will make another effort. We have tried to get them, but have not succeeded in getting the information completely; but we will make it a point to do so if we can.

The CHAIRMAN. Have you stated in your brief all the differences that occur to you in favor of the Canadian mills lowering the cost of production below that of the American mill?

Mr. LYMAN. I do not think I understand that question.

The CHAIRMAN. You have stated in your brief the differences in cost of labor, cost of stumpage, etc. Have you stated all those differences that have occurred to you in favor of the Canadian mill?

Mr. LYMAN. I did not attempt to go into the small ones. I thought the larger factors were enough to be determinative.

The CHAIRMAN. Are there no other differences?

Mr. LYMAN. There are differences one way or another, some against us and some in favor of us, and quite different at different mills, the different mills in our company, and the different mills in Canada.

The CHAIRMAN. You do not go into the difference in freight?

Mr. LYMAN. Freight on paper?

The CHAIRMAN. The freight on pulp wood or freight on anything.

Mr. LYMAN. Enough to satisfy myself that it was almost negligible; that is, the difference in the freight upon the finished product from the Canadian mills and the American mills.

The CHAIRMAN. You could not give us the average freight paid per ton on pulp wood, bringing it to your mill and bringing it to the Canadian mill, and the average amount per ton paid on the products of the two mills?

Mr. LYMAN. I attempted to give the averages—I did give the average rates of freight paid on our wood of \$3.25, but you might say that there is no such thing as "average freight" to the Canadian mills, and you would have to have a complete statement in order to get a true average.

The CHAIRMAN. Do you mean to say that they haven't any average freight rate from the Canadian mills to New York or Boston?

Mr. LYMAN. Quebec is a pretty big province, and they have pulp-wood mills that are away up at Lake St. John, north of Quebec, and away out West in the western part of Ontario; but I can get rates that are typical.

The CHAIRMAN. With their mills located in those places so far away from the market, you would not have much competition anyway; they would rather sell nearest home.

Mr. LYMAN. Oh, no.

The CHAIRMAN. Where do they sell?

Mr. LYMAN. They sell in Europe, in Australia, and some of it here.

The CHAIRMAN. Do they sell it in the United States?

Mr. LYMAN. Some of it here. I gave the amounts that they sell here.

Mr. CALDERHEAD. Do you sell paper in Kansas and Nebraska?

Mr. LYMAN. No; we do not get out as far as that.

Mr. CALDERHEAD. How far West do you go?

Mr. LYMAN. No farther than St. Louis, I think. We have had some orders out there, but we lost them in competition.

Mr. CALDERHEAD. What price do you sell No. 2 print paper for as far west as St. Louis?

Mr. LYMAN. We only have one grade, and the price in St. Louis to-day would be based probably on about 2½ cents New York delivery, plus the freight to St. Louis. That is my general impression. I am not connected with the sales department.

Mr. CALDERHEAD. Do you know the Carpenter Paper Company, of Chicago?

Mr. LYMAN. Yes; of Omaha? They used to be in Omaha.

Mr. CALDERHEAD. Do you come in competition with that company anywhere?

Mr. LYMAN. I do not know whether they would get east as far as we get west or not. I do not think they come far enough east to reach us. They are jobbers.

Mr. CALDERHEAD. Would you sell paper in 500-ton lots as low as \$2.08?

Mr. LYMAN. Where? Out there?

Mr. CALDERHEAD. In St. Louis.

Mr. LYMAN. No.

Mr. CALDERHEAD. Or Kansas City?

Mr. LYMAN. Not to-day.

Mr. CALDERHEAD. Or Chicago?

Mr. LYMAN. Not to-day. I do not think anybody could get it to-day for that. We could not afford to.

Mr. CALDERHEAD. The Carpenter Paper Company made a contract for 500 tons with one paper in my State at \$2.08 a hundred recently.

Mr. LYMAN. It probably came from a western mill, did it not, considerably nearer than we are to them? The rate becomes prohibitive when you get out that far.

Mr. CALDERHEAD. Is there any print paper selling at that price anywhere in the eastern part of the United States?

Mr. LYMAN. \$2.08?

Mr. CALDERHEAD. Yes.

Mr. LYMAN. I do not think there are any quotations being made now as low as that. There was some paper sold at auction at \$2.05 and \$2.06, and thereabouts, f. o. b. mill. If anybody bought it at the mill and wanted to use it right there at hand, it would not cost them more than \$2.08.

The CHAIRMAN. A year ago quite a number of newspaper people had contracts that ran from three to five years at a low rate, did they not, and they expired?

Mr. LYMAN. Yes.

The CHAIRMAN. So there was quite a difference in the price of paper?

Mr. LYMAN. Yes, mostly.

The CHAIRMAN. For instance, the New York Times and the Staats Zeitung had old contracts that expired. They expired, I believe, last spring, did they not?

Mr. LYMAN. I believe the Staats-Zeitung has been making yearly contracts; I think so.

The CHAIRMAN. And after that the price was higher?

Mr. LYMAN. Yes. They had had pretty low contracts. They probably made their contracts at the very most favorable time.

The CHAIRMAN. A gentleman connected with one of those papers told me last summer that he had lower rates than even some of the paper publishers mentioned in Mr. North's reports; he got the paper lower still. However, I want to ask you this question: Can you tell us what proportion of the entire amount of timber cut in the United States is turned into paper?

Mr. LYMAN. As I have figured it out from government reports, it is less than 1.6 per cent.

The CHAIRMAN. Is that a conservative figure?

Mr. LYMAN. It is conservative if the government figures are conservative. It is based purely on official figures. It is simply a matter of arithmetic.

The CHAIRMAN. Are there any statistics that show that?

Mr. LYMAN. Yes, sir.

The CHAIRMAN. Published by the Department of Commerce and Labor?

Mr. LYMAN. There is one pamphlet published by the Forestry Service called "The Drain on the Forests," I think, in which they give what the total consumption of wood is in the United States. They figure it at about 100 billion feet; and the domestic pulp-wood consumption for the same year was about 1,500,000,000.

The CHAIRMAN. That is where you get the ratio of 1.6 per cent?

Mr. LYMAN. Yes.

The CHAIRMAN. That is all.

Mr. CALDERHEAD. Another question. At the same time that this contract was made for 500 tons of paper at \$2.08 contracts were made by another paper company for the supply of paper for the next year—this coming year—at \$2.14; and in another newspaper office in my State, when I made that statement, they showed me correspondence in which they were tendering them paper at \$2.85 for Chicago paper and \$2.87 for paper from Buffalo, and contended that that was the lowest rate that they could make. How does it come that there is such a wide range in prices?

Mr. LYMAN. How recently was the last quotation? What was the difference in the period?

Mr. CALDERHEAD. The last week in October.

Mr. LYMAN. And were they both made at the same time, or practically the same time, or was there a period of six months in between?

Mr. CALDERHEAD. Oh, no; the other one was made the second week in August. The contract for \$2.14 was made the second week in August. The contract at \$2.08 was made between that time and the last week in October; and the offer of paper at \$2.85 and \$2.87 was in the last week in October. It all occurred within that short time. How did it come that there was such a wide range in the prices?

Mr. LYMAN. There has been a very great curtailment of production during the last three or four months.

Mr. CALDERHEAD. But how did it come that in sixty days there was such a wide range in prices?

Mr. LYMAN. It may be that they had not felt the effect of the drought in this particular mill by August; they may have had a surplus and not known how long the drought was going to continue. They may not have realized that it was going to be phenomenal, and may have made a low price accordingly. By the time they got to October—

Mr. CALDERHEAD. Do not misunderstand me. The price of \$2.14 was made the second week in August, and the price of \$2.08 was made sometime about the 1st of October.

Mr. LYMAN. I thought you were talking about a price of \$2.85, or something like that.

Mr. CALDERHEAD. And the price of \$2.85 was made the last week in October.

Mr. LYMAN. I have no doubt that the explanation is perfectly simple to anybody who knows the facts; but I do not know why it was. I do not think I am qualified to guess about a situation when I know so little about it.

Mr. CALDERHEAD. If there could be such a range within sixty days on a staple article of that kind, what good does the tariff do?

Mr. LYMAN. Of course it goes without saying that the tariff having remained the same, there could be no effect of the tariff on that. That is perfectly patent.

Mr. GRIGGS. The exportations of paper were, in quantity, 120,000,000 pounds, valued at \$3,514,281 in the last year—the year to which this book refers.

Mr. LYMAN. The exportations of paper?

Mr. GRIGGS. Yes. Can you explain to me how they could do that?

Mr. LYMAN. Foreign business is generally based on pretty long contracts; and the conditions that prevail when you make your contracts for shipment to Australia, for instance, may be entirely different from the conditions which prevail when you are making your final deliveries.

Mr. GRIGGS. In round numbers, 49,000,000 pounds were exported to Canada.

Mr. LYMAN. Exported to Canada?

Mr. GRIGGS. Yes.

Mr. LYMAN. No; not from the United States.

Mr. GRIGGS. 48,810,734 pounds.

Mr. LYMAN. Of paper exported to Canada?

Mr. GRIGGS. Yes, sir; printing paper at that.

Mr. LYMAN. I do not think that is accurate. Forty-nine million pounds is 25,000 tons; and if it is printing paper it is not news paper. There is no news paper exported to Canada.

Mr. GRIGGS. It is a printing paper, which includes news paper, magazine, book, plate, lithograph, music, and other kinds of paper.

Mr. LYMAN. It may be some of those things—hanging paper, or lithograph paper, or something of that kind.

Mr. GRIGGS. It does not include that.

Mr. LYMAN. But it is not news paper. I do not think there has been any news paper sent to Canada at all. They have a duty of 15 per cent against us.

Mr. GRIGGS. You think you can not compete with them, now, with that duty?

Mr. LYMAN. I know that when we fear their competition here, we are not likely to be in a position to go over there with our paper.

Mr. GRIGGS. Do you not think you are a little too much afraid of each other on each side of the line? I know that when I go over to Canada they are very much afraid of the Yankees.

Mr. LYMAN. Yes.

Mr. GRIGGS. And when I talk to a Yankee down here, he is very much afraid of the Canadians. Can not you and I agree on that? Let us agree on one thing to-night.

Mr. LYMAN. If you and I should fix up anything, it would have to be in the nature of a compromise. I do not think that our apprehension is ungrounded. We have a great deal at stake.

Mr. GRIGGS. Do you think their apprehensions ungrounded?

Mr. LYMAN. Oh, if you took the duty off there, there would be no paper going up there except through a deliberate move to kill them, which other countries used to do to us on certain commodities before we had duties on them.

Mr. GRIGGS. Suppose we took the duty off here—there would be nothing coming here except through a deliberate move to kill us, would there? The reverse is true, is it not?

Mr. LYMAN. Oh, no. They are making a surplus, a great deal more than they require, over there; and they have got to place it over here.

STATEMENT OF DAVID S. COWLES, OF NEW YORK CITY, WHO THINKS THAT THE PRESENT DUTIES ON PAPER AND PULP SHOULD BE RETAINED.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. What is your residence?

Mr. COWLES. New York, sir.

The CHAIRMAN. Proceed, Mr. Cowles.

Mr. COWLES. Mr. Chairman and gentlemen, what I have to say will not take more than about five minutes.

The CHAIRMAN. You can not always tell about that.

Mr. COWLES. I feel that the amount of data that the special investigating committee has collected covers practically all the points that this committee may require, so far as statistics are concerned. But there are a few questions of general policy which I think enter into this whole question even more, perhaps, than statistics do, and with your consent I should like to suggest one or two of them.

The tariff laws of the United States are framed to provide revenue for the Government and to protect, and thereby develop, the industries of the country and give constant and profitable employment to both capital and labor. The Republican party has pledged itself to a revision of the tariff along these lines, but not in any way in departure from them. It does not stand for free trade or for a tariff for revenue only. Excessive rates should undoubtedly be reduced if it be proven that such rates exist, but no industry should be singled out for destruction at the demand of some other interest, no matter how powerful and influential that interest may be. The present tariff rates on pulp and paper are equivalent to 10 per cent on ground wood pulp and 15 per cent on news-print paper. If the entire tariff were framed for revenue only, and the protective feature were eliminated, the rates on pulp and paper could not be lower. The demand for free pulp and paper was and is made upon the charge that there is an illegal combination in restraint of trade among manufacturers of pulp and news print in this country, and added to that the unsubstantiated argument that the country must have free pulp and paper in order to preserve the American forests. A most searching investigation by a special committee of Congress developed that the first charge was false and the other erroneous. It is a well-known fact that the manufacture of wood pulp and news-print paper has not in the past, and does not now return 5 per cent per annum upon the capital invested in the industry. A removal of the present duty would result in the rapid liquidation of the industry, destruction of the forest lands owned in the United States by the manufacturers of news print, a great loss of invested capital, labor thrown out of employment, and numerous towns and villages which have grown up around paper-making centers and dependent upon them being wiped out.

It must be remembered that the manufacture of news print is based upon water power, and the proximity of such powers to spruce forests.

These conditions are found back in the woods, so to speak, and where these manufacturing plants have been developed communities have grown up around them and are dependent upon them. It is not only the capital invested in the industry which would be destroyed and the labor employed thrown out of employment, but the value of real estate in lands and houses and the business of the storekeepers and merchants would be depreciated, and ruin to many the inevitable consequence.

It is not my purpose to reiterate the details of facts and figures which are furnished in the statement of Mr. Chester W. Lyman, of the International Paper Company, further than to say that my knowledge of conditions, and familiarity with the paper-making industry, leads me to indorse fully what he has stated, with one exception, that my companies make better paper than his do, and where he gets 2½ cents we should receive 2.35.

Mr. GRIGGS. You do not indorse that statement?

Mr. COWLES. I say I do not indorse the statement that his paper is superior.

I wish to bring prominently to your attention that the danger to the paper-making industry in this country is not alone from cheaper wood in Canada and cheaper wood and low-paid labor in Europe, but from English and European capital, which is satisfied with a return upon its investment on which we in America can not live. It is a well-known fact that in the old countries capital has been accumulating for hundreds of years, and a return of 3 per cent per annum, or 4 per cent at most, is considered a satisfactory return. Where capital can be commanded for manufacturing and trading purposes at such rates, the wages of labor fall to the starvation point. This may seem an extraordinary statement to many, but it is a fact, notwithstanding. When invested capital is insufficiently remunerative, it inevitably leads to a readjustment of wages and other costs of production. Capital and labor go up and down together. If the employment of capital secures an adequate return, capital does not begrudge high pay to labor. If capital is pinched and reduced in earning capacity, the corners are cut, further development ceases, strict economies of all kinds are enforced, and wages and hours quickly feel the depressing influence. We can not stand in this country low and inadequate returns on capital any more than we can stand low wages and long hours of labor. The two go together. It is a law of trade that capital and labor prosper or suffer together. The cheap capital of Europe invested outside of the United States, if its product is admitted free, is as fatal to American industries and American labor as the cheap labor of China. If, therefore, the small tariff protection which the American paper maker has should be taken from him, the consequence would be that the cheap capital of Europe would destroy both the capital and labor invested in the paper-making industry in America.

It has been charged that paper making is destructive of the forests. My companies are owners of large tracts of timber lands. These lands are the basis of all of our operations. They are our raw material, and upon their preservation depends our position in the industry and the earnings of our capital. They are cut strictly according to the best known forestry methods practicable in this country at the present time, under the supervision of an educated forester, and are cut so as to not only secure a supply of pulp wood, but so as to facilitate and increase the growth of the forest. In cutting for pulp wood not less than 25 per cent more wood is utilized on the average from each tree than is the case where the same forest is cut for lumber purposes, because the log is brought out up to a 5-inch, and in some cases 4-inch top, as against an 8-inch top for sawing lumber.

What is true of our operations is in the main true of the industry at large where interested in timber lands. The present tariff rates

have been in existence for many years. They have worked no injustice to anyone. They are about the lowest in the whole list, have been used for no improper purpose, to remove them or lessen them would be an unwarranted injustice and bring ruin to a great industry. If, by any chance, the great paper-making industry should be transferred to Canada, or other foreign land, I would remind the newspaper publishers who are urging free pulp and free paper that under the British flag the Sherman antitrust laws do not run, and that combinations to advance the price of commodities exported to foreign lands are both approved and encouraged.

Attached to this memorandum is a detailed statement showing the percentage of increase in wages which my own mills are now paying as compared with the wages paid in 1898.

Scale of wages, Lisbon Falls Fiber Company and Pejepscot Paper Company, pulp and paper mills.

	1898. ^a	1900.	1903.	1908. ^b
Machine tenders.....	\$3.00-3.25	\$3.50	\$3.75	\$3.75
Second hands.....	1.75	2.00	2.50	2.50
Third hands.....	1.35	1.50	1.75	1.75
Fourth hands.....		1.50	1.50	1.50
Fifth hands.....			1.50	1.50
Engineer beaters.....	2.00	2.25	2.25	2.25
Assistant beaters.....	1.50-1.35	1.50-1.35	1.50	1.50
Steam engineers.....			2.50	3.00
Assistant engineers.....			2.25	2.50
Firemen.....			1.75	2.50-2.25
Finishers:				
Boss.....	2.00	2.25-2.00	2.25-2.00	3.00-2.50
Helpers.....	1.50	1.50	1.50	1.65
Wood room.....	1.50	1.50	1.50	1.65
Grinders and screens.....	1.50	1.50	1.50	1.60
Outside.....	1.25	1.25	1.50	1.50
Repair men.....				
Boss.....	2.50	2.75	3.00	3.00
Machinists.....	2.25	2.25	2.50	3.00
Carpenters.....	2.00	1.75-2.25	2.00-2.25	2.25
Acid maker.....	2.00	2.00	2.25	2.25
Cookers.....	2.00	2.25	2.60	2.50

^a Two turns.

^b Three turns.

July 1, 1901, paper mills on sixty-five hours week; April 1, 1907, paper mills went on three tours.

Scale of wages, Lisbon Falls Fiber Company and Pejepscot Paper Company, pulp and paper mills, on twelve-hour, ten-hour, and eight-hour basis.

	1898.	1900.	1903.	1908.	Increase.
	<i>12 hours.</i>	<i>12 hours.</i>	<i>10 hours.</i>	<i>8 hours.</i>	<i>Per cent.</i>
Machine tenders.....	\$0.27	\$0.29 $\frac{1}{2}$	\$0.37 $\frac{1}{10}$	\$0.46 $\frac{1}{10}$	73.70
Second hands.....	.14 $\frac{1}{10}$	.16 $\frac{1}{2}$	.25	.31 $\frac{1}{2}$	114.04
Third hands.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.17 $\frac{1}{10}$	.21 $\frac{1}{10}$	94.67
Fourth hands.....			.16	.18 $\frac{1}{2}$	25.00
Fifth hands.....			.15	.18 $\frac{1}{2}$	25.00
Engineer beaters.....	.16 $\frac{1}{2}$	.18 $\frac{1}{2}$	.22 $\frac{1}{10}$	.28 $\frac{1}{2}$	68.76
Assistant beaters.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.18 $\frac{1}{2}$	66.66
Firemen.....		.14 $\frac{1}{2}$	.19	.28 $\frac{1}{2}$	93.97
Grinders and screens.....	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.20	60.00
Acid maker.....	.16 $\frac{1}{2}$	.16 $\frac{1}{2}$	.22 $\frac{1}{2}$	.28 $\frac{1}{2}$	68.76
Cookers.....	.16 $\frac{1}{2}$	.16 $\frac{1}{2}$	.25	.31 $\frac{1}{2}$	87.58
Finishers:					
Boss.....	<i>10 hours.</i>	<i>10 hours.</i>			
Helpers.....	.20	.20	.20	.31 $\frac{1}{2}$	56.25
Wood room.....	.16	.16	.16	.20 $\frac{1}{10}$	87.33
Outside.....	.15	.16	.15	.20	33.33
Boss.....	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	.18 $\frac{1}{2}$	50.00
Machinist.....	.25	.27 $\frac{1}{2}$	.30	.37 $\frac{1}{2}$	50.00
Carpenters.....	.22 $\frac{1}{2}$	.22 $\frac{1}{2}$	.26	.37 $\frac{1}{2}$	66.66
Carpenters.....	.20	.22 $\frac{1}{2}$	.22 $\frac{1}{2}$	.28 $\frac{1}{2}$	40.63
Steam engineers.....	<i>12 hours.</i>	<i>12 hours.</i>	<i>12 hours.</i>	<i>12 hours.</i>	
Assistant engineers.....		.20 $\frac{1}{10}$	.20 $\frac{1}{10}$	.31 $\frac{1}{2}$	50.24
		.18 $\frac{1}{10}$	.20 $\frac{1}{10}$	.20 $\frac{1}{10}$	11.23

Mr. UNDERWOOD. You referred to the Sherman antitrust law as being injurious to your business. How does that affect it?

Mr. COWLES. I say that it does not prevail in Canada, and that if the industry is wiped out in this country and transferred to Canada the Canadian manufacturers can make all the combinations to advance prices they please and compel the publishers in this country to pay whatever price they choose to ask, because the publisher will have no relief from American manufacture after American manufacture has once been terminated here.

Mr. UNDERWOOD. Do you think that if we had absolute free trade on wood pulp and paper between this country and Canada it would wipe out the International Paper Company?

Mr. COWLES. I think it would very seriously jeopardize its existence; yes, sir—that is, its property. It might go through a reorganization or liquidation and get fresh capital. It would wipe out a large amount of its investment. There is not any question about that.

Mr. UNDERWOOD. Wherein would it need fresh capital?

Mr. COWLES. Where would it need it?

Mr. UNDERWOOD. Yes.

Mr. COWLES. To build mills in Canada, possibly.

Mr. UNDERWOOD. But I am talking about the International Paper Company as run in America.

Mr. COWLES. I think that is a wise business policy. It is our raw material, and if we are going to stay in the business we have got to have the raw material.

Mr. UNDERWOOD. I wanted your judgment on the matter. I asked you for your judgment.

Mr. GRIGGS. Are you not continually adding to your forest holdings?

Mr. COWLES. Yes, sir; as much as we can.

Mr. GRIGGS. Just as the sawmill men do—you buy all the land you can adjoining you?

Mr. COWLES. I think that is a wise proposition. It is our raw material, and if we are going to stay in the business we have got to have the raw material.

Mr. GRIGGS. Do you not pay for that out of the earnings of your company?

Mr. COWLES. Sometimes yes, and sometimes no.

Mr. GRIGGS. As a general proposition?

Mr. COWLES. We have not had enough earnings recently to enable us to pay for very much timber land out of them.

Mr. GRIGGS. That is simply last year; we all understand that.

Mr. COWLES. Yes; but I am speaking of a period extending over the last three or four years. If you go back five years, or go back ten years, the industry has not been a profitable industry.

Mr. GRIGGS. Did you not have good times in 1897, 1896, 1895, and 1894?

Mr. COWLES. There have been short periods when we had a fairly satisfactory price; but almost invariably before that condition came about the paper industry had put its product under contract for a long term of months, and did not profit by it.

Mr. GRIGGS. I will put that question in another form: Do you not put a large part of your earnings into the purchase of additional land?

Mr. COWLES. Yes, sir; we do. I will not say necessarily into the purchase of land, either, but back again into our business; yes, sir.

Mr. GRIGGS. And you do not count that in your profits? What you put back into the business, you do not count in your profits at all?

Mr. COWLES. Oh, yes; we do. It shows as part of our profits; but what goes into increased real estate and plant simply increases our holdings.

Mr. GRIGGS. I understand that; and you only show us your dividends? You only make an exhibit of your dividends?

Mr. COWLES. Oh, no; we do not make any exhibit at all. We are not a public corporation. We are a close corporation. We do not make any public report.

Mr. GRIGGS. I understand that you make no public report; but I presume you are willing to reply to the questions of the committee, like the gentlemen who have preceded you?

Mr. COWLES. I know precisely at the end of each month what we make, and at the end of each six months, and at the end of each twelve months.

Mr. GRIGGS. If you put a large part of that back into land holdings—

Mr. COWLES. It shows on the balance sheet; yes, sir.

Mr. GRIGGS (continuing). Then, out of that part which is left, you determine what your dividends shall be, preserving the working capital?

Mr. COWLES. Why, certainly; we determine what dividends we shall pay, of course.

Mr. GRIGGS. You are worth that much more every year, then, are you not?

Mr. COWLES. Certainly. That is what you call saving money.

Mr. GRIGGS. Then you have made that much more?

Mr. COWLES. You have made that much money; yes. If you have reinvested it in the business you have got it at risk in your business. You have not taken it out and put it into something else where it is not in jeopardy, but it has gone back again into your business and is at risk.

Mr. CLARK. When they talk about dividends here, they do not count the enhanced value of the property in with the dividends?

Mr. COWLES. I do not hear you, Mr. Clark.

Mr. CLARK. I say, when Mr. Hastings and the rest of them talk about dividends they do not count this enhanced value of the property in with the dividends; so that that answer is misleading. For instance, it is said that they only declared a 5 per cent dividend.

Mr. COWLES. When I say 5 per cent I mean net earnings. I do not mean a 5 per cent dividend.

Mr. CLARK. When you talk about 5 per cent net earnings, do you count in this increased value of your property and your increased holdings?

Mr. COWLES. Yes, sir. If I have \$7,000,000 in my properties and I make \$350,000 gross profit, I have earned 5 per cent on my \$7,000,000.

Mr. CLARK. Yes.

Mr. COWLES. I might distribute half of that as dividends and leave the rest in the business; but my earning on my invested capital would be simply 5 per cent.

Mr. GRIGGS. How long have you been in the paper business, Mr. Cowles?

Mr. COWLES. I have been in the paper business for sixteen or seventeen years.

Mr. GRIGGS. Did you have much money when you went into it?

Mr. COWLES. I had more money than I have now.

Mr. GRIGGS. Did you lose it in the paper business?

Mr. COWLES. I lost a good deal of it; yes—all that I lost, I did.

Mr. GRIGGS. You state that as a fact, to go in the record?

Mr. COWLES. Well, perhaps that is a little extreme. The first two or three years that I was in the paper business I think it cost me about \$250,000 or \$300,000.

Mr. GRIGGS. You are worth more now, though, than you were when you started?

Mr. COWLES. Yes; I am.

Mr. GRIGGS. I am glad to hear that.

Mr. COWLES. Thank you.

Mr. CLARK. You are worth several million dollars more, are you not?

Mr. COWLES. Well, I do not think that has any bearing on the question of the tariff.

Mr. CLARK. Well, it does have a bearing on the question of profits, and what this committee is really trying to do is to get at the facts. I would not do you an injustice a bit quicker than the chairman of this committee would.

Mr. COWLES. Mr. Clark, it is a very curious thing, but both before the investigating committee and before this committee there has been a wonderful curiosity as to how much the paper-making industry earns. I have never heard the question asked as to how much the newspapers earn, and I can tell you that for every dollar that the paper-making industry earns the newspapers earn \$1,000.

Mr. CLARK. If I were investigating the newspapers on the tariff question, if there was any tariff that affected them, I would go after them as I go after you, or as I tried to go after Mr. Hastings. I will tell you how we get to believe that there are enormous profits made in the paper business. If you print a thing often enough, people get to believe it, and one of two things is absolutely true. Either you have made enormous profits or all of these newspaper men in the United States that have been yelling around on this subject are either a lot of imbeciles or a lot of liars—one of the two.

Mr. COWLES. I would not call them either thing myself [laughter]; but I would say this: The whole movement, from the time it started up to the present time, is nothing but a persistent, concerted, deliberate bear movement on the paper market. It is to put down the price of news-print paper, and for no other purpose.

Mr. CLARK. I was simply telling you how people get the idea that there are these enormous profits.

Mr. COWLES. If the paper trade got together in a combination as the newspapers have, and undertook to put up the price of news paper, you would hear a howl; but they can get together to ruin our properties and drive our laboring people out of employment, and they can make our villages of no utility or use, and all that sort of thing.

Mr. GRIGGS. We were not appointed to investigate that, and do not want you to get that idea. We were appointed to investigate the tariff.

Mr. COWLES. Yes, sir.

Mr. GRIGGS. And you voluntarily came before us as a witness to offer some information that you thought we did not have. You understand that, do you not?

Mr. COWLES. Yes.

Mr. GRIGGS. And when we inquire for that information you ought not to get excited.

Mr. COWLES. I am not excited at all. [Laughter.]

Mr. GRIGGS. We are simply making straightforward, honest inquiries.

Mr. COWLES. Yes.

Mr. GRIGGS. If they may seem to strike too deep, of course we are sorry; but we have to know the facts, if we can get them. You are the only gentleman here to-night, at least since I came in, out of whom we have been able to extract any sort of information. I want to give you that much of a compliment. [Laughter.]

The CHAIRMAN. Of course newspapers are absolutely protected. There is a wall around the United States, and you can not get any foreign papers in. It does not require any tariff to protect them.

Mr. COWLES. Let me say something to you, Mr. Payne, and perhaps it will clear up that question in a way. Paper making was an industry in the United States long before paper making was ever thought of in Canada. There has never been a time to my knowledge when there has not been sufficient news paper produced in the United States to supply the entire consumption of the newspapers, excepting, perhaps, a little temporary, short, period when there might be a drought or some strange and unusual condition—a Spanish war or a Boer war, or something of that kind—and a temporary scarcity. The same thing might occur in any market—the wheat market, the sugar market, the cotton market, or any other market. There has never been a time when the productive capacity of news paper in the United States was not ample to supply all of the newspapers. Now, why do not the newspapers buy Canadian paper. To-day only a comparatively small amount of the product that is made in Canada is consumed there, and the balance is exported. They do not buy Canadian paper for the simple reason that they can buy American paper cheaper. There is no other reason.

Mr. CLARK. But they have to pay that \$6 tariff to get it in here.

Mr. COWLES. No; they can buy it cheaper as it stands to-day.

Mr. GRIGGS. Follow up that idea for a word or two, please.

Mr. COWLES. They can get their paper to-day cheaper in America than they can import the Canadian paper.

Mr. GRIGGS. Why do you need a tariff?

Mr. COWLES. I beg your pardon?

Mr. GRIGGS. Why do you need the duty?

Mr. COWLES. Because we do not want the Canadian paper to come in and demoralize our market. It is not a question, simply, of the duty. Anybody who is familiar with markets knows perfectly well that a small surplus of 10 or 15 per cent will knock the remaining 90 per cent or 85 per cent into a cocked hat. If the duty was off of the

Canadian paper and the Canadian paper was brought into this country, Mr. Norris would get his quotation from a Canadian mill, and he would play that against the American mill. He would get a quotation from the American mill and would go back to the Canadian mill and would play the one against the other; and he would get it down to a point where both of them would be too sick to go any further, and then he would make his contract. That is the way those things work. It is not a question altogether of the amount of duty.

Mr. RANDELL. That would be competition.

Mr. COWLES. Yes; destructive competition.

Mr. CLARK. I want to ask you one more question. I do not know how much you have studied about it; but you know they have to raise so much money out of the tariff in order to run the Government. Do you think, in the light of what you have heard and read, that the paper industry pays its fair proportion of the revenues of the Government with this \$6 tariff on it?

Mr. COWLES. I will answer that in this way: I think they do, because I do not see any reason, when an industry has grown up in a country and is adequate to supply the market with the material required, why it should be sacrificed to let a foreign product in for the purpose of creating an artificial revenue which does not naturally and properly belong to the Government; but if that is going to be done, why not let the newspapers pay their share? There is a grand, good opportunity for them to contribute to the prosperity of the Government. They do not pay any duty on anything. Let them go and buy some Canadian paper and bring it in.

Mr. CLARK. The trouble about that is exactly what the chairman suggested. There is no man on earth that has got sense enough to get a tariff out of newspapers, because there are no newspapers imported. We get revenue out of the tariff system on what comes in and not on what is shut out.

Mr. COWLES. But we do pay considerable duty.

Mr. CLARK. Oh, I know you do.

Mr. COWLES. I mean we buy and use articles which enter into the cost of manufacture and that are a part of the manufacture, and we pay duties to the Government.

Mr. GRIGGS. But you tax that against the ultimate consumer.

Mr. COWLES. Sometimes, no. Sometimes the consumers get their paper for less than it costs us to make it.

Mr. GRIGGS. But you try to.

Mr. COWLES. We try to; yes.

**STATEMENT OF O. L. E. WEBER, OF MICHIGAN, REPRESENTING
THE SULPHITE MANUFACTURING INTERESTS.**

SATURDAY, *November 21, 1908.*

Mr. WEBER. Mr. Chairman and gentlemen, we occupy the peculiar position, or I do, of representing here the small mill that manufactures a high grade of Mitscherlich sulphite (so-called after the name of the inventor of the process), but that has little to do with the entire

process as a whole. Our production is comparatively small, manufactured in the United States. In view of the striking statement that has been made by Mr. Norris, that the European pulp can be made so advantageously and cheaply, and that our mills are not modern, and that we should look to them for relief, I would suggest that if Mr. Norris has any information which he can give to the sulphite manufacturers of this country tending to cheapen production, by means of their processes, I think he would be doing a great service to us.

Now, Mr. Chairman, in the brief that we have here, I say:

We, the Michigan Sulphite Fiber Company, together with the Great Northern Paper Company, Madison, Me.; the Dexter Sulphite Pulp and Paper Company, Dexter, N. Y.; the Interlake Pulp and Paper Company, Interlake, Wis.; the Detroit Sulphite Pulp and Paper Company, Detroit, Mich.; the Fletcher Paper Company, Alpena, Mich., from the years 1884 to 1889 built 6 mills for the production of sulphite by the Mitscherlich process.

To-day only 2 of these mills are making pulp for the market, the others having gone into the manufacture of paper, owing to foreign competition under the present duties.

To produce the high grades made by these mills requires additional labor for strength of stock by reason of the process employed, still more labor to obtain uniformity, and almost double the labor cost of ordinary grades for cleanliness, so that the total labor cost in making the high-grade sulphites amounts to at least \$11 per ton, which the European obtains at from 35 per cent to 50 per cent of this figure (see reference sheet No. 1), which gives him an advantage of from \$5.50 to \$7.25 per ton above the American manufacturers in labor cost alone.

The best argument that it is impossible to manufacture these high-grade sulphites on this side is that practically none of it is being made here, while the Europeans have built nineteen new mills in the years 1907 and 1908, on which we have reports (see reference sheet No. 2), aggregating a yearly increase in production of 244,000 tons, to say nothing of the present mills which have largely increased their capacities.

According to European authorities, such as Mr. Dorenfeldt, this rate of increase is likely to continue for some years to come, or until the American market has been absorbed. (See reference sheet No. 3.)

This is shown by the fact that the imports of unbleached sulphite from Europe alone during the year 1906 were 12,922 tons and during 1907 were 50,962 tons, or an increase of nearly 400 per cent.

In 1908, notwithstanding the fact that the consumers of sulphite, or the paper mills of this country, were shut down, due to lack of business, to about 45 per cent of their production, and American and Canadian sulphite mills were idle even a greater proportion of time, the imports of European sulphites showed no decrease, as is evidenced by the importation of about 28,000 tons of unbleached sulphite for the first seven months of this year at prices which American sulphite mills were unable to compete with, although many of them went down to costs in their desperate efforts to secure business without avail. In evidence of this we beg to submit letters and prices under reference sheet No. 4, in which you will note that sulphite is being offered

for present delivery and 1909 delivery at from \$1.80 to \$2.08 per 100 pounds exdock New York for the strongest grades, which is lower than we can possibly manufacture for.

We are not alone in our opinion of the seriousness of European competition. Mr. H. H. Everard, an expert in the manufacture of sulphite who has recently made a trip to Europe expressly to investigate conditions on the Continent, in a letter dated November 14, 1908 (see reference sheet No. 6), states in part:

I was very much surprised to find the very best apparatus, all of the modern improvements, and latest inventions quite generally in use. I was informed also that not less than \$20,000,000 in capital had been invested during the years of 1906 and 1907 in the building and equipping of new sulphite mills in Norway, Sweden, and Finland. This capital is furnished very largely by English companies. The Germans are making very large investments also in Finland.

It is impossible for the mills of this country to compete with the foreign mills in the production of the higher qualities of sulphite with our present wage scale. Unless there is a liberal increase in the present tariff we will be forced to abandon all efforts to produce the high-grade, strong sulphite. I am confident that an increase of one-sixth cent per pound duty on the European sulphite will not deter the Scandinavian product reaching our market at the present delivered prices.

Mr. James E. Campbell, secretary and treasurer of the Dexter Sulphite Pulp and Paper Company, in a letter under date of November 16, 1908, states:

As far as our company is concerned, I wish to say that the costs not only of labor, but also of raw materials, have advanced to such an extent that we are powerless to meet the foreign competition on sulphite. For instance, two paper mills at Brownville, within 3 miles of our mill, and one paper mill at Watertown, within 7 miles of our mill, have not bought any of our sulphite for eighteen months. These two accounts used to average about \$8,000 per month. We have done everything in our power to get these paper mills back on our sulphite, and they are perfectly willing to use our product in the same quantities that they have always used it, provided we will meet the price on the foreign sulphite. These mills that I speak of are buying their Mitscherlich sulphite from Germany and Norway, and we wish you to fully appreciate that fact—that the prices which they have had and are having their sulphite delivered at these points are below our cost at the mill. (See letter in full under reference sheet No. 7.)

It is our belief that the mills of this country are entitled to a sufficient protection against European labor to enable them to make a reasonable profit, and while we are justly entitled to and had intended to ask for an increase in duty on the higher grades of sulphite, we find practical difficulties in differentiating grades at this time, and would, therefore, urgently request that no changes be made in the direction of lowering duties. We have endeavored to bring out only the principal reasons why American mills are unable to compete on high-grade sulphites under the present tariff. We shall be very glad to forward such additional information as we may have in our possession on any other phase of this subject as you may require.

All of which is respectfully submitted by

THE MICHIGAN SULPHITE FIBER COMPANY.

EXHIBIT A.

Name.	Present position.	Wages per week.	European position.	Wages per week.	Per cent of American wages.
Albert Engler.....	Machinist.....	\$16.50	Machinist.....	\$7.50	45
Chas. Helwig.....	Machine tender.....	14.40	Machine tender.....	7.50	52
Frank Kabolniek.....	Cook.....	16.80	Cook.....	5.04	30
Otto Richert.....	Reel tender.....	11.40	Beater man.....	2.52	22
Jake Glombowski.....	Bin trimmer.....	9.60	do.....	2.52	26
Jos. Glombowski.....	Cook's helper.....	10.60	Rag cutter.....	2.60	25
Marin Zellan.....	Barker.....	9.60	Straw cooker.....	3.60	38
M. Minkowski.....	Screen tender.....	11.40	Watchman.....	3.00	26
John Feidler.....	Cook's helper.....	10.80	Bleach man.....	2.70	25
Albert Sieg.....	Laborer.....	9.00	Laborer.....	3.78	42
Michael Kern.....	Digester man.....	12.00	Fireman.....	5.04	42
John Ordowski.....	Laborer.....	9.00	Laborer.....	3.75	42
		141.10		49.55	35

The wages per week have all been figured on the same number of hours per week.

In some instances the wages for Europe have increased somewhat, these men inform us.

EXHIBIT B.

Partial list of European sulphite mills building and built in years 1907-8.

RECAPITULATION.

[See details following pages.]

	Tons.
1908	140,000
1909	44,000
13 new mills, at 10,000 tons each.....	130,000
2 increases, at 3,000 tons each.....	6,000
	420,000
Average per year rate of increase.....	140,000
Increase per year for 1907 and 1908.....	244,000

Partial list of European sulphite mills building and built in years 1907-8—
Continued.

Name of mill.	Location.	Tonnage per year.	Year.
Sulphite mill	Svartvik	(a)	1907
Borga Sulphite Mill	Finland	(a)	1907
Kissakoski Sulphate Pulp Mill	Kissakoski	(a)	1907
Abo Sulphate Mill	Finland	(a)	1907
Logo Sulphite Mill	Logo	(a)	1907
Hurinn Sulphate Mill	Sweden	(a)	1907
Salboda Mill	do.	(a)	1907
Molmbacka-Trysit	do.	(a)	1907
Waldhof Sulphite Pulp Mill	Waldhof	(b)	1907
Gutzeits Sulphate Pulp Mill	Gutzeits	(b)	1907
Aktieselskabet Greaker Celluosafabrik	Greaker Sta. on the Glommen.	*18,000	1908
Wifstavarfs Aktiebolag		20,000	1908
Kellner-Partington Mill	Borregaard	20,000	1908
Aktieselskabet Kotka Celluosafabrik	Kotka	20,000	1908
Sanda Sagverks Aktiebolag	Dal	10,000	1908
Kemitravorn Aktiebolag	Kemi	13,000	1908
Totea Sulphite Pulp Mill (Incorporated)		6,000	1908
Tofte Sulphite Mill (Incorporated)	Tofte	15,000	1908
Capt. Felbennan Mill	Lahtes	(a)	1908
Skonvik Aktiebolag	Sweden	(a)	1908
Svano Aktiebolag	Svano	18,000	1908
Halla Sulphate Pulp Mill	Halla	(b)	1908
		140,000	
Sulphite mill	Gulskogen, Norway	12,000	1909
Sunds Aktiebolag		12,000	1909
Consulweise's Mill	Fredrikstad	20,000	1909
Sulphite Mill Aktieselskabet	Kramfors	(a)	1909
Molveos Celluosafabrik	Lake Mjosen	(a)	1909
Aktiebolaget Pulp Mill	Willmonstrand	(a)	1909
		44,000	

* New mills.

b Increased.

Eight new mills and 2 increases in 1907; 2 new mills and 1 increase in 1908.

Name of mill.	Location.	Reference.
Sulphite mill	Svartvik	Paper Mill, October 31, 1908 (p. 12), by M. Villiers, British consul's annual report for 1907.
Borga Sulphite Mill	Finland	British Paper Maker, July 1, 1907 (p. 29).
Kissakoski Sulphate Pulp Mill	Kissakoski	British Paper Maker, September, 1907 (p. 303).
Abo Sulphate Mill	Finland	British Paper Maker, July, 1907 (p. 29).
Logo Sulphite Mill	Logo	British Paper Maker, September, 1907 (p. 303).
Hurinn Sulphate Mill	Sweden	British Paper Maker, July, 1907 (p. 27).
Salboda Mill	do.	British Paper Maker, July, 1907 (p. 19).
Molmbacka-Trysit	do.	Do.
Waldhof Sulphite Pulp Mill	Waldhof	British Paper Maker, November, 1907 (p. 608).
Gutzeits Sulphite Pulp Mill	Gutzeits	British Paper Maker, October, 1907 (p. 453).
Aktieselskabet Greaker Celluosafabrik	Greaker Sta. on the Glommen.	British Paper Maker, July, 1908 (p. 5).
Wifstavarfs Aktiebolag		Paper Mill, October 31, 1908 (p. 12), by M. Villiers.
Kellner-Partington Mill	Borregaard	British Paper Maker, October, 1907, (p. 443).
Aktieselskabet Kotka Celluosafabrik	Kotka	Do.
Sanda Sagverka Aktiebolag	Dal	British Paper Maker, November, 1907 (p. 599).
Kemitravorn Aktiebolag	Kemi	British Paper Maker, September, 1907 (p. 303).
Totea Sulphite Pulp Mill		British Paper Maker, October, 1907 (p. 443).
Tofte Sulphite Mill	Tofte	British Paper Maker, November, 1907 (p. 606).
Capt. Felbennan Mill	Lahtes	Do.
Skonvik Aktiebolag		Paper Mill, October 31, 1908, (p. —).
Svano Aktiebolag	Svano	British Paper Maker, June, 1908 (p. 772).
Halla Sulphate Pulp Mill	Halla	British Paper Maker, October, 1907 (p. 451).
Sulphite mill	Gulskogen, Norway	British Paper Maker, July, 1908 (p. 5).
Sunds Aktiebolag		Paper Mill, October 31, 1908 (p. 12), M. Villiers.
Consulweise's Mill	Fredrikstad	British Paper Maker, October, 1907 (p. 443).
Aktieselskabet Molveos Celluosafabrik	Lake Mjosea	Do.
Aktiebolaget Pulp Mill	Willmonstrand	British Paper Maker, November, 1907 (p. 605).
Sulphite mill	Kramfors	British Paper Maker, June, 1908 (p. 779).

EXHIBIT C.

Mr. Dorenfeldt, who probably knows more about the sulphite trade in Europe than any other man, read the other day before the Norwegian Polytechnic Association a paper on the pyrite market and a proposed extraction works in Norway.

In this paper he used as one of his arguments the following statement, which we quote verbatim from his manuscript:

"The aggregate annual production of sulphite cellulose in Europe will from the end of this year or the beginning of next year be about 1,600,000 tons, of which about 950,000 tons falls to the part of Scandinavia and the Russian and German Baltic provinces. There has lately been a very rapid increase in the output of sulphite cellulose in all the countries which border on the Baltic, and this development will probably continue in the coming years for in those countries where the rivers flow to the Baltic there is a better supply of the raw material for making cellulose, the white pine (*Picea excelsa*), than in the rest of Europe. In any case there is, because of the sparsity of the population, a far greater surplus for sale, and because the cellulose industry allows of the most efficient utilization of small and medium sized logs, the building of new and the extension of old sulphite mills in the countries round the Baltic will most probably proceed in the future even more rapidly than in the past.

"The Norway and the Baltic countries: Sweden, Finland, Russia, and Germany so far as Stettin, will continue the same increase of the production as in the last three to four years, say, an average of 100,000 tons cellulose annually, I feel therefore tolerably convinced."

We have (says "Farmand") asked Mr. Dorenfeldt if he could vouch for these figures, which surprised us by their magnitude, as will probably also be the case with many of our readers. He assured us that he was convinced that the total production was not far from the figures he had given, which were based on reliable sources of information.—The Paper Maker, November 1, 1907 (p. 608).

The Aktien-Gesellschaft für Maschinenpapierfabrikation Aschaffenburg is also doing a splendid business in both sulphite pulp and paper. The big sulphite pulp mill at Tilsit has declared a dividend of 20 per cent.—The Paper Maker, November 1, 1907 (p. 608).

The official statement of the Association of German Cell Stuff Manufacturers, addressed to the Berlin journal mentioned, refers to the fact that Germany produces a good deal more cell stuff than the country consumes, and is therefore obliged to seek foreign outlets even (to some extent), at low prices. This necessity is accentuated by the imports of foreign cell stuff, which supply part of the home demand.—The Paper Maker, August 29, 1908 (p. 22).

By Hans Lagerlof:

"It is estimated that the production in Sweden, Norway, and Finland during 1907 will be, for sulphite, 540,000 tons, and for sulphate, 100,000 tons. The increase in the output of sulphite will be 160,000 tons, and for sulphate decidedly more, in comparison, being 45,000 tons, or 45 per cent.—The Paper Maker, February 1, 1908 (p. 213).

EXHIBIT D.

LONDON, E. C., October 10, 1908.

DEAR SIR: It being arranged with the head office in Hamburg that all business in wood pulp to the United States of America has to be made from here, the Hamburg office has instructed me to make you an offer, and I hereby beg to offer you, subject unsold and subject confirmation on receipt of order, as follows:

1. Bleached sulphite pulp:

600 tons No. 735, first quality, delivery January–December, 1909, at \$49.02.

600 tons No. 737, first quality, delivery January–December, 1909, at \$53.63.

2. Easy bleaching sulphite pulp:

150 tons No. 590, first quality, delivery October–December, 1908, at \$36.90.

600 tons No. 590, first quality, delivery January–December, 1909, at \$36.90.

300 tons No. 706, first quality, delivery October–December, 1908, at \$35.07.

1,200 tons No. 706, first quality, delivery January–December, 1909, at \$35.07.

- 300 tons No. 610, first quality, delivery October–December, 1908, at \$35.94.
 1,600 tons No. 610, first quality, delivery May–December, 1909, at \$35.94.
 800 tons No. 577, first quality, delivery May–December, 1909, at \$36.58.
 800 tons No. 5300, second quality, delivery May–December, 1909, at \$35.63.
 1,200 tons No. 544, second quality, delivery May–December, 1909, at \$33.68.
 150 tons No. 544, second quality, delivery October–December, 1908, at \$33.68.
2. Strong sulphite pulp:
- 400 tons No. 623, first quality, delivery October–December, 1908, at \$32.40.
 800 tons No. 623, first quality, delivery May–December, 1909, at \$32.40.
 400 tons No. 576, first quality, delivery October–December, 1908, at \$32.40.
 1,200 tons No. 576, first quality, delivery May–December, 1909, at \$32.40.
 300 tons No. 598, first quality, delivery October–December, 1908, at \$31.86.
 2,000 tons No. 598, first quality, delivery May–December, 1909, at \$31.86.
 600 tons No. 5988, semifirst quality, delivery October–December, 1908, at \$30.63.
 120 tons No. 5289, second quality, delivery October–December, 1908, at \$30.89.
 300 tons No. 5289, second quality, delivery May–December, 1909, at \$30.89.
 400 tons No. 599, second quality, delivery October–December, 1908, at \$30.57.
 1,200 tons No. 599, second quality, delivery May–December, 1909, at \$30.57.
 150 tons No. 541, second quality, delivery October–December, 1908, at \$30.57.
 800 tons No. 541, second quality, delivery May–December, 1909, at \$30.57.
 550 tons No. 601, second irregular quality, delivery October–December, 1908, at \$29.50.
 800 tons No. 601, second irregular quality, delivery May–December, 1909, at \$29.50.
3. Knot pulp:
- 500 tons No. 602, irregular quality, delivery October–December, 1908, at \$21.46.
 600 tons No. 602, irregular quality, delivery May–December, 1909, at \$21.46.
4. Soda pulp:
- 500 tons No. 638, first strong quality, delivery October–December, 1908, at \$30.04.
 1,200 tons No. 638, first strong quality, delivery January–December, 1909, at \$30.04.
 400 tons No. 638, first strong quality, delivery October–December, 1908, at \$32.61.
 2,400 tons No. 615, first strong quality, delivery January–December, 1909, at \$32.61.
 400 tons No. 616, first extra strong quality, delivery October–December, 1908, at \$33.68.
 2,400 tons No. 616, first extra strong quality, delivery January–December, 1909, at \$33.68.
 400 tons No. 614, "Kraft" strong quality, delivery October–December, 1908, at \$32.61.
 2,400 tons No. 614, "Kraft" strong quality, delivery January–December, 1909, at \$32.61.

all per ton of 2,000 pounds gross for net, cost of freight New York, Boston, Philadelphia, Newport News, and (or) Baltimore. Payment in London against B/Lgd. by bankers three months' acceptance, and such payment to be confirmed by the banker on placing contract.

The named prices include no wrapping in hessian, such wrapping being 61 cents per ton more.

I am at the same time sending you each one sample, and I do hope that some of these qualities might suit you and that you are willing to place a contract with me. If you should like to have bigger samples, please let me know of which qualities, and I shall send some by first mail.

Please note that if you want delivery of the following qualities, Nos. 610, 577, 5300, 544, 623, 576, 598, 5988, 5289, 599, 541, 601, and 602 before May, 1909, I must have your order latest end of this month, as the navigation because of ice closes first part of November.

Hoping to be favored with your good news, I remain, dear sirs, yours, faithfully,

ELOF HANSSON.

NOTE.—The dollar price given for short tons of 2,000 pounds instead of long tons of 2,240 pounds given in pounds sterling.

EXHIBIT E.

MUNISING PAPER COMPANY (LIMITED),
Kalamazoo, Mich., November 14, 1908.

Mr. O. L. E. WEBER, *General Manager,*
Michigan Sulphite Fiber Company, Port Huron, Mich.

MY DEAR SIR: Regarding the foreign costs of labor and materials entering into the manufacture of sulphite, I spent most of my vacation during the summer of 1907 among the sulphite mills of Norway and Sweden. As I am quite largely interested in the production of similar goods in this country, I was especially desirous of personally inspecting their methods and ascertaining, if possible, how they are able to sell the higher grades of sulphite in this market at such low prices. I was thoroughly convinced before leaving Sweden that unless there was an increase in our tariff, giving the labor on this side a greater protection, it would be folly to make any further increases in the capacity of our mills, and it would be good wisdom for any man interested in the business on this side to refrain from making further investment, as capital can not be used at a profit in this industry in competition with the lower wages paid in Norway, Sweden, and Finland.

The wages paid to the men in the woods for gathering this spruce will not exceed 50 per cent of the wages paid by Maine, New York, Michigan, Minnesota, or Canadian manufacturers. This would be a fair representation of the cost of all other labor that enters into the manufacture of sulphite in the above-named countries. With this low wage scale, they can well afford to employ a greater number of people in their mills for the purpose of sorting their wood and working out all defects, such as the black knots, small particles of the inner bark, discolored or decayed wood. Following the careful sorting and selecting of the chips, the amount of work used in their process tends to produce a very clean, high-grade, strong sulphite, at a cost not exceeding the most inferior qualities turned out in this country.

I was much surprised to find the very best apparatus, all of the modern improvements and latest inventions, quite generally in use. I was informed also that not less than \$20,000,000 in capital had been invested during the years of 1906 and 1907 in the building and equipping of new sulphite mills in Norway, Sweden, and Finland. This capital is furnished very largely by English companies. The Germans are making very large investments also in Finland.

It is impossible for the mills of this country to compete with the foreign mills in the production of the higher qualities of sulphite with our present wage scale. Unless there is a liberal increase in the present tariff we will be forced to abandon all efforts to produce the high-grade strong sulphite. I am confident that an increase of one-sixth cent per pound duty on the European sulphite will not deter the Scandinavian product reaching our market at the present delivered prices.

I hope that the committee who may have charge of this branch of the tariff work will make a thorough investigation of the conditions abroad. I am very sure that they will recommend a large increase in the present tariff on the higher grades of sulphite.

Yours, very truly,

H. H. EVERARD.

EXHIBIT F.

DEXTER SULPHITE PULP AND PAPER COMPANY,
Dexter, Jefferson County, N. Y., November 16, 1908.

O. L. E. WEBER, Esq.,
Michigan Sulphite Fiber Co., Port Huron, Mich.

MY DEAR MR. WEBER: Your letter of the 14th at hand and carefully noted.

A most important foreign channel for mill information has just opened to me, and taking advantage of my opportunity I have written a letter to my communicant, who is at present in a position as manager of one of the large German mills. I have written him for a detailed list of the wages paid to all the operatives, not only in the mill he is at present managing but also other mills of which he has had charge. It is unfortunate that this information will not be at hand for the 20th, and if possible could you arrange with the committee so that this evidence can be put in when it arrives?

As far as our company is concerned, I wish to say that the cost not only of labor but also of raw materials has advanced to such an extent that we are powerless to meet the foreign competition on sulphite. For instance: Two paper mills at Brownville, within 3 miles of our mill, and one paper mill at Watertown, within 7 miles of our mill, have not bought any of our sulphite for eighteen months. These two accounts used to average about \$8,000 per month. We have done everything in our power to get these paper mills back to our sulphite, and they are perfectly willing to use our product in the same quantities that they have always used it providing we will meet the price on the foreign sulphite. These mills that I speak of are buying their Mitscherlich sulphite from Germany and Norway, and we wish you to fully appreciate the fact that the prices which they have had and are having their sulphite delivered at these points are below our cost at the mill.

This situation obtains with practically all of our other customers.

Our daily average production at our sulphite mill for the years 1901 to 1906, inclusive, amounted to about 9,100 tons per year. In 1907 this dropped to 6,516, and in 1908, for the ten months expired, about 5,000 tons production.

This gives you some idea of what we have suffered as far as production goes. In other words, during the years 1901 to 1906 our daily production amounted to 34 tons. It has been reduced in 1908 to 20 tons.

Considering the item of pay roll, our pay roll per ton of product produced in the years 1901 to 1906, inclusive, was \$5.366. In 1907 our pay roll was \$7.1888; in 1908, \$7.28.

Cost of wood.

1901 to 1906, per ton of pulp-----	\$13. 28
1907 -----	18. 742
1908 -----	23. 91

Answering your first question: The only knowledge I have in regard to the building of additional sulphite mills in Europe is what hearsay evidence I obtain.

Answering your second question: If this increased product is produced, the foreign paper market never will be able to absorb it, which means that they will continue dumping sulphite in this country at prices which will practically shut up our mills.

Answering your third question: We do not believe that the depressed business condition has had much influence on the decline in our sale of sulphite. In other words, we believe that the present ruinous condition of prices in the sulphite market is due entirely to foreign importation.

Answering your fourth question: I received but a short while ago an offering of foreign sulphite continuing over the year 1909 at a very low price. At the present time I am not sure of the exact figures, as I sent the letter with the samples to Mr. Barratt, of the Union Bag and Paper Company, for his perusal.

Answering your fifth question: I do not know what other mills in the country can do, but I do not know that our mill can not run at a profit and meet the present foreign competition.

Have already answered questions 6 and 7.

Question 8. I do not know.

Answering question 9. I certainly should differentiate between importations of quick cook and Mitscherlich sulphites. The prevailing differential in this country between these two grades of sulphite has always been about 15 per cent, and I think that the duty should be differentiated on the same basis.

You may use this letter as you see fit, either for evidence or not, and I should be very glad indeed if I could encroach upon your courtesy sufficiently to ask you to represent our mill.

I would also suggest that you have Mr. Everard at the hearing without fail, as his trip to Europe a short while since places him in position to throw considerable light on the subject.

With very kind regards, and trusting that I may hear from you, I beg to remain,

Yours, very truly,

JAMES E. CAMPBELL.

Mr. J. E. CAMPELL,

Dexter Sulphite Pulp and Paper Company, Dexter, N. Y.

DEAR SIR: At the recent meeting of the American Pulp and Paper Association I stated that it was the intention of our company (The Michigan Sulphite Fiber Company) to ask for an increase in duty on European high-grade sulphites, for the reason that the paper mill formerly using considerable quantities of our best grades have offers for immediate shipments or on contracts covering the year 1909 for all their requirements, at prices we could not meet at any reasonable profit, quick cook or direct—indirect being represented as Mitscherlich, when in fact we are advised there are but mighty few Mitscherlich mills in Europe, and few of these exporting to this country.

Our costs for wood, sulphur, coal, and labor have increased during the past ten years about three times as much as the increase in our selling price, and as we can figure out no way to decrease these it is our opinion that the paper mills or the trade using the paper into which our sulphite enters will find it no great hardship to pay the increase which a change of duty will bring about, i. e., one-sixth to one-third of a cent per pound (\$3.33 to \$6.66 per ton) on unbleached, and from one-fourth to five-twelfths of a cent per pound (\$5 to \$8.33 per ton) on unbleached sulphite of the higher grades.

Inasmuch as I have been asked to appear at Washington on Friday, the 20th, may I ask you to write me at the earliest date possible, addressed to Port Huron, Mich., what your views on the subject are, and if in accordance with ours, may I ask you to give us all the information you can, and especially on the following questions, giving references to authorities:

First. What knowledge have you on the building of additional sulphite mills in Europe, the product of which is intended for this market?

Second. What, in your opinion, will be the effect on mills in this country if this product is imported under the present duties?

Third. Have the European importations affected your sales, or do you attribute the present low prices entirely to the business depression?

Fourth. Do you know that European sulphite has been offered in sufficient quantities on future long-time contracts to seriously affect your prices? (Give particulars if possible.)

Fifth. Can mills in this country run on a reasonable profit if obliged to meet this competition?

Sixth. What do you know as to the wages received by employees in European mills by day, or week, and preferably by the ton of sulphite produced?

Seventh. Have you any information as to the cost of wood per cord, or ton of manufactured product?

Eighth. Do you know of any cases where pulp has been shipped to this country as ballast, or on a nominal ocean freight?

Ninth. Would you differentiate between quick-cook, direct-indirect, and Mitscherlich sulphites; and if so, how? Or, on account of practical difficulties and as a manufacturer of Mitscherlich pulp, would you have sulphite declared as above on importing, and ask for the increase in duty on Mitscherlich only for the moral effect?

Kindly give facts and figures as fully as possible and any other information you conveniently can, so that I may have your letter by Tuesday, as data should be prepared Wednesday, following with any further suggestions you might have to make.

Would like to use your letter as evidence if necessary, but will not do so if you do not wish it, using data only for our information.

You understand that I do not presume to represent any of the Mitscherlich mills but our own, although shall be very glad to follow such suggestions as you may have to offer.

As Mr. Everard is pretty well posted on the European situation, I am in hopes he will consent to go to Washington in my place.

Yours, very truly,

MICHIGAN SULPHITE FIBRE Co.,
O. L. E. WEBER, *Manager.*

November 14, 1908.

(Exhibit F is in reply to this letter.)

EXHIBIT G.

EUROPEAN LABOR.

Statements by employeas of the Michigan Sulphite Fibre Company.

I, Charles Helwig, have worked in a paper mill at Danzig, Germany, where I was a machine tender. The machine I ran was about 66 inches in width and ran about 200 feet per minute. I had an oiler or back tender and two reel tenders, same as I have here. In this mill there were two men in the beater room tending nine beaters, and on the whole I think that the amount of help around the mill was about the same as here.

CHAS. HELWIG.

I, Michael Kern, was a fireman in the City Electric Power Plant in Vienna, Austria, where I tended one large boiler with four furnaces. The boiler was about the same size as the No. 5 boiler in this mill, which has four furnaces and is tended by one man. The work over there was about the same as here.

MICHAEL KERN.

I, John Feidler, was a bleach man in the paper mill at Gratwin, Austria, where I mixed all the bleach myself, sometimes with one helper. In this mill they had five upright quick-cook digesters, which were tended by one cook and two helpers, working twelve-hour shifts same as they do here. In my opinion there was about as much help around that mill as here.

JOHN FEIDLER.

I, Martin Zellan, worked as cook in a mill at Gratwin, Austria, where there were seven straw cookers. There was one cook and two helpers on each shift of twelve hours each.

MARTIN ZELLAN.

I, Frank Kabolnick, worked as a cook foreman in the paper mills at Gratwin, Austria, in the sulphite department. I have also worked at the Kellner-Parthington mills, at Hallein, Austria. At Gratwin we have five digesters which were tended by a cook and four helpers, who filled and emptied the digesters. Here we have a cook and second cook on each shift and six helpers or digester men for emptying and filling, which is exactly the same amount of help to tend the same number of digesters. In my opinion there are about the same number of men to do the same amount of work over there as there are here.

FRANK KABOLNICK.

I, Albert Sieg, was a helper in the sugar mills at Dirschau, Germany. I found that there was not much difference in the amount of work I was required to do there than there is here. I worked from 6 o'clock in the morning till 6 at night, but had an hour for noon and a half hour in the morning and in the afternoon for lunch, which made eleven working hours in all.

ALBERT SIEG.

I, Jacob Glombowski, have worked in a paper mill in Steirmetz, Germany, where I was a beater man. There were four men on the shift tending eight beaters, which we loaded and emptied. This was about the same amount of work I have been accustomed to do here, and I have not noticed any difference in the number of men about a mill in Europe or America of the same size.

JACOB GLOMBOWSKI.

**STATEMENT OF GEORGE F. STEELE, OF PORT EDWARDS, WIS.,
RELATIVE TO QUICK-COOKED SULPHITE PULP.**

SATURDAY, *November 21, 1908.*

Mr. STEELE. Mr. Weber has spoken for the makers of Mitscherlich, or slow-cooked, strong sulphite pulp. The information which he has presented will also serve in large measure to inform you concerning the situation which exists in the making of quick-cooked sulphite

pulp, which constitutes by far the larger share of the sulphite produced in this country. I desire to present some further information in regard to this branch of the industry.

The total production of sulphite pulp in the United States amounts to 4,000 tons daily, or about 1,200,000 tons annually. The capital employed in the construction of mills, investments in water powers, mill sites, and working capital amounts to about \$60,000,000. This does not include the value of timber lands, which would greatly increase the total investment. Excluding the investment in timber lands, the capital is turned over once in about fifteen months, but if sufficient timber land were acquired to enable the owners to practice reforestation the turnover would be considerably slower.

The industry employs from 8,000 to 10,000 men in and around the manufacturing plants, and many more in the woods getting out the timber, transporting it to the mills, and marketing the product.

The output of the industry has increased from 200 tons daily in 1890 to 4,000 tons daily in 1908. Of this amount, about 3,000 tons is made directly into paper by the mills producing it and about 1,000 tons per day are put on the market for sale to paper mills which do not produce their own sulphite.

To give an instance of the cost of establishing a sulphite plant, we will take a mill producing 60 tons of sulphite pulp per day. Such a mill would require about 40,000 cords of spruce or hemlock timber annually, and in order that the land might reproduce the timber as fast as it was used there would be needed theoretically 120,000 acres of land. This estimate is based on spruce land, well timbered and running heavily to spruce, but in practice the amount of land required would be very much greater, owing to the impossibility of obtaining bodies of timber land free from much waste and barren land and tracts covered with other kinds of timber. In the most favored locations this would entail a permanent ownership of about 150,000 acres for a 60-ton sulphite mill. I doubt if such a tract could be obtained in this country to-day at less than \$20 per acre, equivalent to an investment in land of \$3,000,000.

The cost of equipment of such a sulphite plant and its working capital would be about \$900,000, so that we would have a total amount of \$3,900,000 invested.

The annual product of such a mill at present selling prices amounts to about \$700,000, which shows a turnover of the capital employed of once in five or six years. The interest charge on so large an investment at 6 per cent would be \$234,000, or about \$13 per ton of pulp produced. Thus anything which would affect the profits of the sulphite industry would seriously affect a large amount of capital.

Practically no sulphite pulp is exported, as costs in Canada and Europe are considerably below our costs. Owing to the rapid building of mills in this country and abroad prices have been kept below a point affording a reasonable profit. Owing to the low European labor cost the output in this country, protected by a duty amounting to only 8½ per cent, has never afforded a fairly remunerative return on capital, for the price in this country is fixed by the European and Canadian offerings.

Owing to the technical nature of the industry, and the experimental character of the business from its inception, necessitating frequent

changes in equipment, the business has been lacking in fair profits. The depreciation and upkeep of a sulphite pulp mill is unusually high, owing to the use of destructive acids in the manufacture of the product.

Figures have already been submitted to you showing the great difference between European labor costs in this industry and those which are paid in this country. I desire to submit herewith (Exhibit A) the statement of the wages paid in the Scandinavian sulphite mills. This statement covers the wages paid in the mills belonging to the Scandinavian Sulphite Association, which includes practically all the Swedish and Norwegian sulphite mills. I have been informed that this association is recognized by the governments of Norway and Sweden, and not only fixes uniform wages for employees, but also fixes uniform selling prices and establishes trade customs.

I also beg to submit a statement (Exhibit B) showing the comparative wages paid in the mills of the Scandinavian Association and in a representative United States mill. This statement shows comparative wages of men in similar positions. The general average wage per hour in the Scandinavian mills amounts to $10\frac{7}{10}$ cents per hour, and in the American mill to 26.59 cents per hour. The American wages average 248 per cent higher than those paid in the Scandinavian mills. The average cost for labor in an American quick-cooked sulphite mill is about \$5 per ton. The European wages, as shown by the official table of the Scandinavian mills, average 40 per cent of the American wages, or about \$2 per ton, leaving a difference between the American and Scandinavian wages of \$3 per ton.

The duty on foreign sulphite imported into this country is \$3.32 per ton, or about equal to the difference in labor cost between that paid in Norway and Sweden and America. I understand that the wages in Germany are about the same as in the above-mentioned countries, while the wages in Finland and Russia are lower. If the low wages of operatives engaged in cutting the pulp wood were taken into account, the duty would amount to considerably less than the difference in the total labor cost. There are also other advantages which the foreigner possesses, which give him still further aid in underselling us in our own territory.

I submit a statement (Exhibit C) showing that in the year 1907 there were 110,000 tons of foreign unbleached sulphite imported into this country, while American mills were short of shipping up to their full capacity to the extent of 84,000 tons. During this period the foreign mills shipped into this market 39 per cent of the pulp sold.

During the present year the situation has been much more serious for the domestic producer, for the recent tremendous increase in production abroad has resulted in a foreign market, which has been badly congested, and has caused a frenzied effort on the part of the foreign producer to market his surplus product in this country, without much regard to cost. I understand that the foreign associations which govern the selling prices have authorized the dumping of the product of their members at a price ruling much below the price abroad, and actually in some cases below the cost of production. This leads to the suggestion that an antidumping law would tend to cause greater stability of prices and to afford more adequate protection to the American manufacturer and working man.

This serious attack upon our home business has occurred at a time when our own business was badly crippled from the effects of the general business depression. Some of the American mills ran only one-third of the time during the first six months of the year, and the average output of the American mills was not over 50 per cent of their normal productive capacity.

The Swedish and Scandinavian mills have advantages not possessed by the American mills. Their cheap labor, as shown above, is naturally their chief advantage. But they also have the advantage of low construction costs for their buildings and machinery. They have large and cheap water powers, and low transportation costs, owing to abundant inland waterways. Their ocean freights are also exceedingly low, as freight is often taken at practically ballast rates. Their wood is also said to be lower in price than the spruce wood largely used by the American mills.

In view, therefore, of the magnitude of this industry, and the advantages possessed by our foreign competitors, we confidently look to your committee not to penalize an industry struggling against unequal odds and fighting to maintain the American home market against the onslaughts of foreign competition, and earnestly request the retention of the present rate of duty on unbleached sulphite.

I thank you for your courtesy and regret that the illness of an American manufacturer, much better equipped than I to give information to your committee, necessitated the hurried and imperfect preparation of this statement.

(The exhibits referred to by Mr. Steele are as follows:)

[Norwegian division of the Scandinavian Cellulose Company.]
EXHIBIT A.—Wages I, fourth quarter 1907, sulphite factories.

[NOTE.—In the present table time for meals and rest is in all cases included in the term "shift."]'

[Translation.]

Wood cleaners: Foremen.	Day's wage for laborers with—		Piecework, average earnings per day.		Free house or other conveniences (other than money). ^a	Additional for overtime and holidays.	Special conditions.
	8-hour shift.	12-hour shift.	8-hour shift.	12-hour shift.			
E ⁱⁱ 1,400 kroner per year. E ⁱⁱⁱ Monthly salary.	E ⁱ Hole boys, 2.50 E ⁱⁱ Sieve boys, 2.20. E ⁱⁱ Chip boy, 2.25. Block master, 3.25. Planer, 3.50.	A ⁱ 5.50. A ⁱⁱⁱ 5.20. A ^{iv} 4.904. A ^v 5.37. A ^{vi} 5.41. B 5.75. C 4.87. C ⁱⁱ 4.21. R 4.66. E ⁱ 5.01.	A ⁱ General remark: For overtime, 50%. B 25% and 50%, respectively. C ⁱ 25% to 50%. D General remark: 25%, 50% and up to 100% for each holiday's work; for example, water work, cleaning of vats and conduits, etc. E ⁱ General remark: Overtime 25%, holidays 50%. E ⁱⁱ General remark: 25% for the first 2 hours, 50% for all other overtime, 100% for Christmas, Easter, and Pentecost. E ⁱⁱⁱ For the first 2 hours after the close of ordinary overtime on the first 5 workdays in the week 25%; for all other overtime work on any week day or holiday, 50%; for the great festivals—Christmas, Easter, and Pentecost, 100%.	A ⁱ Mechanics receive for the first 10 hours 50% additional; after that, 100%. C ⁱ General remark: No additional pay for regular holiday work in the factory.	

EXHIBIT A.—Wages I, fourth quarter 1907, sulphite factories—Continued.

	Day's wages for laborers with—		Piecework, average earnings per day.		Free house or other conveniences (other than money).	Additional for overtime and holidays.	Special conditions.
	8-hour shift.	12-hour shift.	8-hour shift.	12-hour shift.			
Wood cleaners: Other than foremen.		E ⁱⁱ 3.90 E ⁱ 3.40		A ⁱ 4.50 A ^{iv} 4.46 (cutters) 4.29 (hewers) A ⁱⁱⁱ 4.40 A ^{iv} 4.45 A ^v 4.94 A ⁱ 4.62 B ⁱ 4.35 C ⁱ 4.44 C ⁱⁱ 4.53-3.80 D ⁱ 3.40 E ⁱ 4.55 E ⁱⁱⁱ 4.40 E ^{iv} 5.75 D 4.45		A ⁱ 50% B 25% and 50% respectively. C 25% and 50% respectively. D See above. E ⁱ 25% and 50% respectively. E ⁱⁱ See above. E ⁱⁱⁱ See above.	
Stokers.	C ⁱ 3.28 C ⁱⁱ 1st stoker 3.55 E ⁱⁱⁱ 3.90		A ⁱ 5.06 A ⁱⁱ 4.68 A ^{iv} 3.64 A ^v 4.60 A ^{vi} 4.56+overtime. B 4.69 E ⁱ 4.75 E ⁱⁱ 3.80 A ⁱ 4.12	A ⁱ 4.80 (chip vat) A ⁱⁱⁱ 4.66 A ^{vi} 4.44 D 4.00		A ⁱ For Sunday work, 2 kroner additional for those who are on the 8-hour shift. C ⁱ 25%-50% D See above. E ⁱ 25%-50% E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.	A ⁱⁱ On duty every third Sunday. C ⁱ No additional pay for regular holiday work in the factory. C ⁱⁱ In part Sunday work.
Stoker's help.	A ⁱⁱ 3.50	E ⁱⁱ 3.60	A ^{iv} 3.11 A ^v 4.23 B 4.02 E ⁱ 3.86 E ⁱⁱ 3.67			A ⁱ For Sundays, 2 kroner additional for those who are on the 8-hour shift. C ⁱ 25%-50% D See under wood cleaners. E ⁱ 25%-50% E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. A ⁱⁱ 50% C ⁱ 25%-50% D See under wood cleaners. E ⁱ 25%-50% E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.	A ⁱⁱ On duty every third Sunday. C ⁱ See under stokers. C ⁱⁱ See under stokers.
Coal wheelers (on wheelbarrows).	B 3.00 C ⁱ 2.96 E ⁱⁱ 3.50 E ⁱⁱⁱ 3.60 (beaters).	A ⁱ 3.75 A ⁱⁱ 3.25 E ⁱ 3.75	A ^v 4.23 A ^{vi} 3.80+overtime.	A ⁱⁱⁱ 4.40 A ^{iv} 3.39			A ⁱⁱ On duty every other Sunday. C ⁱ See under stokers.

Boilers: foremen.....	C ⁱⁱ 1st boiler 5.00.	A ⁱ 6.05. A ⁱⁱ 5.13 (boiler). A ^{iv} 5.29. A ^v 3.70. A ^{vi} 5.04. B 5.23. E ⁱⁱ 4.88 (chief boiler). E ⁱⁱⁱ 5.09 (1st boiler).	A ⁱⁱⁱ 6.53. E ⁱ 5.96.	A ^{vi} Free lodging.	A ⁱ For Sundays 2 kroner additional. D See under wood cleaners. E ⁱ 25% and 50%, respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.	A ⁱⁱ On duty every Sunday. C ⁱ Sunday work.
Boilers: other than foremen.	C ⁱ 4.80. C ⁱⁱ 2d boiler 4.00.	A ⁱ 4.12. A ⁱⁱ 4.46 (boy). A ^{iv} 3.31. A ^v 5.00. A ^{vi} 3.99. B 4.20. E ⁱⁱ 4.11. E ⁱⁱⁱ 4.36.	A ⁱⁱⁱ 4.66. D 4.35. E ⁱ 4.55.	A ⁱ For Sundays 2 kroner additional. C ⁱ 25%-50%. D See under wood cleaners. E ⁱ 25%-50%. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.	C ⁱ See under stokers. C ⁱⁱ See under stokers. C ⁱⁱⁱ Unloaders and loaders 32 kroner per week, no fixed division into shifts. About 10 periods of work per week. E ⁱⁱⁱ For boiling and chemical division: 1 foreman with yearly salary of 1,500 kroner.	
Oilers	A ⁱ 3.25. C ⁱ 3.50. E ⁱⁱⁱ 3.70.	E ⁱ 4.06.	A ⁱⁱⁱ 4.66. A ^{iv} 4.30. A ^v 5.37. B 5.02. D 4.65. E ⁱⁱ 4.15.	B Overtime 50%. C ⁱ 25% and 50%. C ⁱⁱ For the first 2 hours after ordinary work time on the first five work days of the week, 25%. Otherwise 50%, except for Christmas, Easter, and Pentecost, when it is 100%. D See under wood cleaners. E ⁱ 25% and 50%, respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. C ⁱ 25%-50%. C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50%, respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.		
Washers.....	C ⁱ 3.00. C ⁱⁱ 3.00.	A ⁱ 5.26 and 4.80. A ⁱⁱ 4.32. A ^{iv} 5.73. A ^v 4.40.	A ⁱ 5.26 and 4.80. A ⁱⁱ 4.32. A ^{iv} 5.73. A ^v 4.40.	first pulpshoveler (knot strainer attendant) and 4.68 knot strainer attendant). A ^v 4.95. A ^{vi} 5.08 (strainer boys).		

EXHIBIT A.—Wages I, fourth quarter 1907, sulphite factories—Continued.

	Day's wages for laborers with—		Piecework, average earnings per day.		Free house or other conveniences (other than money).	Additional for overtime and holidays.	Special conditions.
	8-hour shift.	12-hour shift.	8-hour shift.	12-hour shift.			
Washers.....							
Pulp wheelers (in wheelbarrows).	C ⁱ 3.25 E ⁱ 3.75		A ^v 4.23 A ⁱⁱ 4.57 A ⁱⁱⁱ 4.66 A ^{iv} 5.03 B 5.05 C ⁱⁱ 4.30 D 3.60 E ⁱⁱⁱ 4.73 (trimmer).	B 3.76 D 3.40 E ⁱ 4.35 E ⁱⁱ 4.25-4.40 E ⁱⁱⁱ 4.73 A ⁱ 5.26 A ⁱⁱ 4.57 A ⁱⁱⁱ 4.66 A ^{iv} 5.03 B 5.05 C ⁱⁱ 4.30 D 3.60 E ⁱⁱⁱ 4.73 (trimmer).	C ⁱ 25%-50% D See under wood cleaners. E ⁱ 25%-50% E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.		
Paste machine attendants.	C ⁱ 4.00 and 3.80 (mischinists). C ⁱⁱ 3.75.			A ⁱ 6.23 A ⁱⁱ 4.83 A ⁱⁱⁱ 5.75 A ^{iv} 5.15 A ^v 6.66 A ^{vi} 6.59 and 5.03 B 5.93 D 4.55 E ⁱ 5.74 E ⁱⁱ 4.97 E ⁱⁱⁱ 5.21 A ⁱⁱⁱ 4.40 A ^{iv} 4.42 A ^v 4.05 A ^{vi} 3.96 E ⁱ 4.56.	C ⁱ 25%-50% C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.		
Weigher boys.....	A ⁱ 2.50 C ⁱ 2.60 C ⁱⁱ 3.25.			A ⁱ 3.92 A ⁱⁱ 3.05 A ⁱⁱⁱ 3.76.	C ⁱ 25%-50% C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. B 25% and 50% respectively. C ⁱ 25%-50% C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.		
Scissors boy.....	B 2.40 C ⁱ 2.60 C ⁱⁱ 2.75 E ⁱⁱ 3.80.			A ⁱ 3.92 A ⁱⁱ 3.05 A ⁱⁱⁱ 3.76.	C ⁱ 25% and 50% respectively. B 25% and 50% respectively. C ⁱ 25%-50% C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.		
Pressers and packers.			A ⁱⁱⁱ 3.76.....	A ⁱ 3.55 (pressers).	C ⁱ 25% and 50% respectively. B 25% and 50% respectively. C ⁱ 25% and 50% respectively.	C ⁱⁱ Employed together with "sewing boys," as a rule	

			4.70 (packers), AII 4.82 (pressers), AIV 4.80 and 4.06, AV 4.96, AVI 5.72, B 5.22, C 4.12, CII 3.90, D 3.60, E 4.45 and 4.78, EIII 4.56, AI 3.92, AII 3.87, AIII 5.00, AV 3.60, AVI 4.74, CII 3.90, E 3.99, EIII 2.09 (girls), D 4.96.		D See under wood cleaners. E 25% and 50% respectively. EII See under wood cleaners. EIII See under wood cleaners.	for weighing and transporting (loading on trucks).
Sewing boys	B 2.40. EIII 1.60 (girls).	EII 2.06 (girls).			B 25% and 50% respectively. D See under wood cleaners. E 25% and 50% respectively. EII See under wood cleaners. EIII See under wood cleaners.	CII See under pressers and packers.
Sulphur ovens	CI 3.84. CII 4.00.	AI 5.54 and 5.26. AII 4.91. AIV 4.43. AV 4.97. AIII 4.05. B 4.42. E 4.06. EII 4.11.			CI 25%-50%. D See under wood cleaners. EII See under wood cleaners. EIII See under wood cleaners.	AI On duty every fourth Sunday. CII Sunday work.
Pyrite ovens	EIII 3.80.				D See under wood cleaners. E 25%-50%. EII See under wood cleaners. EIII See under wood cleaners.	EII For boiling and chemical division: 1 foreman with yearly salary of 1,500 kroner.
Mechanician	AI 5.00, 4.30, 3.75, 3.50. AII 4.00, 4.50. AIII 3.50, 4.50. AIV 4.00 (generally). AV 5.00 and 3.00. AVI 5.00 and 4.50. B 4.10. C 1.40 per month. CII 3.50-3.75. E 3.30-4.30. EII 3.50-4.80.				AI 50%. AII Night work during the week 25%. AIII See under wood cleaners. AIV 50% before Sunday 50%. AV 50%, 50%, 100%. B 25% and 50% respectively. C No additional pay. CII As under oilers. D See under wood cleaners. EII See under wood cleaners. EIII See under wood cleaners.	

AVI Free lodging and fire-wood.
C Free lodging, light, and fire-wood.
EII Some of the mechanicians have practically free lodging.

EXHIBIT A.—Wages I, fourth quarter 1907, sulphite factories—Continued.

	Day's wages for laborers with—		Piecework, average earnings per day.	Free house or other conveniences (other than money).	Additional for overtime and holidays.	Special conditions.	
	8-hour shift.	12-hour shift.					
Smith.....		Ai 4.00-3.25. Aii 4.20. Aiii 4.25. Aiv 4.30. Av 5.00 and 3.00. Avi 5.00. B 4.00. C 3.80. Cii 3.75-4.00. Ei 4.00. Eii 4.30. Eiii 3.50-4.40. A' 4.00+3 ore (1) per ton.	D 3.50.	Ci F r e e lodging, light, and fire-wood.	Aii 50%. Aiii As for mechanics. Aiv 25%-50%. Av 50%. B 25%, 50%, 100%. C 25% and 50% respectively. Cii 25%-50%. Ciii As under oilers. D See under wood cleaners. Ei 25% and 50% respectively. Eii See under wood cleaners. Eiii See under wood cleaners. A'ii As for mechanics.		
		Aii 4.66.	Aiv 5.17.	Aii F r e e lodging, fire-wood.	Aiv 25%-50%.		
		Aii 5.00. Aiv 4.00. Av 4.85. Avi 5.00. B 5.80. C 3.75. Cii 3.50 and 3.75. Ei 6.00. Eii 5.00. Eiii 3.50-5.50.	D 6.30-5.00.	Avi F r e e lodging.	Av 50%. Avi 25%, 50%, 100%. B Nothing—fixed wages. C 25%-50%. Cii As under oilers. D See under wood cleaners. Ei 25% and 50% respectively. Eii See under wood cleaners. Eiii See under wood cleaners.		
		A' 3.50.	D 3.25, 2.20.		Aii 50%. Aiii As for mechanics. Aiv 25%-50%. Av 50%. Avi 25%, 50%, 100%. B 25% and 50% respectively. C 25%-50%. Cii See under oilers. D See under wood cleaners.		
	Turbine house						
	Carpenters.....		Ai 4.00. Aii 4.00. Aiv 4.00. Av 5.00 and 3.00. Avi 5.00-4.50. B 3.90. C 4.25. Cii 3.75.				

General yard laborers.	E ⁱⁱ 3.50-7* E ⁱⁱⁱ 3.85. A ^v 3.00.	D 3.00-2.50.	E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. A ⁱ 50%.	C ⁱⁱ Various kinds of yard work are done by the job at such rate that the yearly earnings amount to about 1,000 kroner.
General yard laborers.	A ⁱⁱ 3.00. A ⁱⁱⁱ 3.00. A ^{iv} 3.00. A ^v 3.00. A ^{vi} 3.00. B 2.90. C ⁱ 3.00. C ⁱⁱ 3.00. E ⁱⁱ 3.15. E ⁱⁱⁱ 3.15.	E ⁱ 4.55.	A ⁱⁱⁱ Night work 25% Sunday work 50%. A ^{iv} 25%-50%. A ^v 50%. A ^{vi} 25%, 50%, 100%. B 25% and 50% respectively. C ⁱ 25%-50%. C ⁱⁱ See under oilers. D See under wood cleaners. E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. E ^{iv} 25% and 50% respectively. E ^v See under wood cleaners.	E ⁱ Workmen in the drying rooms.
Pulp trimmers.	C ⁱ 6.06.	E ⁱ 4.55 E ⁱⁱ 4.89 (6 hours work). E ⁱⁱⁱ 3.25 (in bale houses); A ^{vi} 4.22 (in acid tower). B 4.30. D 3.00.	A ^{iv} 25% to 50%. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners. A ^{iv} 25% and 50%. A ^v 25%, 50%, 100%. B 25% and 50% respectively. E ⁱⁱ See under wood cleaners. B 25% and 50% respectively.	
Stone elevator conductors.	A ^{iv} 3.00. E ⁱⁱⁱ 3.50.			
Hod carriers.	A ^{iv} 3.00. A ^{vi} 3.50. B 4.00. Masons 6.00. E ⁱⁱ 3.25. E ⁱⁱⁱ 3.25. E ⁱ 3.75 and 3.25 (day laborers).	B 4.05.		
Wharf laborers.	E ⁱⁱ 3.75. E ⁱⁱⁱ 3.15. 3.74 (coal depot on wharf). A ^{iv} 5.00.			
Warehousemen.	F ⁱ 2.25.	B 4.05 B 5.60. B 4.10.	E ⁱ 25% and 50% respectively. E ⁱⁱ See under wood cleaners. E ⁱⁱⁱ See under wood cleaners.	
Water-wheel men.				
Laborers in the mountains.				
Day laborers.				

11 krona=100 øre.

* See original.

Christiania, March, 1908.
For the Norwegian Division of the Scandinavian Cellulose Company.

FRANTZ F. MELHAUS, Secretary.

EXHIBIT B.—Rate per hour from records obtained from Norwegian mills in comparison with hourly rates now in force at an American mill.

	Average per hour.		Per cent American to Scandinavian.
	Scandinavian.	American.	
Acid.....	13½	27	196
Digester.....	14½	28½	200
Wood.....	10¾	23½	230
Boiler.....	11¾	23½	196
Oilers.....	10½	33	324
Wet room.....	10½	26½	257
Drying machine (tenders and helpers).....	8¾	26½	296
Weighers and packers (wrappers and helpers).....	9	22½	248
Ordinary.....	7½	19½	277
Mechanics and carpenters.....	10¾	35½	332
Blacksmith and helper.....	10¾	29½	270
General averages.....	10¾	26.59	248

EXHIBIT C.—Domestic production, bleached and unbleached, as shown by Lockwood's Directory.

	Tons daily.	Tons per year.
Total production capacity of sulphite fiber in the United States.....	4,096	1,228,800
Consumed by manufacturers or associated companies.....	3,056	916,800
Balance available for open market to mills not manufacturing pulp.....	1,040	312,000

The 1,040 tons daily capacity available for the general market are divided as follows:

	Tons daily.	Tons per year.
Unbleached.....	840	252,000
Bleached.....	200	60,000

FOREIGN IMPORTATIONS.

Foreign sulphite was imported during the year 1907, according to report by Department of Commerce and Labor, as follows:

	Tons.
Unbleached (approximate).....	110,000
Bleached (approximate).....	43,000

PROPORTION OF ACTUAL DOMESTIC SALES COMPARED WITH CAPACITY.

An actual record of the sales of all domestic mills compared with their manufacturing capacity is not available, but we have actual records of 13 of the principal mills, with a daily capacity of 539 tons, or 64 per cent of the total 840 tons.

A comparison of their actual sales and capacity is as follows:

	Daily tons.	Yearly tons.
Capacity of 13 mills.....	539	161,700
1907 actual sales, 13 mills.....	364	109,310
Sales less than capacity.....	176	52,390
Per cent of sales below capacity.....	32	-----

Assuming that the experience of all domestic mills was no different from that of mills having 64 per cent capacity of the total, and whose records are shown above, an estimate of actual sales of all domestic mills, compared with capacity, is as follows:

	Tons daily.	Tons yearly.
Actual capacity.....	840	252,000
Less estimated loss 32 per cent.....	265.8	80,640
1907 estimated actual sales.....	571.2	171,360

This record indicates that foreign unbleached sulphite was imported to the extent of 110,000 tons during a period when the sales of domestic mills were short of their capacity to furnish 80,640 tons.

MARKET CONSUMPTION IN THE UNITED STATES OF FOREIGN AND DOMESTIC COMBINED.

From the above records a summary of bleached and unbleached sulphite consumed in the United States during the year 1907, by mills buying in the open market, is as follows:

	Total.	Domestic.	Per cent.	Foreign.	Per cent.
	<i>Tons.</i>	<i>Tons.</i>		<i>Tons.</i>	
Unbleached.....	281,360	171,360	61	110,000	39
Bleached.....	103,000	60,000	58	43,000	42
	384,360	231,360	60	153,000	40

It will be noted from the above that foreign manufacturers sold 39 per cent of all the unbleached sold in this country, and 42 per cent of all the bleached, and the percentage of foreign, as compared with the percentage of domestic pulp sold, is:

	Domestic.	Foreign.	Per cent foreign compared with domestic.
	<i>Tons.</i>	<i>Tons.</i>	
Unbleached.....	171,360	110,000	64
Bleached.....	60,000	43,000	72

COMPABATIVE VALUE OF FOREIGN AND DOMESTIC FIBERS.

As regards foreign bleached sulphite, it is admitted that a considerable portion of the importations are of a higher grade than has heretofore been made in this country, but that this proportion of high-grade bleached sulphite is not large, and that the large importations of unbleached fiber are not because foreign unbleached is of a greater value than the domestic unbleached will be shown by valuations of imports given in the Department of Commerce and Labor reports for the year 1907, to which we have added duty, estimated average freight to mill, and total cost delivered mill, with comparison of the average price obtained by a representative American mill, as shown by the following tabulation:

Grade.	Foreign.				Domestic.		
	Tons imported.	Total valuation.	Average value per ton c. i. f. port.	Duty.	Estimated average freight to mill.	Total cost delivered.	Average price delivered obtained by B. S. F. Co. year 1907.
Bleached.....	43,688	\$2,111,574	\$48.33	\$5.00	\$2.50	\$55.83	\$53.90
Unbleached.....	110,004	3,902,523	35.48	3.33	2.50	41.33	41.04

In the above tabulation the lower price of American bleached and unbleached fiber is largely accounted for by the fact that these are the average prices of all sales of fiber, including both No. 1 and No. 2 grades, and with sales of the best grades considered separately would show a price practically equal to the selling prices of the foreign product.

STATEMENT OF MORRIS GINTZLER, NEW YORK CITY, RELATIVE TO CHEMICAL PULP, BLEACHED AND UNBLEACHED.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. On what subject are you about to address us?

Mr. GINTZLER. On the subject of the duty on chemical pulp, bleached and unbleached.

The CHAIRMAN. On what?

Mr. GINTZLER. On the subject of wood pulp made by chemical process.

The CHAIRMAN. Proceed.

Mr. GINTZLER. I represent the importers of New York, who have been asked by the manufacturers of this country, who have no pulp mills of their own and who are dependent on the foreign supply, to place before you some particulars to induce you in the revision of this tariff to make no change in this schedule. There have been stated at considerable length the discrepancies in labor as between this country and abroad; but it appears that all the speakers have overlooked the fact that the American workman is the most efficient laborer of his kind the world over; and while it is true that American workmen will get more per day, it is also true that to turn out the same quantity of pulp it is not necessary to have as many men in this country as it is abroad. The present duty is \$3.33 per ton on unbleached pulp and \$5 per ton on bleached pulp. These duties, with the present discrimination against the foreign manufacturer to the extent of being subjected to charges from which the American manufacturer is entirely exempt, such as packing for export, the inland freight on the other side to bring the pulp to the seaboard, the ocean freight to bring the pulp to this country, and the import merchant's profits here, are all items entering into the cost, from which the American manufacturer is entirely exempt.

I presume it is not the intention of this committee to advance the tariff on this schedule. At the same time the trade has accommodated itself to the present rate of tariff, and at the present time it brings a certain amount of revenue to the Government, which the paper manufacturers are quite ready and willing and able to stand.

The committee must remember that every ton of pulp which is brought over from the other side means just so much of our own wood saved, and there is no need of going at any great length into the subject of the importance of the preservation of our forests.

One point I wish to bring out clearly is that for the past twelve years there has been no chemical pulp mill in this country that has failed, but each and every mill has been able to keep up and to make money.

The imports do not amount to more than 10 per cent of the total production of this product, and I maintain that the American manufacturer who is dependent on the general open market is entitled to seek his supply on such a basis. I will file with my brief here letters from different manufacturers—about 100 of the leading paper manufacturers of this country—asking you to make no change in the present tariff on chemical wood pulps. These mills employ many hands at remunerative wages, and it is a question of compelling these mills to reduce wages and possibly to shut down their plants and possibly to import the finished paper. We must bear in mind that chemical pulp is raw material and not a finished product, and as such should not be subjected to any further duty. I thank you.

The brief and letters submitted by Mr. Gintzler are as follows:

**MORRIS GINTZLER, NEW YORK CITY, FILES BRIEF AND LETTERS
IN FAVOR OF RETAINING PRESENT DUTIES ON PULP.**

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The present tariff on chemical pulps should not be altered for reasons given herein.

Chemical pulps, as distinguished from mechanical or ground wood pulp, which latter is not imported from Europe, constitute the principal raw material of a great many grades of paper manufactured in this country. An additional duty on such raw material adds to the burden of the manufacturing interests of this country.

Under normal conditions there are only about 18 pulp mills of the 78 mills in the United States which can supply sulphite pulp to the paper mills. The other pulp mills manufacture only for use in their own paper mills and not for sale.

Foreign pulps do not compete to a sufficient extent with the American pulps to have their importation prohibited by any high restrictive tariff.

In this brief, where the term "tons" is used, it will be understood to mean a ton of 2,000 pounds.

WAGES.

The cost of general labor in this country for producing one ton of unbleached sulphite pulp is about \$4. To this must be added the cost of repair labor, \$2 per ton, which brings the total cost, including repair labor, to \$6 per ton.

This information is based on actual figures from a mill making 50 tons per day of unbleached sulphite pulp. It is considered that 75 tons is the correct unit for economical production, and the cost of labor per ton for a mill making 25 or 30 tons per day is larger than that for a mill making 75 tons daily.

The individual wages paid abroad are less than those paid in this country. At the same time, however, this difference is largely counterbalanced by the greater efficiency of the American workman. In Europe more time is devoted to the careful preparation of the wood, a longer time is used in its cooking, all adding to the cost of labor, resulting in a smaller product to the amount of labor as compared to the United States. The result is that the cost of labor per ton of pulp abroad is no less than that in this country.

The actual figures for the cost of labor per ton of pulp in Europe is from \$5 to \$9.75, according to quality of product and prevailing wages of the countries where mills are situated.

WOOD.

The average cost of unbarked pulp wood in this country is about \$8.50 per cord of 128 cubic feet, and it requires about 2 cords of unbarked or about 1.7 cords of rossed wood for a ton of sulphite pulp, thus making the average cost of wood per ton of pulp \$17. Several mills in this country manufacture pulp from slabs obtained from sawmills, which still further reduces the cost. A number of mills in this country still enjoy the benefit of their own woodlands acquired many years ago, and the price of this wood is quite a factor in forming a basis of price for the domestic pulp.

In Europe the cost of wood averages \$9 per cord, making the average cost of pulp wood for a ton of pulp at the pulp mill \$18.

The pulp here referred to is known as "quick-cooked unbleached sulphite pulp." The cost of pulp when manufactured by the slow-cooked or "Mitscherlich" process is largely increased owing to the necessarily longer time used in cooking, and other expenses incidental thereto.

SELLING CONDITIONS.

Before the foreign pulp becomes competitive with the domestic there must be added to it sundry costs and expenses from most of which the American pulp mill is exempt. These charges for the foreign pulp mill may be figured as follows:

	Per ton.
Cost of packing for export.....	\$1.50
Inland freight from pulp mill to seaport.....	1.00
Ocean freight.....	3.00
The import merchant's profit.....	2.00
Total.....	7.50
To which if we add the present duty of.....	3.33
Makes a total of.....	10.83

which is the protection afforded to-day to the American pulp manufacturer. This should be sufficient for the American manufacturer of pulp and enable him to market independently of the foreign article.

The selling price of domestic quick-cooked pulp to-day averages \$42, freight paid to the paper mill.

The average selling price for foreign pulp to-day ranges from \$39 to \$42 at the port of arrival, and to this must be added an average freight to the paper mill of \$3 per ton, making a total of \$42 to \$45, freight paid to the paper mill. This is for prompt deliveries, and for future deliveries higher prices are asked.

The prices ruling to-day are not normal on account of the recent business depression and the larger stocks in the hands of foreign pulp speculators.

We quote from *Farmand*, the leading paper trade journal in Norway, from the issue of October 24, 1908, as follows:

The market for cellulose is so bad that it must soon bring about a curtailment of production, the more so as log prices are rather advancing than otherwise, at least in this country, and although a reduced output, of course, means an enhanced cost of production, it will not be very difficult for the managers to find out which is the smaller loss: To go down in quantity or to accept the prices which are nowadays put before them by their agents.

But nothing can better demonstrate the correctness of what we have frequently stated in these columns, that the growing demand for wood for so many various purposes has an irresistible tendency to raise the level of value of the raw wood.

The prices which ruled prior to October, 1907, averaged for the domestic pulp from \$42 to \$46, delivered at the paper mill, and for foreign pulp from \$46 to \$53.

Importers are to-day delivering old contracts at these figures.

Another reason for the depression of prices, in addition to the recent dullness prevailing in business, is that domestic pulp was advanced to such a figure as made it possible to bring over larger quantities of foreign pulp.

The advance in prices of domestic pulp was caused by the large demand prevailing at that time.

In October of last year orders for paper diminished considerably, so that the paper mills could only run part time, and, in fact, several of them had to shut down for shorter or longer periods; and it may be safely stated that the average consumption of pulp by the paper mills during the past year has not been more than 60 per cent of the normal consumption. The shutting down of the paper mills naturally reduced to a great extent the demand for domestic pulp, and large quantities of foreign pulp contracted during previous times, when higher prices were ruling, came into this country. In some cases these pulps could be disposed of by the importers only at a loss.

Prior to the financial depression before referred to the domestic pulp had always been sold at about 10 to 15 per cent cheaper delivered at the paper mill than the foreign pulp. In corroboration of this, we give herewith quotations of both foreign and domestic unbleached pulps, published by the two leading trade journals of the paper and pulp industries—that is, the *Paper Trade Journal* and *The Paper Mill*, both published in New York City. These quotations for some years past, taken at random, are as follows:

[From *Paper Trade Journal*.]

Domestic bleached:

May 17, 1900	2 $\frac{3}{4}$	-3.05
May 18, 1901	2 $\frac{3}{4}$	-3.00
May 22, 1902	2.35	-2.50
May 21, 1903	2.40	-2.50
May 19, 1904	2.40	-2 $\frac{1}{2}$

Domestic bleached—Continued.

May 18, 1905	2 $\frac{1}{4}$	-2 $\frac{3}{4}$
May 17, 1906	2 $\frac{3}{4}$	-2 $\frac{3}{4}$
May 23, 1907	2.60	-3.05
May 21, 1908	2.60	-3.05
November 15, 1900	2 $\frac{3}{4}$	-3.00

Domestic bleached—Continued.

November 21, 1901	2½	-3.00
November 20, 1902	2.75	-3.00
November 19, 1903	2.40	-2.50
November 17, 1904	2½	-3½
November 16, 1905	2½	-2½
November 22, 1906	2½	-2½
November 21, 1907	2.60	-3.05

Domestic unbleached:

May 17, 1900	2½	-2½
May 18, 1901	2.30	-2.50
May 22, 1902	1½	-2.00
May 21, 1903	1.85	-2.00
May 19, 1904	1.85	-2.10
May 18, 1905	1.80	-2.10
May 17, 1906	1.85	-2.00
May 23, 1907	2.15	-2.25
May 21, 1908	2.05	-2.20
November 15, 1900	2.10	-2½
November 21, 1901	1.65	-1.85
November 20, 1902	1.95	-2.15
November 19, 1903	1.85	-2.10
November 17, 1904	1.85	-2.10
November 16, 1905	1.85	-2.10
November 22, 1906	2.00	-2.10
November 21, 1907	2.20	-2.30

Foreign bleached:

May 17, 1900	3½	-3½
May 18, 1901	3.15	-3½
May 22, 1902	2.75	-3.00
May 21, 1903	2.75	-3.20
May 19, 1904	3.20	-3.40

Foreign bleached—Continued.

May 18, 1905	3.14	-3.35
May 17, 1906	3.10	-3½
May 23, 1907	3.20	-3.25
May 21, 1908	3.05	-3.25
November 15, 1900	3½	-3½
November 21, 1901	3.00	-3½
November 20, 1902	2.75	-3.00
November 19, 1903	2.75	-3.20
November 17, 1904	3.35	-3.45
November 16, 1905	3½	-3.35
November 22, 1906	3.15	-3.30
November 21, 1907	3.20	-3.55

Foreign unbleached:

May 17, 1900	2½	-2½
May 18, 1901	2.30	-2.50
May 22, 1902	1.95	-2.15
May 21, 1903	1.95	-2.15
May 19, 1904	2.15	-2½
May 18, 1905	2.20	-2½
May 17, 1906	2½	-2.40
May 23, 1907	2.25	-2.45
May 21, 1908	2.10	-2.25
November 15, 1900	2.30	-2.50
November 21, 1901	2.30	-2.50
November 20, 1902	1.95	-2.15
November 19, 1903	1.95	-2.15
November 17, 1904	2.20	-2.30
November 16, 1905	2½	-2.40
November 22, 1906	2½	-2.40
November 21, 1907	2.25	-2.55

[From Paper Mill.]

Domestic bleached:

May 19, 1900	3½	-3.50
May 18, 1901	2½	-2½
May 17, 1902	2½	-2½
May 23, 1903	2½	-2.50
May 21, 1904	2½	-3.00
May 20, 1905	2.50	-3½
May 18, 1907	2½	-3½
May 16, 1908	2½	-2½
November 17, 1900	2½	-3.00
November 16, 1902	2.50	-2.75
November 21, 1903	2.55	-2.75
November 19, 1904	2.50	-3½
November 18, 1905	2½	-2½
November 17, 1906	2½	-3.00
November 16, 1907	2½	-3.00

Domestic unbleached:

May 19, 1900	2½	-2.40
May 18, 1901	1.95	-2.40
May 17, 1902	1.85	-1.90
May 23, 1903	2.00	-2.40
May 21, 1904	1.85	-2½
May 20, 1905	1.85	-2.10
May 19, 1906	1.85	-2.00
May 18, 1907	2.30	-2.50
May 16, 1908	2.10	-2.20
November 17, 1900	2.10	-2.50
November 16, 1902	1.95	-2.40
November 21, 1903	1.85	-2.00
November 19, 1904	1.85	-2.10
November 18, 1905	1.75	-2.10
November 17, 1906	2.00	-2.10
November 16, 1907	2.20	-2.50

Foreign bleached:

May 19, 1900	3½	-3.75
May 18, 1901	3.60	-4½
May 17, 1902	2.75	-3.00
May 23, 1903	2.75	-3½
May 21, 1904	3½	-3½
May 20, 1905	3½	-3½
May 19, 1906	3½	-3.40
May 18, 1907	3½	-3.50
May 16, 1908	3.15	-3.45
November 17, 1900	3½	-3½
November 16, 1902	3.60	-4.25
November 21, 1903	2.85	-3.00
November 19, 1904	3½	-3½
November 18, 1905	3½	-3.50
November 17, 1906	3½	-3.30
November 16, 1907	3½	-3.50

Foreign unbleached:

May 19, 1900	2½	-2.50
May 18, 1901	2½	-3.00
May 17, 1902	1.95	-2.15
May 23, 1903	1.95	-2½
May 21, 1904	2.00	-2.30
May 20, 1905	2½	-2.40
May 19, 1906	2½	-2.40
November 17, 1900	2.30	-2.50
November 16, 1902	2.25	-2.50
November 21, 1903	1.85	-2½
November 19, 1904	2.15	-2½
November 18, 1905	2.25	-2.65
November 17, 1906	1.90	-2.40
November 16, 1907	2½	-3.00

BLEACHED SULPHITE.

The present tariff provides for a duty of \$5 per ton on this article.

The items of cost entering into the manufacture are, as already shown in the unbleached pulp, practically the same also on this grade.

The cost abroad of bleaching unbleached sulphite pulp is no less than in this country, chemicals being about the same. The advantage or protection to the American manufacturer on this article is even greater under existing conditions than for the unbleached pulp.

The disadvantages with which the foreign manufacturer has to contend in marketing his goods in this country are caused by the following additional expenses from which the American pulp manufacturer is exempt:

Cost of packing, per ton.....	\$1.50
Inland freight from pulp mill to seaport.....	1.00
Ocean freight.....	3.00
Import merchant's profit, per ton.....	2.00
Present duty, per ton.....	5.00
Total	12.00

so that the American manufacturer could sell at prices at least \$12.50 per ton lower than the foreign manufacturer and make just as much profit.

SELLING CONDITIONS.

To-day the ruling price of foreign bleached sulphite pulp, as verified by the Paper Trade Journal quotations, in issue of November 12, 1908, is from \$60 to \$65 per ton at the port of arrival, equivalent to \$63 to \$68 per ton at the paper mill.

For the domestic pulp the price is, delivered at the paper mill, from \$51 to \$52 per ton.

There is, therefore, to-day an advantage of about \$12 to \$16 per ton in favor of the American manufacturer.

The higher duty would not benefit the manufacturer, inasmuch as these pulps do not compete, on account of quality, as can be seen by the difference in prices ruling to-day. If the pulps were competitive, the American manufacturer could, without difficulty, secure prices more closely approaching those ruling for the foreign article.

The policy of the American pulp manufacturer is to make large productions, and anything which restricts the production is not looked upon with favor by the American manufacturer.

The European manufacturer will exercise a great deal of patience and industry in getting an article as nearly perfect as possible, regardless of the quantity produced. This, in a measure, will explain the difference in quality between the pulps manufactured here and abroad.

ADDITIONAL ADVANTAGES ENJOYED BY THE DOMESTIC MANUFACTURER.

Where coal is used for the development of steam power, the American mills have a decided advantage over those abroad, as the cost of coal abroad is very much higher than in the United States.

In addition to this, lime and sulphur are used in large quantities, and both of these are produced in this country to a sufficient extent to meet the demand. Formerly sulphur was largely imported for pulp manufacturing purposes, but since the discovery and development of sulphur mines in Louisiana very little, if any, sulphur is imported for pulp manufacturing purposes.

We produce in this country bleached chemical pulp made from poplar wood, and in spite of the alleged discrepancies of labor here and abroad, quantities of this article are exported.

Under the present tariff a large industry of sulphite pulp mills has been developed. During the last twelve years not a single pulp mill has gone into bankruptcy, and many of them have enlarged their plants considerably.

It must be remembered that a good many pulp mills have been built which have used up all their available wood supply, and they have to go farther and at larger expense for their wood, which increases its cost to quite an extent.

This condition also applies to the foreign pulp mills, and in recent years the cost of wood abroad has advanced considerably.

While, according to official statistics, the wood cut by pulp mills in the United States is estimated at only $2\frac{1}{2}$ per cent of the total wood cut, it is largely increased as to the total spruce wood cut.

FOREST PRESERVATION.

It is essential that our forests be conserved as much as possible. Our agricultural interests are threatened by the devastation of the forests. The consumption of foreign pulp in this country means just so much timber land saved here, and it is a matter beyond question that the welfare of all the people of the United States is entitled to protection by the preservation of their forests rather than add to the profits of a few manufacturers at the expense of the entire country.

A higher tariff would affect hundreds of paper mills that have been buying their supplies abroad, and might result in the reduction or cessation of importations of pulp and in an increase of importation of the finished paper. Such a condition would mean the shutting down of many paper mills that are now giving profitable employment to thousands of men at wages better than those enjoyed in many other lines of industry.

In the interests of the many American paper mills which do not manufacture their own sulphite pulp we ask that the present duty should not be changed.

We submit with this brief a large number of letters from leading paper manufacturers of the country protesting against any action on your part which will increase the cost of their raw material or place any excessive burden on them which would interfere with the successful operation of their plants.

Respectfully submitted.

Atterbury Bros. Co., Ira L. Beebe & Co., Frederick Bertuch & Co., Castle, Gottheil & Overton, Jean Freese, Perkins Goodwin Co., M. Gottesman & Son, Rudolf Helwig, Felix Salomon & Co., E. M. Sergeant Co., Scand.-Am. Trading Co.

RUDOLF HELWIG,

LEON GOTTHEIL,

ROBT. B. ATTERBURY,

MORRIS GINTZLER (F. BERTUCH & Co.),

New York City,

Committee.

MENASHA, Wis., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: Your letter of November 14 received, and we hasten to reply in obedience to your request.

We believe fully in the spirit of protection to all home industries, giving them the benefit of every doubt in fixing tariff schedules.

We believe that the Republican platform of 1908 should be strictly adhered to in the revision of the tariff.

We are not, however, in favor of such tariff revision as would enable manufacturers of pulp or anything else to demand such prices for their products as would be unfair to buyers and consumers.

Not long ago nearly or quite all manufacturers of sulphite pulp in this country and Canada entered into a combination for the purpose of advancing the price to a basis of hemlock sulphite at 2½ cents a pound, and in addition eliminating the former discount for cash. At the same time prices were agreed upon for papers which were made of sulphite much lower proportionally than were demanded for sulphite.

Under the conditions mentioned we found it impossible for us to buy sulphite at the pool's prices and put it into paper at the pool's prices without actual loss to our mill. Not being manufacturers of sulphite we were obliged to seek other markets in which to buy to enable our remaining in business with any degree of success. We found that we could buy from eastern importers at prices that would enable us to operate at nominal profit, and we also found that we could buy pulps of great superiority of quality.

In fact, certain of the foreign pulps are not duplicated by domestic manufacturers, and the paper made from it commands a much higher price in our markets than any made in the United States or Canada.

It is our opinion that the present duty on pulp of all kinds is high enough to protect domestic manufacturers on the basis contemplated by the Republican platform of this year.

We further believe that the protection provided in the existing schedules is sufficient to encourage the building of plants to manufacture such better grades of pulp as are needed in this market, but not now manufactured here.

We believe that the available supply of pulp wood is now, and will be, ample for all pulp and paper demands for all time, and we do not advocate protection nor tariff revision because of the possible or probable denuding of our forests. We believe, however, that such restraint as will conduce to a spirit of fairness and consistency in our industrial and commercial life should be imposed upon us all.

We do not believe that the tariff upon any kind of pulp should be so increased as to encourage the manufacturers of the United States and Canada to cooperate in the fixing of prices above the reasonable limit.

Yours, truly,

JOHN STRANGE PAPER COMPANY.
JOHN STRANGE, *Secretary*.

HOLYOKE, MASS., *November 19, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: We have your letter of the 14th instant, and wish to state that we are in hearty accord with you in your efforts to prevent the increase of the duty on foreign wood pulp. We believe it would be a great burden on the paper manufacturers and on the paper consumers to have an additional duty imposed.

We are now paying a higher price for the imported pulp which we buy for our two paper mills than we would have to pay for similar domestic pulp, but the imported pulp has characteristics which we are unable to obtain in any domestic pulp which we have used heretofore or have been able to obtain after extensive research.

In our case an increase in duty would mean a corresponding increase in the market price of our products, which, of course, the consumer would be obliged to pay, and we fail to see, under these conditions, the necessity for increasing the burden upon the consumer.

We believe that the very rapid destruction of our forest areas, which is so largely helped along by the manufacture of wood pulp, should be discouraged rather than encouraged. A higher duty on wood pulp would surely stimulate the investment of capital in the wood-pulp manufacturing business in this country, meaning an increase in the destruction of our forest reserves, which would react upon the public in general in many ways. It would certainly help to increase the cost of lumber for building material by making lumbering operations recede farther and farther from the lumber markets.

The conditions in the Connecticut Valley at the present time are a strong argument against the imposition of a still higher duty on wood pulp. The destruction of the forests on the watersheds of the Connecticut River is one of the direct causes of the very severe drought which has prevailed in the Connecticut Valley for some weeks. The waters of the Connecticut River were never so low at this period of the year, and it is hard to estimate the immense loss it is to the residents of this beautiful valley, occasioned by the shutting down of our manufacturing establishments on account of low water. The Connecticut River is not the only example, as most of the rivers along the northern Atlantic coast are suffering from the same cause. It is a very grave condition which confronts the people of the Connecticut Valley at the present time, and if this condition can be traced to the destruction of our forests such destruction surely should not be encouraged by the imposition of higher duty on wood pulp, or any other tariff legislation which would encourage or aid any lines of manufacture to renewed efforts toward forest destruction. We believe this is a question which is of vital interest to not only the paper manufacturers in the East and wood-pulp importers, but to the general public.

Yours, very truly,

JAPANESE TISSUE MILLS,
WM. H. BOND, *Secretary.*

FITCHBURG, MASS., *November 17, 1908.*

The COMMITTEE OF WOOD-PULP IMPORTERS,
New York.

GENTLEMEN: We trust you will use your utmost endeavors to prevent any increase in the duties on chemical-process pulps.

The amount of high-grade sulphite fiber manufactured in this country, and suitable for good quality papers, is so small that any advance in the duty would not only work a hardship upon such paper manufacturers, but must of necessity result in a very substantial raise in the price of paper from the grade of low-priced book to fine writings, and we believe that any increase in the duty, while not protecting any industry in this country, as almost no mills make sulphites of equal grade to the imported, would be offset by the increased price the Government—one of the largest users of such papers—would be obliged to pay.

No greater harm can befall the paper mills of this country than the increase of duty on the high-grade sulphites imported from foreign countries, and we trust you will appreciate its serious consequences.

Yours, very truly,

FITCHBURG PAPER COMPANY,
G. R. WALLACE.

BOGOTA, N. J., *November 18, 1908.*

The COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: As consumers of sulphite pulp we are vitally interested in the question of a tariff on this material. We protest against not only an advance in the present pulp schedule, but most decidedly against any tariff on wood pulp, either mechanical or chemical pulp.

The manufacturers of paper who do not own domestic timber lands and pulp mills are suffering to-day, and most of them have their mills on part time or down completely through inability to obtain from domestic manufacturers mechanical wood pulp at any price or chemical pulp at any reasonable price.

It is evident to any sane man familiar with the paper business in this country that a duty on wood pulp does not protect labor and does not tend to preserve our forests, and the only conceivable excuse for a tariff duty is to foster a monopoly of owners of extensive woodland tracts operating pulp mills, who by unlawful combination have put the price to such a point and reduced production in such a way that the manufacturers of paper who are not in their ring, and who employ most of the labor engaged in the industry, are working to serious disadvantage, and instead of protecting the manufacturer as a whole and protecting the labor engaged in the industry, the Government, through its tariff duties, are effectively backing conspirators whose aims and objects are against the interest of the larger number engaged in the trade.

You are no doubt well aware that it is not only the user of print paper who has a valid objection to the duty on wood pulp, but it is decidedly the majority in number, and in the aggregate the majority in capital invested in the paper business, who suffer most from these duties on raw material.

It is high time, in my opinion, that the Government let raw material come into this country free.

Yours, very truly,

C. W. BELL, *Receiver,*
TRADERS' PAPER BOARD Co.

BOSTON, *November 19, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIRS: The Geo. W. Wheelwright Paper Company are manufacturers of paper with mills producing about 50 tons of paper per day of book grades. These mills are situated in Massachusetts within about 50 miles of Boston. Our location precludes the manufacture of wood pulp, as all forests are distant, and fuel is high.

We are using a considerable quantity of chemical wood fibers, both domestic and imported. The soda fiber we use the most of is all of domestic make, but the stronger fiber made by the sulphite process we use more largely of the imported, for the reason that it is of superior quality to the general product of the domestic pulp mills, and is sold at a higher price, and to a great extent is not competitive, as the domestic pulp is an inferior quality and can not be substituted for the imported, which commands a price which certainly averages a quarter of a cent a pound higher. An increase in the duties would be a hardship on us, for the reason that we must continue to buy the foreign product, as the home producers have never supplied pulp of the quality we desire, and we are certain we should be unable to advance our prices to offset increased costs.

There are comparatively few pulp mills whose product is sold to mills using but not producing pulp, and the market for domestic pulp is largely controlled by mills producing and using pulp in the manufacture of paper and selling their surplus. It is doubly the interest of such manufacturers to favor the exclusion of imported pulps by higher duties, as it benefits them both in the sale of pulp and of paper.

For the foregoing reasons we protest against any advance in the duties on pulp.

The present quotations for foreign pulp for immediate shipment are abnormally low, due to the unfavorable business conditions which have prevailed and should not be considered in any adjustment of duties for the reasons of market conditions, as explained by one of our English correspondents, who is well posted. We quote below their letter of October 31:

“With reference to sulphite supplies, would you consider the question of picking up what may be considered a bargain for delivery this year? The point is this: Owing to dullness of trade, many papermakers in this country are not able to take out their contracted supplies, consequently some paper mills in Scandinavia have stocks inconveniently large. This condition of affairs will, we think, be only temporary, because the price has now sunk below cost of production. A movement is on foot in Scandinavia to reduce production by 30 per cent for three or six months. All Norwegian mills have agreed to this and more than half the Swedish mills. They are, however, waiting for more complete unanimity before putting this plan into operation. In the meantime several mills will shut down for a month or more on their own account without waiting until the pulp associations have come to a decision. It is to be expected, therefore, that during next year the supply will adjust itself to the demand, but in the meantime, for financial reasons, there are stocks which will be going cheap. If you could take 2/300 tons for this year we could probably make you a special offer.

"We have dispatched to you a sample of our 'G' pulp, and we have to-day sent you a further sample of our 'T' pulp. You have already a sample of the HX. These three brands all run much the same and are popular in this country as being easy bleaching, suitable for printings. From one or other of these mills we could possibly supply you with cheap lots for this year. We can not quote at present until we know that you will be open, but on hearing from you we would lay an offer before you."

Respectfully, yours,

GEORGE W. WHEELWRIGHT PAPER CO.

MIDDLETOWN, OHIO, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: We notice that there is considerable agitation up in reference to the revision of the tariff on pulp, and that you are filing a protest against any advance. We wish to join you in this, and state that we consider it a great injustice to the consumers of pulps to increase the tariff on foreign, that the domestic manufacturers might increase the price of their present product, which we consider too high now.

They attempted to raise the price away beyond reason a year or so ago, and had it not been for the foreign importation we would have been forced to pay at least \$3 or \$4 a ton more for domestic.

If anything is done, we consider that the schedule should be reduced, rather than advanced..

We hope that you may be able to place the matter before the proper authorities at Washington in such a light that they will see what an injustice would be done the consumers if any advance is made.

Yours, truly,

THE PAUL A. SORG PAPER COMPANY,
M. T. HARTLEY, *Treasurer.*

MARCELLUS FALLS, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: Replying to your favor of the 14th, would say that we, as paper manufacturers, consider it would be a great mistake to increase the tariff on such grades of chemical pulp as are being imported into this country, including the high grades of sulphite and sulphate pulp, such as is used in all superior grades of wrapping specialties, for the very reason there is very little, if any, made in this country that comes up to the requirements of this class of paper.

The manufacturers of sulphite and other grades of chemical pulp in this country are satisfied to make a grade of stock that will answer for news paper and the lower grades of wrapping paper, but do not make a quality that will answer for the better grades of paper.

Consequently the paper mills confining themselves to the better grade of wood papers, as a rule are buying imported stock, simply because the home product that is on the market will not fill the bill.

Increasing the tariff will not increase the consumption of the home product of chemical pulp, but it will increase the importation of the foreign high-grade paper, to the detriment of the mills now making these high grades at home in our own country.

For these reasons we are opposed to an increase of the tariff on imported stock, especially as our own supply of wood is now so limited.

Yours, truly,

MARCELLUS PAPER COMPANY,
Per F. J. FORD.

TONAWANDA, N. Y., *November 18, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: With reference to the hearing before the Committee on Ways and Means in the House of Representatives on November 21, we would desire to protest against any increase on the present importation duty on pulp.

We are convinced that an increase on this duty would work to the detriment of American manufacturers using pulp or sulphite, not only because the higher cost of production and relatively higher cost of labor in the country is in itself a handicap against the American manufacturer, but because the rapid depletion of our own forests, particularly of spruce, which is the best wood for the manufacture of pulp board, makes it vitally important that we be able to obtain pulp from the Canadian market.

This not only protects our own forests, but is also a protection against the flooding of our market with pulp board from Sweden and Norway.

Very truly, yours,

TONAWANDA BOARD AND PAPER COMPANY.

BOSTON, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Learning that there is an agitation to increase the tariff on wood pulp, we desire, as manufacturers using this kind of stock, to protest against such proposed increase.

We are convinced that to raise the duty would benefit only a few individuals, and would be detrimental to the whole paper-making industry. More than this, it would have a very prejudicial effect upon the forests of the United States, which need the most enlightened legislation and care to save them from practical extinction.

Hoping that your committee will most seriously urge that the present schedule be diminished rather than increased, we are,

Yours, very truly,

MUNROE FELT AND PAPER COMPANY,
JAMES P. MUNROE, *Treasurer.*

CLEVELAND, OHIO, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: As we buy considerable tonnage of foreign sulphite, we are greatly interested in the proposed revision of the tariff. It seems to us that it would be a grave mistake to advance the present duty and thereby discourage importation of wood pulp at a time when this country needs all its domestic timber, which is being rapidly exhausted. The present duty affords a reasonable protection to domestic producers, and yet permits considerable importations to supply the paper and board mills of this country. We wish to join you in expressing our protest against any advance in the pulp schedule.

Yours, respectfully,

THE OHIO BOXBOARD COMPANY,
THOS. W. ROSS, *Treasurer.*

VICKSBURG, MICH., *November 17, 1908.*

COMMITTEE OF WOOD PULP MAKERS,
New York, N. Y.

DEAR SIR: Your letter of November 14 received and noted. Of course it goes without saying that the paper mills do not wish any advance or any change of any kind in the duty on wood pulp. The mills are, as a rule, perfectly satisfied with the present tariff on both pulp and papers, with the exception that the present tariff on importation of papers is very indefinite and allows many times high-priced papers to be imported under a low tariff.

At the meeting in Chicago last week the fine writing mills appointed a committee to represent them at the hearing in Washington, and it would seem as though a conjunction of your committee with that would be a good idea and work out to the good of all concerned.

Mr. C. A. Crocker is the chairman of this committee in question.

Yours, truly,

LEE PAPER COMPANY,
O. H. BRIGGS, *Manager.*

HIGHLAND PARK, CONN., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: Your circular of the 14th came duly to hand. We are but small consumers of sulphite pulp, and therefore it would not make as much difference to us if the tariff was increased or decreased as though we were larger users. We may, perhaps, be able to give nearer to a disinterested opinion in the matter than as though we were larger consumers. We think, however, it would be very unwise to increase the duty on pulp, in view of the rapid disappearance of the forests in this country, also the agitation which has sprung up among the newspaper men for a lower price on their paper. While we do not have any great sympathy with them in their contention, from some of the editorials we have read, and they do not seem to know what they are talking about, only that they want a lower price on

paper, still we think it would be unwise to do anything that would necessitate an increase of price in news. We should recommend, if there is to be any change at all, that it should be decreased rather than increased, in view of the facts stated above.

Very truly, yours,

CASE BROS. (INCORPORATED),
Per R. N. STANLEY, *Secretary*.

MANAYUNK, PHILADELPHIA, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Replying to your favor of the 14th instant, we don't think it advisable to change the tariff on pulp and paper, and certainly not to increase it, as we are very large users of imported pulp, both bleached and unbleached. Our reason for using this pulp is that we were forced to buy it on account of the domestic sulphite manufacturers getting together and putting a prohibitive price on the domestic pulp.

If there is any change to be made in the tariff, we think there should be a reduction made on the bleached pulp, as it is too high, or, better still, if the Government desires to protect our own forests we don't see why there should be any duty at all on the imported pulps, as it certainly would encourage the use of them and protect our own forests and not affect the domestic sulphite manufacturers, as they have at present virtually no competition outside of the imported pulps.

Yours, truly,

MCDOWELL PAPER MILLS,
C. MCDOWELL.

HOLYOKE, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We have your favor of the 14th instant with reference to the present duty on pulps and would state that we are in favor of a reduction in present duties, and in view of the rapidly decreasing amount of pulp wood in this country we trust that the congressional committee will report in favor of such a reduction.

Very truly, yours,

C. E. POPE PAPER COMPANY,
C. W. WHITING, *Treasurer*.

MILTON, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Regarding the tariff on mechanical and chemical wood pulp, this company is very much opposed to any increase of the duty; it would work an unnecessary hardship on consumers. We are paying now \$42 for unbleached sulphite, the highest price I can remember. The duty on mechanical pulp should be taken off entirely.

The price of this commodity is not regulated by duty, but entirely by the water supply and the ability of the grinders to operate. A drought creates high prices; plenty of water power, low prices. It is a low-priced product normally, and the high freight rates from Canada and elsewhere make a sufficiently high natural duty to always give domestic pulp an advantage of from \$2 to \$4 per ton.

Yours, truly,

W. S. LOWE, *Treasurer.*

RICHMOND, VA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: In answer to your letter of the 14th instant, beg to say we feel that the present duty on wood pulp is sufficient to protect the industry of this country, and at the same time the prices obtained for the domestic product are profitable to the manufacturers.

We are not large consumers of foreign sulphite, but we use this product in the manufacture of our paper to some extent, and if the duty on same is advanced, we will consequently have to pay a higher price, which will affect materially the profit on our paper in which this sulphite is used. We are therefore opposed to any advance in the duty on wood pulp.

Yours, very truly,

THE ALBERMARLE PAPER MANUFACTURING COMPANY.
H. W. ELLERSON, *President.*

MIDDLETOWN, OHIO, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We are in receipt of your favor of the 14th, requesting us to give you a letter in regard to increasing duties on wood pulp.

In reply would say that this article does not interest us very much, as our usage is very small. However, we think it would be a great mistake for Congress to increase the duty on wood pulp, especially at this time, when there is so much agitation going on in Congress and elsewhere in regard to protecting our forests.

To increase the duty on wood pulp would certainly have a tendency to create more demand for wood in this country, and there is no doubt but what we are all interested in preserving our forests as much as possible; hence the more pulp that comes into this country the more protection we give our forests.

We think, however, that you are unduly alarmed, as we do not think there is any Congressman or Senator that would be so unwise as to raise the duty on wood pulp at the present time, especially after the recent recommendations of President Roosevelt in regard to putting newspaper and pulp on the free list.

Very respectfully, yours,

THE WARDLOW-THOMAS PAPER COMPANY.

BARDEEN PAPER COMPANY,
Otsego, Mich., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

DEAR SIRs: We have yours of the 14th. As we are manufacturers of paper and not of wood pulp we naturally want to buy our pulp as cheaply as we can, and are not in favor of increased duties.

While we believe in protection to home industries, we also believe in competition.

Yours, truly,

G. E. BARDEEN, *President.*
K. BARDEEN.

SEYMOUR, CONN., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to yours of 14th, we are not large users of wood pulp, but any increase of duty on pulp will affect us in proportion to larger users. We are opposed to any increase of tariff on wood pulp.

Yours, truly,

S. Y. BEACH PAPER CO.

NOVEMBER 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We have your circular letter 14th, and will say that it is our earnest desire that the duties on wood pulp remain at the present figures. It strikes us they are quite equitable, and we sincerely trust your committee can so convince the proper authorities at Washington.

Yours, truly,

THE BECKETT PAPER CO.,
F. BECKETT, *Treasurer.*

MORRIS, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York, N. Y.

GENTLEMEN: Answering your favor of the 14th instant, we beg to advise that it is not our wish or desire that there should be any increase or advance on the duty in the pulp schedule.

Any change in the present tariff on wood pulp in the line of an increase would simply add an additional burden to the consumer and the manufacturer, and we trust that no such action will be taken when the tariff is revised.

Yours, very truly,

PRAIRIE BOX BOARD CO.,
B. F. MCKEAGE, JR., *Secretary-Treasurer.*

FORESTPORT, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

DEAR SIR: In reply to yours we will say we have carefully considered the matter, and have decided that, in our opinion, it is for the best interest of the general public that the duty on wood pulp and paper be left where it now is.

Respectfully, yours,

A. R. PENNINGTON & Co.

PARSONS PAPER COMPANY,
Holyoke, Mass., November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: In reply to your letter of the 14th instant, in regard to the duty on wood pulp, would say that we are decidedly opposed to any advance in duties upon this material. We do not see that there is any need for such an advance, and, as stated, we think it would be much better that none should be made.

Yours, truly,

EDWARD P. BAGG, *Treasurer.*

PHOENIX, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We are not in favor of a revision of the tariff on wood pulp. As the matter now stands we believe the present duty affords sufficient protection to American manufacturers, allowing them to compete with foreign pulps. To increase the tariff would increase the cost of paper.

A reduction would unsettle values, demoralize business, and be detrimental to the pulp and paper industries of this country.

Yours, respectfully,

OSWEGO RIVER PAPER MILLS.

GREEN BAY, WIS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York City.

GENTLEMEN: Acknowledging the receipt of your communication of 14th, to be perfectly frank with you, we believe it to be to the best interest of the industry, if not ourselves individually, to stand pat on the tariff question so far as it relates to wood pulp.

Yours, very truly,

NORTHERN PAPER MILLS,
IVER J. TERP, *Secretary.*

NEW HAVEN, CONN., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: Yours of the 14th received, and beg to advise that we can not conceive of any sane argument in favor of an advance in the pulp schedule. While it is against our interest as consumers of pulp, in a broad sense we believe it would be antagonistic to business welfare.

Very truly, yours,

THE NEW HAVEN PULP AND BOARD CO.,
WM. R. SHAFFER, *Secretary.*

BOSTON, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: In reply to yours of 14th instant, I believe that any change of the duty on wood pulp, especially an advance, would be an injury to the paper trade of this country and should not be undertaken. The reasons are too obvious to need repetition to anyone conversant with trade conditions.

Very truly, yours,

NATIONAL FIBRE BOARD CO.,
By STEPHEN MOORE, *Treasurer.*

LEE, MASS., *November 16, 1908.*

COMMITTEE ON WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Replying to your favor of the 14th, in which you ask us to express an opinion as to whether we are in favor of an increase in the tariff duty on imported pulp, we beg to state that we are not in favor of such an increase, as we believe it would work an injury to the paper manufacturer, as well as the consumer of paper, for certainly if you increase the duty on pulp it will mean an increase cost to the manufacturer, which he will have to add to the cost going to the trade, or, in other words, he would have to get more money for his paper if the pulp costs very much more. While we are not very large users of pulp, we can see where it would work to a great disadvantage in some grades of papers.

Yours, truly,

MOUNTAIN MILL PAPER CO.,
EDWARD P. STEVENSON, *Treasurer.*

MONROE, MICH., *November 16, 1908.*

The COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We are in receipt of your letter of the 14th. While we do not at present use any sulphite in the manufacturing of our product, yet we are interested in all lines of the industry, and we believe it would be a mistake to do any tinkering with the tariff on

wood pulp or sulphite, as it simply tends to demoralize business until the thing is settled.

We certainly hope you will make your influence felt on Congress, as we think the tariff is all right as it is and should not be changed.

Yours, very truly,

MONROE BINDER BOARD Co.,
L. W. NEWCOMER, *President.*

EAST DOWNTOWN, PA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman street, New York, N. Y.

GENTLEMEN: We wish to enter our protest against any increase of duty on wood pulp.

Yours, truly,

FRANK P. MILLER PAPER Co.
FRANK PARKE.

MEGARGEE PAPER MILLS,
Philadelphia, November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman street, New York, N. Y.

GENTLEMEN: Replying to your favor of the 14th instant on the duty on wood pulp. We are very much surprised to hear that there is any agitation for an increase of the duty on pulp; we supposed the entire agitation was the other way. So far as we have looked into the matter we think the present duty, if worded more specifically, is about right, as it covers, to the best of our knowledge, the difference in cost of labor between this country and foreign labor.

Yours, very truly,

GEO. M. MEGARGEE, *Secretary.*

CHILLICOTHE, OHIO, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York, N. Y.

GENTLEMEN: Replying to your letter of the 14th, it is our firm belief that the interests of the paper trade as a whole, as well as our own interests, will be best served by leaving the duty as it now stands on pulp.

Yours, very truly,

THE MEAD PULP AND PAPER COMPANY,
By GEO. H. MEAD, *General Manager.*

MARION, IND., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We have your circular letter of the 14th instant in regard to the agitation which is now on regarding the advance in tariff on wood pulps into this country. We certainly would not be

in favor of any advance in tariff on wood pulps, nor would we like to ask for any decrease, as we know the situation of the pulp mills. We believe that we would be better off without any change whatever, as with the present duty on wood pulp the pulp mills can make a nice profit on their pulp, and we certainly do not want the duty on pulp reduced so as to compel our pulp mills here to close their plants, nor do we want the duty on pulp so it will prohibit the importation of the same.

We are using considerable foreign pulp as well as American, and we believe that the present duties on pulps are adequate at the present time.

Yours, very truly,

THE MARION PAPER CO.
H. A. GABLE, *Treasurer.*

LAWRENCE, KANS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We are in receipt of your circular letter of the 14th regarding the agitation which has recently swept over the country, and regarding the revision of the tariff. We trust that there may be no movement toward an increased duty on pulp. Certainly it would be a disadvantage to us and to all consumers in this part of the country to have the tariff increased on pulp.

Respectfully,

LAWRENCE PAPER MFG. CO.,
PAUL A. DINSMOOR,
Assistant Manager.

YORK PA., *November 16, 1908.*

WOOD PULP IMPORTERS' ASSOCIATION,
New York City.

GENTLEMEN: We do not use any wood pulp and we really do wish to do all in our power to oppose any advance on raw material to protect the interests justly of the paper manufacturers. Anything further we can do in this matter will be cheerfully done.

Respectfully, yours,

LAFEAN PAPER COMPANY.

WATERTOWN, N. Y.,
November 16, 1908.

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: In response to your circular dated November 14, we have no hesitation in saying that we are not in favor of advancing the duties on wood pulps, and, more than that, we should be in favor of taking all duty off ground wood provided an agreement could be made with the Canadian government that no export duty be put upon their pulp wood. We are, however, in favor of keeping the present duties on sulphite pulps.

Yours, truly,

KNOWLTON BROTHERS.

KALAMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: Replying to your favor of the 14th, we can hardly believe that Congress will think of increasing the duty on pulp, as popular sentiment seems to lean very strongly toward a reduction of the duty. There is no question but that it would be a tremendous disadvantage to the manufacturers if the tariff were raised, as the domestic manufacturers would immediately fall in line and increase their prices accordingly. Of the two, we should much sooner have the tariff lowered a little, but our judgment would be that the present schedule was just about right for the protection of the pulp manufacturers and the paper manufacturer as well.

Yours, truly,

KALAMAZOO PAPER COMPANY.

SENECA FALLS, N. Y., *November 16, 1908.*

MESSRS. COM., ETC.

GENTLEMEN: I object to any change in present tariff on wood pulp.

Yours, truly,

E. S. INGERSOLL.

CASTLETON, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,

New York.

GENTLEMEN: We have yours of the 14th in reference to duty on wood pulp, and would state that we do not buy wood pulp, therefore have no interest in the matter beyond an indirect one. It is our opinion that the duty is high enough to protect the manufacturers in the United States. On account of low-water conditions, we understand pulp is very high just at present. Probably your demands of importations when under normal conditions would be shut off and probably at a loss to importers. However, these conditions are not likely to prevail for long; therefore think our domestic manufacturers can stand it.

Yours, truly,

INGALLS & Co.,

H. H. G. INGALLS, *Secretary.*

PHILADELPHIA, *November 16, 1908.*

COMMITTEE OF WOOD-PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: Yours of the 14th received. Our mills are making board from old papers, so that while we join you in your protest against higher tariff, we can not do so as users of pulp.

Very truly, yours,

ELLSWORTH H. HULTS, Jr.

NORWICH, CONN., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Yours of the 14th received, and we are satisfied with the tariff upon wood pulp as it is at present and do not think it necessary for any advance to be made, as the manufacturers have to pay as much as it is possible for them to do and live and carry on their business of making paper for the market, competing with other foreign papers.

Yours, truly,

THE A. H. HUBBARD Co.,
CHARLES L. HUBBARD, *President.*

POTSDAM, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

Room 721, Beekman Street, New York City.

GENTLEMEN: We have your circular of the 14th, and note contents. We are opposed to any change in the tariff on wood pulp at this time because we are satisfied with the situation as it now exists. We are manufacturers of nothing but ground wood, and therefore an advance of the duty would not be likely to affect us adversely. At the same time, it is our opinion that it is better to leave conditions as they are, as we think that the interests of the paper manufacturers and the paper consumers would best be served by preserving stability in the tariff.

The protection afforded by the present tariff is a reasonable and proper one, and is the result of years of experience. We should not view with favor any reduction, nor do we think that it would be wise to advance the duty, taking into consideration all the conditions which have to do with the operation of the various branches of paper manufacture.

Yours, respectfully,

HANNAWA FALLS WATER POWER COMPANY,
Per E. A. MERRITT, Jr., *Receiver.*

PHILADELPHIA, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

Room 721, 5 Beekman Street, New York City.

DEAR SIR: We are in receipt of your letter of November 4, requesting an expression of opinion upon the subject of an advance of the duties on wood pulp.

We are users of wood pulp, and in considerable quantity, in our manufacture. We beg to state that the present price of paper is so low and the margin of profit so small that if there is an increase in the duty of wood pulp it can not possibly be borne by our branch of the manufacture and will have to be added to the price of the paper. There is no doubt, therefore, that if the duty is advanced the price of our product must advance accordingly, and as it enters into our paper in considerable percentage the advance of our price will have to be at least proportionate.

Truly, yours,

THE GLEN MILLS PAPER COMPANY,
Per THOS. I. SHAW.

APPLETON, WIS., *November 16, 1908.*

The COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to your favor of the 14th instant, we are of the opinion that the present tariff on imported sulphite is all that is necessary to afford proper protection to domestic manufacturers. Strictly speaking, and from a selfish standpoint, it probably would be more to our interest if the duty might be removed; yet, we are believers in the principle of protection, and while sulphite to us is a raw material it is a finished product to others engaged in its manufacture. Certainly we believe that the duty should not be increased.

Yours, truly,

FOX RIVER PAPER COMPANY.

ROCHESTER, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: Replying to your circular letter of the 14th instant, beg to state we are against any change in the tariff on pulp and paper.

Yours, very truly,

FLOWER CITY TISSUE MILLS COMPANY,
By F. M. NEPHEW.

BENNINGTON, VT., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York.

GENTLEMEN: We are duly in receipt of yours of the 14th instant. In reply will say that we see no good reason why the present duty on pulps should be increased. The present price of tissue paper is too low as compared with the present price of sulphite and ground wood, and if the duty on pulps was increased the prices of paper would have to be increased accordingly.

We are opposed to any increase of duty on pulps.

Very truly, yours,

FILLMORE & SLADE,
By H. D. FILLMORE.

FALLSBURGH PAPER MILLS,
Fallsburg, N. Y., November 16, 1908.

AMERICAN PAPER AND PULP ASSOCIATION.

GENTLEMEN: Yours received. We use both foreign and domestic sulphite and ground wood, and am in favor of having the tariff remain as it is on them.

Most truly,

EDW. Y. LE FEVRE.

VINCENNES, IND., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City, N. Y.

GENTLEMEN: Your "circular letter" relating to tariff on "wood pulp" received. In reply beg to say we do not believe the duty on wood or wood pulp will be raised, as the tendency and agitation is just the opposite.

We use considerable "print" in lining strawboards, but we are not advocating the lowering of the tariff as we are not "free traders," and we do not believe the tariff rate will be increased, as your circular letter suggests. We are,

Yours, respectfully,

EMPIRE PAPER COMPANY,
F. W. QUANTZ, *Manager.*

SUNAPEE, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Replying to your favor of the 14th, we hardly feel that we can support any movement for the sulphite manufacturers to increase the duty on foreign pulp. Our opinion is that with the present duty the domestic sulphite manufacturers ought to be able to compete with the foreign manufacturers, and, even if they do have to undersell slightly the foreign manufacturers, that there should still be a good margin of profit to them.

Our idea of the situation is that the domestic manufacturers thought there was no end to the price they could charge and went beyond the limits of good judgment in their prices, so letting in the foreign pulps.

I am, however, in favor of retaining the present tariff.

Very truly, yours,

EMERSON PAPER COMPANY,
W. A. WHITNEY.

PHILADELPHIA, *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

DEAR SIR: Referring to your letter of the 14th, we have given the matter of the present duty on wood pulp careful consideration, and from our standpoint we do not see how our interests on this side advance by either raising or lowering the present rates of duty.

We think they are very fair as they now stand.

Very truly, yours,

DILL & COLLINS Co.,
GRELLET COLLINS,
President.

NEW YORK, *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: Acknowledging receipt of your circular letter with regard to the tariff on wood pulp, we think it would be unadvisable to make any change in the present rate of duty on the same.

Very truly, yours,

DIAMOND MILLS PAPER COMPANY,
C. G. VAN GILDER, *Secretary.*

PHOENIX, N. Y., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York.

GENTLEMEN: In reply to your favor of the 14th we regret to say that it will not be convenient for us to attend the proposed meeting.

Regarding the tariff agitation and any intended advance on pulps coming into this country, we can only say that in self-protection we can take but one position—we are unalterably opposed to any advance in the present schedule. It seems to us that when it is known that the supply in this country is short at best, and under adverse conditions such as have prevailed recently the pulp mills have not been able to nearly meet the demand, any person or committee who tried to advance the rates of import would only do so to the great detriment of the paper mills who purchase their pulp. We shall be glad to see their efforts sidetracked.

Very truly, yours,

CRESCENT PAPER AND MACHINE COMPANY.

MARSEILLES, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Regarding your favor of the 14th instant, we believe it would be inadvisable to make any change in the tariff on sulphite or pulp, for the reason that it would upset present conditions and increase the cost of all grades of paper and board using this raw material, and we trust that your committee will be successful in preventing any change in the present situation.

Yours, very truly,

CRESCENT PAPER COMPANY,
R. F. KNOTT, *President.*

WEST HENNIKER, N. H., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Replying to yours of the 14th, we had no idea that there was any prospect of increasing the present duty on pulps. All the agitation we have heard of was in favor of reducing same.

It is our opinion that it would be advisable to maintain the rates about as they are at present.

Yours, truly,

CONTOOCOOK VALLEY PAPER COMPANY,
H. A. EMERSON, *Treasurer.*

HUNTINGTON, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Your circular letter of the 14th received. As we are one of the divisions of the American Writing Paper Company, we have referred your letter to our president, Mr. W. N. Caldwell, Holyoke, Mass. You have the sympathy of this division in your efforts not to have the duty on pulps increased.

The compliments of the writer to each gentleman represented on the committee.

Yours, truly,

CHESTER PAPER COMPANY DIVISION,
E. C. ROGERS, *Manager.*

LITITZ, PA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

New York, N. Y.

GENTLEMEN: We have yours of the 14th instant relative to the possibility of an increase in the duty on pulps, and we wish most emphatically to go on record as being most strenuously opposed to any such legislation.

Yours, very truly,

THE CONSUMERS BOXBOARD AND PAPER COMPANY,
H. J. PIERSON, *General Manager.*

SOUTH HADLEY FALLS, MASS., *November 17, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: In answer to your circular letter of the 14th instant, beg to state that you are right in your supposition that we are opposed to any advance in duty on foreign pulp. We might also add that we have the same opinion as the Hampshire Paper Company upon this matter.

Yours, truly,

CAREW MANUFACTURING COMPANY,
W. D. JUDD, *President.*

KALAMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York.

GENTLEMEN: Yours of the 14th at hand, and we certainly should not like to see the duty on wood pulp raised, and we remain,

Yours, very truly,

BRYANT PAPER COMPANY.

HOUSATONIC, MASS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to your favor of November 14, we would say that we are opposed to any increase in the duty on wood pulp. On the other hand, we do not think the duty ought to be reduced. Domestic manufacturers are entitled to protection on their product the same as we ask for ours.

Yours, truly,

B. D. RISING PAPER COMPANY.

ROCKFORD, ILL., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
5 Beekman Street, New York City.

GENTLEMEN: It has come to our notice that there will be an effort made on November 21 to start a movement raising the duty on wood pulp, which, in our opinion, would benefit nobody but a few wood-pulp manufacturers and work a hardship on the consumer of all grades of pulp, which is now almost out of the reach of the manufacturers of the cheaper grades of paper. We, as users of the several grades of pulp, respectfully appeal to you to use every means in your power to prevent this advance.

Thanking you for any efforts you may take, we remain,

Yours, very truly,

ROCKFORD PAPER BOX BOARD COMPANY,
R. WANTZ, *Manager.*

PITSTON, PA., *November 16, 1908.*

GENTS: I am very much opposed to any advance in the present tariff on wood pulp of any kind.

Yours, respectfully,

G. B. ROMMEL.

SCOTCH PLAINS, N. J., *November 17, 1908.*

GENTLEMEN: We are not in favor of adding to the cost of the pulp we are using by having the tariff increased.

Yours, truly,

SEELEY PAPER MILLS COMPANY.

KALAMAZOO, MICH., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: We have your letter of the 14th in regard to the tariff on imported wood and sulphite, etc., and in answer would say that we do not think the tariff had ought to be interfered with in any way, and that means that we consider it just about right as it is.

Yours, very truly,

STANDARD PAPER COMPANY,
J. H. WHITNEY, *Manager.*

RICHMOND, VA., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

DEAR SIR: Referring to your favor of November 14 in reference to the duty on wood pulp, will state that we think that it would be unwise for Congress to increase the duty on this material, as we ourselves do considerable export business and presume that other paper manufacturers do the same thing.

If the duty were increased on wood pulp of any kind this would naturally throw us out of line with the prices of our foreign competitors in Germany and Sweden.

We hope, therefore, that there will be no change in these duties.

Yours, truly,

STANDARD PAPER MANUFACTURING COMPANY,
R. S. CRUMP, *Secretary and Treasurer.*

FULTON, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: We wish to authorize you in our behalf to make just as strong a protest as you possibly can in the hearing before the Ways and Means Committee at Washington against any advance in the tariff rates on sulphite or ground wood.

There can be no question but that these articles are now sufficiently protected, and if there is any change in the tariff it should be downward rather than upward.

We believe it would be a most serious mistake if any advance in the present tariff rates on wood pulp was made.

Yours, very truly,

THE VICTORIA PAPER MILLS COMPANY,
By E. R. REDHEAD, *President.*

SKANEATELES, N. Y., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: While we are not large consumers of pulps, we certainly do not want to see any disturbance in the tariff, as that would affect our business in proportion.

We trust you will use your best endeavors to see that no disturbance occurs.

Yours, truly,

CHARLES G. WEEKS COMPANY.

APPLETON, WIS., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York, N. Y.

GENTLEMEN: Replying to your letter of the 14th, we are not prepared to give you such a letter as you ask for, although upon further investigation it might prove to our interest to give it.

As we look at it, the whole paper industry must be considered as a whole, and if it develops that it is to the advantage of the trade generally to have a higher duty on sulphite pulp, we are willing that it should be put on. On the other hand, if it develops that a lower duty would be of more benefit, then we are ready to acquiesce in that.

With the information at hand now, however, we can not express an opinion either way.

Yours, respectfully,

WISCONSIN TISSUE PAPER COMPANY.

WELLS RIVER, VT., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
New York.

GENTLEMEN: Replying to yours of the 14th, we would state that we do not use any sulphite pulp, our raw material being burlap, etc.

We realize, however, that higher duties on sulphite would be a serious handicap to the majority of tissue manufacturers, as the imported article is really necessary to them. We remain,

Yours, very truly,

ADAMS PAPER COMPANY,
H. CRABTREE, *Manager.*

BELLOWS FALLS, VT., *November 16, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,
Room 721, 5 Beekman Street, New York.

GENTLEMEN: We are in receipt of your favor 14th, and would state that in our judgment we believe the duty on sulphite should remain as it is.

Yours, truly,

JOHN ROBERTSON & SON.
C. W. BLACK.

BOSTON, *November 20, 1908.*

The G. W. WHEELWRIGHT PAPER COMPANY.

GENTLEMEN: We understand that you propose to be represented in Washington by way of protest against any increase in the tariff on chemical wood pulp, which is taxed under "Schedule M," as follows: Unbleached, one-sixth of 1 cent per pound, dry weight; bleached, one-fourth of 1 cent per pound, dry weight.

We wish to make a similar protest.

We manufacture in Maine rising 45,000 tons of chemical wood pulp by the soda process, so-called, more than one-half of which we sell to manufacturers of paper, the balance being used in our own paper mills. We think the protection afforded our product is ample under existing law.

We buy about 14,000 tons of chemical wood pulp, mainly unbleached, made by the sulphite process, for use in our paper mills. Of this amount more than one-half is of foreign origin, five-eighths of our foreign purchases being Canadian. The cost of the foreign pulp

to us, delivered at our mills, is about \$4 per ton more than the cost of domestic pulp, and the specific duty amounts to more than 8 per cent ad valorem.

The above figures relate to the years 1907 and 1908. The large proportion of foreign pulp used in these years is mainly due to the fact that in the last part of 1906 and the early part of the year 1907 we found difficulty in obtaining domestic sulphite pulp at reasonable prices.

It would seem that sufficient protection is at present afforded to American manufactures on this item, and that an increase in the rate of duty levied might result in an unnecessary addition to the cost and to the price of paper in this country.

We own three mills, situated in Maine, two paper and one soda pulp mill. Our product of book and surface-coated papers is about 45,000 tons per annum.

You are authorized to make the above representations to the Committee on Ways and Means in our behalf.

Yours, very truly,

S. D. WARREN & Co.

P. S.—We wish to add that no individual or association is authorized to represent us in respect to the tariff on printing paper. We should not object to a revision of this schedule, provided, in connection with it, are fairly considered the present rates of duty on articles entering the cost of manufacture, such as coal, clay, chemicals, and structural materials.

PHOENIX, N. Y., *November 20, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

New York City.

GENTLEMEN: Your favor of the 14th received during the writer's absence, and now beg to state that our position in the matter of tariff revision on paper, wood pulp, and sulphite is that no change should be made whatever—that the schedule should remain exactly as it is now.

Very truly, yours,

SWEET BROS. PAPER MFG. Co.,
Per T. C. SWEET.

BUTTE, MONT., *November 19, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS,

5 Beekman Street, New York City.

GENTLEMEN: Replying to your circular letter dated the 14th instant, subject duty on wood pulp, will say that at the present time our mill is not in operation, due principally to the high freight rates and the lack of proper consideration from the railroad companies for prompt service.

We would most certainly oppose a further increase of duty of both the chemical and mechanical pulp, and would earnestly solicit your efforts in our behalf to secure better service from the railroads.

Yours, truly,

KING & LARGEY PAPER MILLS.
J. M. HOWARD, *Manager.*

CINCINNATI, OHIO, *November 20, 1908.*

COMMITTEE OF WOOD PULP IMPORTERS.

GENTLEMEN: Replying to your favor of the 14th instant, would say that we are opposed to any increase of duty on wood pulp for two reasons. The first is that wood pulp enters very largely into the manufacture of paper which is used for printing, and to make it more costly would simply mean that the cost of printed matter would be increased.

It is a question whether or not the public is willing to pay higher prices for its daily papers, its books, and its literature generally. We think that it is not willing, and we believe that anything tending to increase the cost of these almost necessities of life will be very strongly resented by the people of this country.

Another reason which we think should appeal to the congressional committee having this matter in charge is that of the preservation of our forests. If it is made difficult or impossible to bring wood pulp here from foreign countries we shall have to rely upon native sources of supply, and they, as you are undoubtedly aware, have been seriously depleted of late years.

Anything tending to further the destruction of these forests will, we think, be equally resented by our people.

Yours, truly,

THE KNERR BOARD AND PAPER Co.,
W. J. HALDEMAN, *Treasurer.*

MT. VERNON, IND., *November 19, 1908.*COMMITTEE OF WOOD PULP IMPORTERS,
New York City.

GENTLEMEN: Your circular letter in relation to agitation in regard to revision of tariff on wood pulp, print paper, etc., received. We are not users of wood pulp, but we are in sympathy with all those who are engaged in the manufacture of material entering into paper of whatsoever kind, as well as the paper manufacturer, and think there should not be any duties taken off by Congress which would allow the free entrance into the United States of paper or material entering into the manufacture of paper, realizing as we do that our own industries should be preferred first, last, and all the time; also knowing that the profits on our manufactured goods are not excessive, and many concerns are realizing but little from their investments.

Trusting that our Representatives will not bother with the present duties, we are,

Very truly, yours,

MT. VERNON STRAWBOARD Co.,
R. A. AUSTIN, *Manager.*

**THE MONADNOCK PAPER MILLS, BOSTON, THINKS THERE SHOULD
BE NO INCREASE IN DUTY ON PULP.**

BOSTON, *November 20, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

DEAR SIR: We understand that the American Pulp and Paper Association is advocating and is going to present to you on the 21st instant its views as to raising the duty on imported pulps from Europe to 100 per cent.

We are members of the above association, but we wish to go on record as being strongly opposed to any such change in the tariff.

We are not manufacturers of pulp and are obliged to buy all of our pulp for the manufacture of our paper, and while we buy more or less of it made in this country as well as in Canada we still buy a large quantity from Germany and Sweden, for the reason that the quality of our paper demands in some instances a better grade of pulp than can be made in this country. We have never yet seen pulp made here of as good quality as that made abroad, and while there are a few mills here that if they exerted themselves could manufacture this quality, they would not make enough to supply the demand for this grade, and if the duty were raised 100 per cent on the foreign pulp they could make their prices exorbitant. Many of the mills in this country make their own pulp and their own paper together, and have some pulp for sale, and a raise in the duty to this figure would benefit them very materially, but it would be a distinct detriment to the mills like ourselves who are obliged to buy pulp in the foreign market, and a large proportion of the paper so made in this country is made by mills situated in similar circumstances as ourselves.

We trust that no change will be made in the way of an increase of duty on European pulps.

Yours, very truly,

MONADNOCK PAPER MILLS,
A. J. PIERCE, *President.*

**THE TILESTON AND HOLLINGSWORTH COMPANY, OF BOSTON, OP-
POSES INCREASE OF DUTY ON WOOD PULP.**

BOSTON, *November 20, 1908.*

HON. SERENO E. PAYNE, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: This company is opposed to any increase of duty on wood pulp for the following reasons:

Our mill is situated near this city and produces about 30 tons of high-grade paper per day. We buy all of our wood fiber, not being able to manufacture it, owing to the location of our mill. The low grades are almost entirely of domestic production, but many of the higher grades of foreign sulphite fiber are of superior quality to any made in this country, and for that reason we are compelled to use them in order to obtain certain desired traits in our papers.

We are content with the present duty on wood pulp, and believe that it is probably necessary for the protection of the American pulp manufacturers.

We protest, however, against any increase in the said duty. The majority of paper mills in the United States make their own pulp, manufacture the larger part of their pulp into paper, and sell any surplus which they may have. An examination into the cost of paper making and into the price at which these mills sell their paper will very quickly show at what value they take their own pulp when put to their own uses, and tend to confirm our belief that they already have ample protection.

Very respectfully, yours,

TILESTON AND HOLLINGSWORTH COMPANY,
GEO. F. CHILD, *Treasurer.*

**FINCH, PRUYN & CO., GLENS FALLS, N. Y., STATE THAT PRESENT
PULP AND PAPER SCHEDULE IS SATISFACTORY.**

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I represent Finch, Pruyn & Co. (Incorporated), a domestic corporation of New York State engaged in the manufacture of paper and lumber at Glens Falls, N. Y. The production in paper, which is all news print, is approximately 18,000 tons per annum. It saws into lumber from 15,000,000 to 20,000,000 feet per annum. The company employs approximately 500 men in its manufacturing departments and in its woodland operations. The city of Glens Falls has a population of about 20,000, and its staple industry is paper making, there being a mill of the International Paper Company located there. I am manager of the woodland department of the Finch, Pruyn & Co., and, because of the fact that the corporation is next to the International Paper Company, the largest owner of New York State woodland, and is annually cutting a supply of wood from these lands, I am able to supply the committee with accurate figures on the cost of production of pulp wood in New York State, and perhaps in addition to provide an illustration of what the effect of the tariff may be upon woodlands in our section.

Our company owns 160,000 acres of Adirondack forest land. The experts say that the annual growth of spruce and hemlock upon these lands is something like 60 feet to the acre. If we exclude 10,000 acres for burns and waste land, it leaves 150,000 acres and, assuming that the figures on annual yield given by the experts is correct, our forest would produce something like 15,000 cords of wood per year. The capacity of our present ground-wood mill is about 18,000 tons per year. Each cord of rough pulp wood produces 1,800 pounds of mechanically ground wood, so that our present use of pulp wood for ground-wood purposes is approximately 20,000 cords per year. Because of the fact that our woodlands would not supply sufficient wood for a sulphite mill to supply our sulphite, we have in the past purchased our sulphite in the open market.

The difference between our consumption of pulp wood and the yield from our own lands we purchase in the open market, mainly

from Canada. In the year 1907 we purchased 691 cords of rough, 8,028 of peeled, and 1,341 cords of rossed Canadian pulp wood.

In the same season we cut from our own lands in New York State 31,397 cords of pulp wood and logs, the total cost of which, for removal from the stump to the nearest water for floating and driving to our mill, was \$141,115.60. To drive this wood to our mill we expended \$28,001.94, and there was chargeable against it for sundries, office salaries, etc., \$8,708.25, making the total cost of getting this wood from the stump to our mill \$177,824.79, or \$5.66 plus per cord. The stumpage value of this wood it is somewhat difficult to fix, as the rapid increase in the value of stumpage of Adirondack land for various purposes is well understood. However, the generally accepted value of stumpage for pulp wood purposes is from \$2 to \$2.50 per cord and, assuming this stumpage to have an average value of \$2.25 per cord, we get a total cost per cord at our mill of \$7.91 for the wood delivered in 13-foot logs. In making comparisons with the cost of Canadian wood, it should be borne in mind that the Canadian wood is cut into 4-foot lengths, while the New York State wood, from which I have given figures, comes to the mill in the log.

The Canadian wood purchased by this company, as stated above, is bought in the open market at points on the Grand Trunk Railway east of Québec at \$7 per cord for hand-peeled 4-foot wood, and the rough wood was bought in the same section at \$5.50 to \$6 per cord and the rossed was bought delivered at Glens Falls at \$11 per cord. The estimated cost of delivering 4-foot rough pulp wood at Montmagny and St. Catherine, Quebec, by the sea-coast lumber company, one of the venders of the wood above referred to, was \$2.90 per cord for Montmagny and \$3.30 per cord for St. Catherine. These figures were made up of the items of \$2 per cord for the labor of laying the wood at these points, plus 50 cents per cord in the case of Montmagny and \$1 per cord in the case of St. Catherine for driving, booming, and sorting and 40 cents per cord in each case for stumpage.

We are supplied with figures upon the cost of delivering pulp wood to us at the mouth of the Jacques Cartier River, about 20 miles west of Quebec on the St. Lawrence. The items are \$2 per cord for labor from the stump to the driving water; driving, loss of measurement, rossing, and loading, \$1; total cost of wood per cord, \$3. No account of stumpage value is included in the above figures.

To protect our New York State forest lands and provide for an annual yield, which shall be permanent, we have asked the United States forestry department to supply us with a working plan for cutting our wood and the department is now at work upon such a plan. So long as we are able to make up the deficiency between our consumption and the annual growth of our own wood, at anything like the present prices for Canadian wood, we shall lumber, under the plan proposed by the United States Department. Should an export duty bar us from the Canadian market, we would be forced to increase the cutting upon our own land, and should the present tariff schedule on news print be reduced so that we would be forced to compete with the Canadian mills, having the chief source of wood supply above referred to, it would be necessary to look to our own wood land for our entire supply of pulp wood, which would mean that in not to exceed twenty-five years the land would be denuded. Were it

not for the rapid increase in value of our New York State wood land, it might be that there would be a greater profit in denuding the property and keeping out of the Canadian wood market than under the present plan of operating.

The present tariff schedule is satisfactory to this company, and to reduce it means to compel us to seek our source of supply of raw stock in northern New York; and, while it may mean that we shall be able for some years to compete with the Canadian mills, it plainly means that this can be done only through a sacrifice of the future forest growth in our section. The only way to prevent this effect of any substantial tariff reduction would be for the State of New York to condemn the forest land and pay its present value.

In conclusion I desire to express, on behalf of our company, our approval of the conclusions expressed by Mr. Lyman on behalf of the International Paper Company.

Respectfully submitted.

FINCH, PRUYN & Co. (INC.),
By GEO. N. OSTRANDER,
Manager Woodlands.

THE ST. REGIS PAPER CO., WATERTOWN, N. Y., WRITES RELATIVE TO STATEMENT MADE OF PRICE OF PRINT PAPER.

WATERTOWN, N. Y., *November 23, 1908.*

HON. S. E. PAYNE, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I desire to call your attention to a statement made by John Norris in his brief presented to your committee on Saturday, November 21, which is untrue, together with evidence thereof.

The following appears in the first paragraph of Mr. Norris's brief:

This curtailment of production has been availed of by paper makers generally to mark up the price of news print paper this week to \$55 per ton New York, or \$20 per ton in excess of the price which prevailed when the Ways and Means Committee considered this schedule twelve years ago, and \$15 per ton in excess of the price which would prevail under normal conditions.

I inclose herewith a copy of a letter written by me to Mr. Norris on November 13, in which we quote him paper at the rate of \$42 per ton for an annual contract of 3,000 tons or more f. o. b. mill. The rate of freight to New York from the mill is \$2.60 per ton, making our quotation \$44.60 per ton New York instead of \$55 per ton New York.

Our quotation to Mr. Norris of November 13 has not been withdrawn; indeed, the quotation was confirmed to Mr. Herman Ridder, president of the American Newspaper Publishers' Association, during the week, and as late as Saturday, November 21.

I also inclose quotations published by the New York Journal of Commerce and the Commercial Bulletin in their edition printed Saturday morning, November 21, confirmatory of my own quotations, and representing, from their own investigations, current prices.

Yours, very truly,

ST. REGIS PAPER COMPANY,
G. C. SHERMAN.

EXHIBIT A.

ST. REGIS PAPER COMPANY,
Watertown, N. Y., November 13, 1908.

JOHN NORRIS, Esq.,
American Newspaper Publishers' Association,
New York City.

DEAR SIR: MESSRS. H. G. CRAIG & CO., sales agents of the St. Regis Paper Company, have been authorized to establish the following prices, subject to change without notice. These prices apply to our product in the eastern territory, and are absolutely invariable, not only as to price, but to terms as well. The quantities are for annual consumption, to be shipped monthly during the year, as near as may be, viz:

3,000 tons or more.....	\$2.10
2,000 tons to 3,000 tons.....	2.12½
1,000 tons to 2,000 tons.....	2.15
500 tons to 1,000 tons.....	2.17½
100 tons to 500 tons.....	2.20

Prices f. o. b. cars mill, cash thirty days from shipment. Paper to be charged at gross weight, including cores, cores to be credited at 1 cent per linear inch when delivered to the mill. While we have noted that prices are subject to change without notice, it is not intended that they will change excepting as conditions change.

Our product is, as you know, not elastic, and we can not sell more than our unsold production, based upon normal running. At the present time we have about 60 tons a day available for 1909.

When water conditions become normal again, we intend to make a public quotation for such tonnage as we have available for immediate delivery, or, say, within thirty days, but just at the moment we are not disposed to quote on any other basis than for yearly contracts.

Yours, very truly,

G. C. SHERMAN.

EXHIBIT B.

Paper.—Little improvement is reported in the water-supply situation at the mills and the consequent restriction of production keeps available supplies of news print scarce. With a good demand for both sheet and roll the market is very firm. Increasing demand is noted for wrappings, and a good business is being done in book and writing papers at full prices.

Roll, annual contracts, f. o. b. mill.....	\$2.05 @	\$2.10
Roll, transient orders, immediate delivery.....	2.25 @	2.50
News, sheet, annual contract, f. o. b. mill.....	2.15 @	2.20
News, sheet, transient orders.....	2.30 @	2.50
Wrapping, No. 2, jute.....		4.37½
Wrapping, manila, No. 1, wood.....	2.65 @	3.15
Wrapping, manila, No. 1, jute.....		4.75
Wrapping, manila, No. 2, wood.....	2.35 @	2.60
Wrapping, hardware.....	3.50 @	4.50
Writing, flat, ledger and record.....	.09 @	.20
Writing, superfine.....	.11 @	.17
Writing, fine.....	.07½ @	.09
Writing, engine sized.....	.06 @	.07½

Book	\$3. 50	@	\$3. 80
Book, coated.....	. 05	@	. 06½
Tissues, white, No. 1.....	. 40	@	. 41½
Tissues, white, No. 2.....	. 37½	@	. 40
Tissues, colored.....	. 40	@	. 41½
Tissues, manila, No. 1.....	. 35	@	. 40
Tissues, manila, No. 2.....	. 35	@	. 38
Strawboard, carload lots, per ton.....	20. 00	@	25. 00
Newsboard, carload lots, per ton.....	24. 00	@	27. 00

JOHN NORRIS, REPRESENTING THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO PULP, AND PRINT PAPER.

NEW YORK, *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives,
Washington, D. C

GENTLEMEN: In view of the fact that the chairman asked a representative of the International Paper Company to submit a statement of the securities given in exchange for mills merged into that company, I venture to furnish a memorandum bearing upon the condition of those mills when merged. I present the following.

Yours, truly,

JOHN NORRIS,
Chairman Committee on Paper,
American Newspaper Publishers' Association.

In January, 1898, all the large paper mills of the Eastern States, with a few unimportant exceptions, were merged into the International Paper Company. This corporation was capitalized upon a basis of \$55,000,000, divided as follows:

Bonds.....	\$10, 000, 000
Preferred stock.....	25, 000, 000
Common stock.....	20, 000, 000

The basis of the consolidation was as follows:

Corporation.	Tons.	Total.
Glen Manufacturing Co.....	135	\$4, 344, 000
Winnipiseogee.....	70	2, 135, 100
Fall Mountain.....	100	4, 105, 507
Russell Paper.....	20	684, 000
Niagara Falls.....	120	3, 059, 800
Webster Paper.....	26	592, 800
Haverhill.....	40	228, 000
Hudson River (Plattsburg, Glens Falls, St. Maurice Lumber Co.).....	150	3, 193, 280
Umbagog.....	275	7, 985, 635
Otis Falls.....	20	556, 800
Falmouth.....	150	4, 976, 530
Herkimer.....	60	.....
Lake George.....	25	592, 800
Turners Falls.....	50	1, 231, 200
Rumford Falls.....	11	228, 000
Rumford Falls (plus Woodland).....	100	2, 280, 000
Piercefield.....	30	506, 000
Ontario.....	26	412, 000
Montague.....	50	1, 048, 000

Five of the paper mills (Rumford, Niagara, Fall Mountain, Turners Falls, and Montague) rented their power at a total annual cost of \$196,000 per annum. Two others were run by steam, which made

successful competition by them impossible, and five others had insufficient power. Four owned no wood lands and ten of the mills had no sulphite auxiliaries.

One hundred and one paper-making machines were comprised in the plants of these mills, but only half of them were of recent construction or of desirable pattern. Fifty of the paper machines in the mill were almost worthless. Mr. Whitcomb, general manager, on page 1072 of his testimony before the Mann committee, submitted a table of 67 paper machines making news print paper. Referring to a list of 101 paper machines, he said:

They were all making news at the time they were taken into the company.

Out of this list of machines, 3 were sold, that is, the mills containing 3 machines were sold; 15 machines were discontinued; 5 machines were leased; the plants containing 5 machines are at present under lease.

In further explanation of Mr. Whitcomb's testimony and to reconcile his statement that only 67 paper machines are now making news print paper, it should be stated that 15 machines have been diverted to the making of other kinds of paper.

Not one of the mills in all the combination possessed all of the six essentials of the cheapest and most successful manufacture, namely, cheap wood, cheap and ample water power, cheap rates to market, modern machinery, wholesale production and concentration at one place under one supervision.

One mill (Haverhill) was dismantled after purchase. One mill included in this combination (Rumford Falls) made profits of \$488,000 in four months on a capital of \$500,000 and entered the trust on a basis that yielded \$4.50 for every dollar of original investment, so that in forty-four months the total return on an investment of \$500,000 was \$2,750,000. Yet that mill was in such poor shape when acquired by the trust that an enormous outlay was necessary to bring it into condition.

Another mill (Ontario) averaged profits of from 32 per cent to 48 per cent per annum, and took \$4 in trust securities for every \$1 of its stock.

One plant (Lawrence) which could not make newspaper on a number of its machines was unloaded upon the trust at a valuation of \$22,000 per ton of daily output as a premium to the promotor of the International Paper Company, Mr. W. A. Russell.

Another mill that had not made any money in ten years was turned in at \$22,000 per ton of daily output.

For a mill (Herkimer) that made not 1 cent of profit in 1897—a mill which had no water power, no sulphite attachment, and which carted its pulp 2 miles, an appraisement of \$570,000 was put upon it in its merger into the trust.

An allowance of nearly \$8,000,000 was made for a mill (Glens Falls) one-half of which might better be located upon Boston Common or in New York City. Five years previous the stock capital of that concern had been \$300,000.

Another company which was merged into the trust on a basis of \$3,500,000 had been started on an investment of \$60,000—Glen Manufacturing Company.

These details are given to show the character of security which you are now asked to protect.

Respectfully submitted.

JOHN NORRIS.

ARTHUR C. HASTINGS, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENT RELATIVE TO PRINT PAPER.

NEW YORK, *December 3, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I am glad to be able to take advantage of your kind request for information from the manufacturers' standpoint as to what the effect would be on the paper manufacturers by the removal of the duty of \$6 per ton on printing paper; also the answer to the request of Mr. Underwood at the proceedings on November 21, evening session; also the request of Mr. Gaines as to the increased cost of a single paper of certain size and weight. I will make each of these calculations and attach hereto. The actual cost conditions in other countries than our own make it necessary that the present duty be retained if the paper manufacturers in the news or wood papers, or so-called wood papers, are to continue in business. I believe that there has been enough testimony before your committee and the select committee of Congress to prove that there has been no adequate return on the capital invested in the paper-manufacturing business in the last twenty-five years, and that the reduction of the duty would mean in a very short time the actual extinction of the average United States paper mills making so-called wood papers.

MEMORANDUM OF COMPARATIVE COST OF NEWS PAPER AS COMPARED WITH OTHER COUNTRIES.

The figures which are used in this compilation are gathered from reports made by the Department of Commerce and Labor from payroll sheets of the International Paper Company, and would be more correct probably than any figures, coming from an individual mill. Based upon these figures, the rates as to the cost of labor for a ton of finished paper is, in the United States, about \$8; in Canada, \$5.46; Norway and Sweden, \$2.22; Germany, \$2.48; Austria, \$2.09; so that the difference in cost of manufacture in wages alone for all the countries named, except Canada, is nearly the amount of duty, or \$6 a ton. Taking the lower cost of material used in a paper mill which a United States manufacturer has to pay the difference of coming from these countries, their cost of production is more than \$6 a ton less than ours. As to the Canadian duty, which is \$2.54 a ton on labor alone, there should be added the saving made in manufacture in Canada over the United States mill through their cheaper supply of wood, due to the fact that the actual labor in the woods is cheaper there than in the United States and the fact that many of the mills have the wood delivered to them from the river without any freight. These two items alone, labor and wood, would practically make up the difference in the cost amounting to the present tariff. The matter of cost has been gone into so exhaustively by your committee and the select committee of Congress that this information could be gotten in detail much more readily than I could give it to you.

When the manufacturers of paper in this country do not have enough business to keep their mills fully supplied with orders, prices naturally go down. When there is more than enough business to keep them supplied the prices naturally go up, and foreign paper

comes in, as the foreigner can export to this country profitably at any time, pay the duty, and leave him a profit. In Germany they can export their surplus at an actual manufacturing loss and keep their prices up in the home market. If the duty were removed it can be readily seen what the outcome would be.

MEMORANDUM OF SAVING IF DUTY WERE REMOVED AND THE SAVING ACCRUED TO THE PURCHASER.

While I do not admit that the removal of the duty on news paper would result in a saving to the publishers of the duty collected, supposing for the sake of argument that it did, an eight-page paper of the *Staats Zeitung* size, of New York City, of the date of December 3, 1908, as an example, 1,000 copies would weigh 120 pounds. At 2½ cents per pound, the cost would be \$2.70, or the cost per single copy of 2⅞ mills. The present duty, amounting to \$6 per ton, would amount on 1,000 copies to 36 cents, or on a single copy to thirty-six one hundredths of a mill. It takes 8 papers to weigh 1 pound. On the average rural newspapers using a sheet of paper 30 inches by 44 inches, weighing 100 pounds to 1,000 sheets, having a weekly circulation of, say, 1,000 copies or 52,000 copies in a year, the saving would be, if the price were 2½ cents per pound, \$15.60, or on a single copy three-tenths of a mill. It would take 10 papers of this size to weigh 1 pound.

ARTHUR C. HASTINGS.

President American Paper and Pulp Association.

THE MOUNT TOM SULPHITE PULP COMPANY ASKS RETENTION OF PRESENT DUTY ON ITS PRODUCT.

BOSTON, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Mount Tom Sulphite Pulp Company manufactures a high grade of bleached sulphite pulp, about 30 tons daily, for fine papers, such as fine book and writing paper, and all its product is sold to mills making such paper and replaces just so much foreign pulp, as our competition is directly with the mills in Sweden, Norway, and Germany. The cost of labor at this plant is double that of the mills referred to above per ton of pulp made; we work our men on three tours in twenty-four hours instead of two tours, as the foreign mills do. We put just the same amount and kind of work in the preparation of our wood as is done in Europe—that is, in barking, boring out knots, cleaning chips, etc.—and where they employ boys, and even girls, we are compelled to employ men, as boys and girls for this kind of work in this country are not to be had or allowed by law. We cook our fiber long hours, putting the same amount and kind of work in washing, screening, bleaching, rescreening, etc., as they do.

None of the grade of pulp we manufacture is exported, while a very large amount (43,000 tons in 1897, or 42 per cent of all bleached pulp sold in this country) is imported.

From figures already submitted to your committee by the pulp and paper men you will see that this cost of labor enters into every department of our mill, cost of plant per ton capacity, cost of cutting, logging, driving our timber, cost of mill supplies of all kinds, etc. We have been nearly twenty years building up this plant under the most adverse circumstances, and the present tariff does not represent the advantage the foreign mills have over us. If it is taken off or reduced, we believe it would mean the closing down of our plant.

We employ from 150 to 175 men, according to the season of the year, at this plant. The plant represents \$755,000 invested capital, and we have quite a suburb of Northampton, Mass., dependent on us, with a fine new schoolhouse in which we are educating from 60 to 70 children, mostly of foreign parentage.

Yours, truly,

CHAS. C. SPRINGER.

**INTERNATIONAL PAPER COMPANY, NEW YORK CITY, FILES
SUPPLEMENTAL BRIEF RELATIVE TO WAGES AND COSTS.**

NEW YORK, *December 19, 1908.*

HON. SERENO E. PAYNE, *

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: We desire to supplement the statement in regard to Schedule M, which we submitted to your committee on November 21, with additional data.

Wages.—Exhibit A, attached, is a comparison of our regular schedule of wages in force July 1, 1908, with the wages paid in the following Canadian mills:

Laurentide Paper Company (Limited), Grand Mere, Quebec.

Canada Paper Company (Limited), Windsor Mills, Quebec.

Belgo-Canadian Pulp and Paper Company, Shawinigan Falls, Quebec.

St. Raymond Paper Company (Limited), St. Raymond, Quebec.

Imperial Paper Mills of Canada (Limited), Sturgeon Falls, Ontario.

J. R. Booth, Ottawa, Ontario.

This comparison is based on a table of wages, marked "Exhibit B," which gives the wages for each position in each of the six Canadian mills given above, which are the only ones at present making news paper. This data was obtained through a labor organization whose representatives visited each mill and interviewed the various classes of employees. They are ready, if called upon, to make affidavit that the figures are correct to the best of their knowledge and belief.

A mere glance is sufficient to show a decided excess in the wages paid by this company over any of the Canadian mills. At the end of Exhibit B, however, is a statement of averages also reduced to a basis of percentages. While these averages are not mathematically strictly correct, because the wages are not weighted by the number of employees in each occupation, yet we believe that the conclusion is

sound—that the disparity between our wages and Canadian wages is understated rather than overstated—for the reason that the difference in the wages paid to low-class labor (employed by the hour) is greater than the difference in the wages paid to high-class labor (employed by the week), and the low-class labor being much the more numerous the true percentage of excess wages paid by us would be greater than that shown.

It should be further stated that in comparing our schedule with each Canadian mill only the positions or wages are taken into account in our schedule which are given in the schedule of each of the Canadian mills with which comparison is made.

It will be seen that the average wages in the International Paper Company paid to those who are employed by the week exceed the corresponding average wages at each mill by the following percentages: 48.7, 36.5, 45.0, 16.6, 17.3, 26.2; and that the average hourly wages of the International Paper Company exceed the corresponding Canadian wages in each mill by the following percentages: 74.4, 58.9, 59.5, 69.4, 55.7, 55.3.

For the sake of more readily grasping the difference as a whole, we have averaged the weekly rate for all the Canadian mills and the hourly rate as well, showing that the International Paper Company's weekly wages average 30.6 per cent more than the Canadian mills and that the International Paper Company's hourly wages average 60.5 per cent more than the Canadian mills.

Finally, we have averaged these two percentages (weighted by the number of positions) and find that the average schedule of the International Paper Company exceeds the average wages in all the Canadian mills by 57.6 per cent, which, as previously stated, is probably less than the actual true excess.

Supposing our wages, however, are only 50 per cent more than the Canadian wages, the difference in the cost of labor in a ton of paper in favor of the Canadian mill would be \$2.66, as against \$2.50, as stated in our memorandum submitted November 21. We believe that the actual difference is not less than \$3.

Cost of wood.—As nearly as we have been able to ascertain, the Canadian mills pay as follows for rough wood per cord delivered at their mills:

Laurentide Paper Company (Limited).....	\$6.25 to \$6.75
Canada Paper Company (Limited).....	6.00
Belgo-Canadian Pulp and Paper Company.....	6.00
St. Raymond Paper Company (Limited).....	5.50
Imperial Paper Mills of Canada (Limited).....	5.50 to 6.00
J. R. Booth.....	6.00

This confirms our statement previously made that the Canadian mills pay on an average \$6 per cord.

Freight on paper.—When under examination, the writer stated that the difference in freight rates to our market from our mills and from Canadian mills, respectively, did not amount to very much and was negligible compared with the difference in the cost of wood and labor.

The following table shows approximately the average rate paid by us during 1907 to reach the cities enumerated, also the minimum

rate from the Canadian mill to the same points, rates being per 100 pounds on carload lots:

	International Paper Co. (average).	Canadian mill.	Advantage per ton in favor of—	
			I. P. Co.	Canadian mill.
Boston.....	\$0. 14	a \$0. 20	\$1. 20	.....
New York.....	.13	.18	1. 00	.....
Philadelphia.....	.15	.19½	.90	.....
Baltimore.....	.17	.19½	.50	.....
Pittsburg.....	.12½	.17	.90	.....
Detroit.....	.15½	.15½	.....	.....
Cincinnati.....	.15½	.15½	.....	.....
Chicago.....	.18	.18	.....	.....
Indianapolis.....	.17	.19	.40	.....
St. Louis.....	.21	.21½	.10	.....
Atlanta.....	.40	.42½	.50	.....
Memphis.....	.32	.30½	.....	\$0. 30
New Orleans.....	.36	.36	.....	.....
Houston.....	.46	.46	.....	.....

a For export, 15 cents.

We estimate that this gives us an advantage on all of our business of only about 75 cents per ton.

Exhibit C gives the rates from each of our principal news mills to the above-named cities. Exhibit D gives the rates from each of the Canadian mills to the same points.

PER CENT OF NEWS PAPER MADE BY INTERNATIONAL PAPER COMPANY.

Exhibit E is a list of the mills making news paper in the East and Exhibit F a list of those in the West, which show that the International Paper Company makes only about 44 per cent of the "news" made in the East and only 33 per cent of that made in the whole country.

PHYSICAL CONDITION OF ITS MILLS AT TIME OF ORGANIZATION OF INTERNATIONAL PAPER COMPANY.

In spite of general and specific refutations in the past, nevertheless representations have been made to your committee that the International Paper Company was composed at the time of its organization of a collection of inefficient and dilapidated plants. While we apprehend that your committee is more concerned with present conditions than those of ten years ago, we deny absolutely this claim and assert that the statements which have been presented in support of it are practically without exception exaggerated, distorted, and false.

At the time the International Paper Company was organized, while it did not take in all of the "news" mills, the properties it purchased represented the most efficient plants at that time in existence. When it is considered that the manufacture of news paper in the United States exceeded in quantity that manufactured in any other country in the world, and that the individual plants were

larger and many of them better than any plants in the world, and that news paper was then sold in the United States more cheaply than in any other market, it is absurd to claim that there could be a consolidation of two-thirds or three-quarters of the existing plants without such consolidation being of a high grade of efficiency as to its physical condition.

As an illustration of the falsity of the statements recently made to you, we quote the following:

An allowance of nearly \$8,000,000 was made for a mill (Glens Falls), one-half of which might better be located upon Boston Common or in New York City. Five years previous the stock capital of that concern had been \$300,000.

This same statement was made before the Committee on the Judiciary in its hearings on Lilley resolution, No. 243, in 1904, and a specific answer was made thereto, which is as follows:

The total capitalization of the Glens Falls Paper Mill Company issued and paid up was considerably more than \$3,000,000, instead of \$300,000, as stated. But the capitalization did not by any means cover the whole amount of money invested. The original Glens Falls Paper Company was organized and began business in the year 1864. It was owned and controlled by a few individuals who were directly interested in and connected with the management of the property, and who were more interested in building up a large and valuable manufacturing plant than they were in paying dividends. Consequently, they devoted the greater part of the earnings for many years to the enlargement and extension of the plant, the acquisition of woodlands, and other property necessary for their purposes. In this way, prior to the formation of the International Paper Company, the Glens Falls Company had acquired and built up a valuable and successful plant and property, a large part of which was provided for out of earnings for which no capitalization had ever been issued. This property included, among others, the following:

1. Paper mill at Glens Falls, making paper and ground wood pulp, with the use of its own very valuable developed water power on the Hudson River at that point.

2. Mills at Fort Edward, making paper, ground wood and sulphite pulp, with the use of its own very valuable water power on the Hudson River at that point.

3. Undeveloped water power on the Hudson River and other property above Glens Falls.

4. A great undeveloped water power with 250 feet head on the Saranac River at Cadyville.

5. 62,990 acres of woodland in the Adirondacks tributary to said mills, and also a large amount of woodland in Canada held under Canadian permits.

6. A fine water-power of about 100 feet head, partly developed, on the Lamoille River, in Vermont, since utilized by the erection by the International Paper Company of a pulp mill.

7. A valuable undeveloped water power with a head of over 65 feet on the Lamoille River, in Vermont.

The plants above mentioned, purchased from the Glens Falls Company, have an aggregate capacity of over 300 tons of paper per day.

For the plants and property so purchased the International Paper Company paid, in its securities, about \$6,000,000, instead of \$8,000,000, as stated, and we confidently believe that the properties enumerated are worth more than the amount paid for them.

STATE OF NEW YORK,

City and County of New York, ss:

Frederick H. Parks, being duly sworn, deposes and says that he is the first vice-president of the International Paper Company; that he has read the foregoing statements, and that the allegations contained in the same are true to the best of his knowledge and belief.

FREDERICK H. PARKS.

Sworn to before me this 21st day of April, 1904.

[SEAL.]

E. W. KENNEDY,
Notary Public, Kings County.

Certificate filed in New York County.

This is but a fair sample of the misrepresentations which have been made to you. Each and every one could be as readily disproved, but we regard this matter as irrelevant, and, besides, the charges are so voluminous that we doubt whether you desire to have us reply to them in detail. We respectfully refer you for additional information upon this point, or any other which has not been covered by our statements to your committee, to the hearings before the Committee on the Judiciary above referred to, and to the hearings last spring before the Select Committee of the House of Representatives on Pulp and Paper Investigation. We believe that you will find that every unfavorable allegation which has been made in regard to this company has been conclusively disproved.

Very truly, yours,

CHESTER W. LYMAN,
Assistant to President.

EXHIBIT A.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills.

SUMMARY OF TOTALS.

Average weekly rate for Canadian mills.....	\$19.28
Average weekly rate for International Paper Company.....	25.17
International Paper Company per cent more.....	30.6
<hr/>	
Average hourly rate for Canadian mills.....	.1655
Average hourly rate for International Paper Company.....	.2656
International Paper Company per cent more.....	60.5

Nine and seven-tenths per cent of positions are weekly; 90.3 per cent are hourly. International Paper Company more than Canadian mills for all positions, 57.6 per cent.

December 18, 1908.

EXHIBIT B.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Foremen:								
Foreman grinder wood mill.	Weekly...	\$48.08	\$15.00	\$20.00	\$16.20	.....	\$21.00	\$24.00
Night foreman grinder wood mill.	...do.....	21.00	12.00	14.40	16.20	.....	18.00	12.00
Foreman sulphite mill.	...do.....	34.61	.....	.....	19.63	.....	67.31	30.00
Night foreman sulphite mill.	...do.....	21.96	.....	.....	.....	.....	18.00	15.00
Foreman paper mill.	...do.....	48.08	57.69	.....	.....	.....	.....	42.00
Foreman paper machines.	...do.....	33.28	.....	.....	.....	.....	36.00	30.00
Night foreman plant.	...do.....	36.00	30.00	.....	.....	.....	18.00	.....
Night foreman repairs.	...do.....	35.00	16.50	.....	.....	.....	.....	.....
Night foreman steam.	...do.....	36.00	21.06	.....	.....	.....	21.00	25.00
Night foreman yard.	...do.....	20.00	12.00	.....	19.63	.....	13.50	12.00
Do.....	...do.....	15.50	.....	.....	12.96	.....	12.00	11.52

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Wood piling:								
Head piler.....	Hourly....	\$0.2667	\$0.15	\$0.15	\$0.13		\$0.175	\$0.20
Wood handler.....	do.....	.2234	.125	.13	.13	\$0.125	.150	.15
Conveyor man.....	do.....	.2000	.125	.13	.13		.150	.16
Conveyor boy.....	do.....	.1600		.10	.10			
Scaler.....	do.....	.2444			.13		.250	.165
River man.....	do.....	.3000			.13			.165
Engineers.....	do.....	.4626		.15	.15		.200	.165
Teamster.....	do.....	.1944	.125	.13	.13	.140		
Single team.....	do.....	.3056	.125		.13		.175	.142
Double team.....	do.....	.4444	.125		.13		.175	.158
Water boy.....	do.....	.1389		.10	.10			
Wood handling:								
Head wood handler.....	do.....	.3000	.150	.135	.15		.175	.20
Do.....	do.....	.2234	.125	.135	.13	.125	.150	.16
Conveyor man.....	do.....	.2234	.125	.135	.14		.150	.15
Scaler.....	do.....	.2200	.150	.135	.15			.165
River man.....	do.....	.2000	.150		.15			
Slip man.....	do.....	.2234	.125		.13			
Teamster.....	do.....	.1944	.125	.135	.13			
Single team.....	do.....	.3056	.125		.13		.175	.142
Double team.....	do.....	.4444	.125		.13		.175	.158
Engineer.....	do.....	.2500		.150	.15		.200	.165
Wood room:								
Head preparer.....	do.....	.3100	.200	.150	.20		.20	.20
Wood handler.....	do.....	.2234	.125	.135	.13	.125	.15	.15
Conveyor man.....	do.....	.2234	.125	.135	.13	.125	.15	.15
Sawyer.....	do.....	.2505	.175	.135	.22	.15		.165
Barker.....	do.....	.2234	.150	.135	.45	.1125	.165	.166
Splitter.....	do.....	.2234	.150	.135	.13		.165	.165
Chipper.....	do.....	.2234	.150	.135	.13		.162	.165
Chip bin.....	do.....	.2234	.125	.135				
Knotter.....	do.....	.2234	.125	.135	.13		.150	
Waste handler.....	do.....	.2234	.125	.135	.13			.150
Grinders:								
Head grinder man.....	do.....	.3165	.150	.180	.14	.1025	.167	.16
Grinder man.....	do.....	.2424	.125	.140	.13		.125	.125
Block handler.....	do.....	.2234	.125	.135	.13		.125	.125
Ground wood screens:								
Screen man.....	do.....	.2234	.125	.135	.13		.125	.125
Sliver man.....	do.....	.2234	.125	.140	.13		.125	.125
Ground-wood presses:								
Head pressman.....	do.....	.2979	.150	.140	.18		.146	.146
Pressman.....	do.....	.2234	.125	.115	.13		.125	.125
Decker man.....	do.....	.2234	.125	.135	.14		.125	.126
Acid plant:								
Sulphur burner.....	do.....	.3100			.15		.167	.16
Acid maker.....	do.....	.3100			.26		.208	.20
Lime slacker.....	do.....	.3100			.15		.146	.15
Lime handler.....	do.....	.1878			.13		.125	.15
Tower man.....	do.....	.1889						
Digesters:								
Cook.....	do.....	.3500			.26		.250	.25
First helper.....	do.....	.2500			.15		.167	.17
Second helper.....	do.....	.2100			.13		.125	.125
Blow-pit man.....	do.....	.2409			.14		.125	.125
Sulphite screens:								
Screen man.....	do.....	.2234			.13		.125	.125
Kollergang man.....	do.....	.2234			.13		.125	.126
Sulphite presses:								
Head pressman.....	do.....	.3047			.15		.188	.167
Pressman.....	do.....	.2234			.13		.125	.125
Decker man.....	do.....	.2234					.167	.15
Beaters:								
Head beatar man.....	do.....	.39	.1875	.34	a 292	.2291	.25	.25
Beatar man.....	do.....	.2708	.125	.135	.15	.1458	.125	.125
Clay and size man.....	do.....	.2234	.125		.13		.138	.125

a Maximum rate for positions.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Paper machines:								
Machine tender	Hourly	\$0.50	α\$0.50	\$0.50	α\$0.469	\$0.333	\$0.333	\$0.333
Second hand	do.	.33	α.313	α.34	α.313	.25	.25	.25
Third hand	do.	.25	α.188	.225	.231	.167	.167	.167
Fourth hand	do.	.2234	.165	.20	.188	.108	.146	.138
Fifth hand	do.	.2234					.125	.125
Broke hustler	do.	.2234	.156	.105	.13	.10	.125	.125
Finishing:								
Head finisher	do.	.35	.20	.225	.18	.175	.30	.233
Roll finisher	do.	.2167	.15	.175	.13	.13	.165	.167
Sheet finisher	do.	.25	.125		.13			.15
Counter man	do.	.1833	.125		.13			.15
Counter girl	do.	.1200	.10	.10				.10
Cutter man	do.	.25	.125	.15	.13			.15
Cutter girl	do.	.1278	.10		.13			.10
Rewinder	do.	.2778	.125	.20	.15		.15	.15
Weigher	do.	.2444	.15		.14		.15	.167
Marker	do.	.2222		.135	.13			.167
First haler	do.	.2100			.13			.15
Baler	do.	.20			.13			
Caser	do.	.1833			.13			
Indoor, miscellaneous:								
Head paper loader	do.	.3060			.15		.175	.167
Paper loader	do.	.2055	.15		.13		.175	.150
Stock handler	do.	.2641	.125		.13			.167
Weigher	do.	.2234	.15		.13		.175	.167
Carman	do.	.2500			.13			
Oil keeper	do.	.2167			.13		.130	
Oiler	do.	.2234	.15	.15	.13		.175	.167
Cleaner	do.	.2056		.13	.13			.167
Filter man	do.	.2234			.13			
Night watchman	do.	.1905	.175	.115	.13	.088	.154	.154
Sundry watchman	do.	.2234						
Elevator man	do.	.1833						.15
Felt man	do.	.2222			.13			
First core cleaner	do.	.2000			.13		.165	.167
Core cleaner	do.	.1833	.125		.13		.150	.15
Samples	do.	.2222			.13			.142
Stock saver	do.	.2482						
First power house man	do.	.3885			.225			.25
Second power house man	do.	.2480			.225			.20
Outdoor, miscellaneous:								
Rocks	do.	.2234	.125	.135	.13		.15	.15
Barn boss	do.	.2083	.20		.15		.20	.20
Teamster	do.	.4444	.125	.135	.13	.14		
Single team	do.	.3333	.125				.175	.142
Double team	do.	.4444	.125				.175	.158
First laborer	do.	.2223					.15	
Laborer	do.	.1833	.125				.15	.135
Gate keeper	do.	.1889						
Steam plant:								
Engineer	do.	.3125	.175	.15	.15	.35	.208	.167
Engine oiler	do.	.27	.125		.15		.146	.139
Dynamo man	do.	.34	.175		.25		.167	.208
Head fireman	do.	.30	.1875	.275	.18		.188	.208
First fireman	do.	.28			.15			.146
Coal fireman	do.	.25	.125	.15	.15	.15	.125	.138
Wood fireman	do.	.25	.125	.15	.15	.15	.125	.138
Coal handler	do.	.2234	.125	.13	.13		.125	.125
Wood handler	do.	.2234	.125	.13	.13		.125	.125
Ash handler	do.	.2234	.125	.13	.13		.125	.125
Boiler cleaner	do.	.2234		.15	.13	.15		
Repairs:								
Head machinist	do.	.44	.30		.385		.45	.40
Machinist	do.	.3333	.20		α.25			.25
Machinist helper	do.	.25	.15		.15		.15	.175

α Maximum rate for positions.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian Mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Repairs—Cont'd.								
Head millwright.	Hourly ...	\$0.39	.....	\$0.20	\$0.33	.....	\$0.30	\$0.375
Millwright	do .....	.35	\$0.20	.....	.20	.....	.20	.225
Millwright helper.	do .....	.2422	.15	.....	.15	.....	.15	.175
Carpenter	do .....	.3333	.20	.20	.20	\$0.20	.25	.20
Head piper	do .....	.3611	.20	.275	.33	.....	.30	.30
Piper	do .....	.3056	.175	.20	a.25	.....	.175	.20
Pattern maker	do .....	.3056	.....	.....	.....	.....	.....	.....
Blacksmith	do .....	.34	.185	.....	.20	.25	.25	.25
Blacksmith helper.	do .....	.2222	.15	.....	.15	.....	.15	.15
Mason	do .....	.4444	.....	.....	.30	.....	.....	.....
Mason helper	do .....	.20	.....	.....	.13	.....	.....	.....
Painter	do .....	.28	.15	.....	.15	.....	.....	.175
Painter helper	do .....	.1833	.....	.....	.14	.....	.....	.15
Roll grinder	do .....	.3333	.....	.225	.20	.....	.30	.20
Knife grinder	do .....	.25	.15	.....	.15	.....	.175	.175
Saw filer	do .....	.25	.....	.....	.30	.....	.195	.25
Draftsman	do .....	.2778	.....	.....	.....	.....	.....	.....
Electrician	do .....	.481	.225	.30	.25	.....	.25	.30
Lead burner	do .....	.3333	.....	.....	.....	.....	.....	.....
Lead burner helper.	do .....	.1944	.....	.....	.....	.....	.....	.....
Laborer	do .....	.1944	.....	.....	.13	.....	.15	.....
Office:								
First clerk	Weekly ...	23.08	.....	16.15	21.00	19.80	18.00	30.00
Second clerk	do	15.38	.....	15.00	15.00	.....	15.00	22.50
Third clerk	do	15.00	.....	.....	.....	.....	12.00	12.00
Day time-keeper.	do	15.00	.....	16.15	12.00	.....	18.00	.....
Night time-keeper.	do	15.00	.....	.....	12.00	.....	18.00	.....
Stenographer	do	15.00	.....	13.85	9.00	.....	9.00	10.50
Storekeeper	do	15.00	.....	16.15	.....	.....	9.00	10.50
Railroad operating:								
Engineer	Hourly ...	.26	.....	.....	.30	.....	.....	.....
Fireman	do .....	.19	.....	.....	.15	.....	.....	.....
Trainman	do .....	.19	.....	.....	.15	.....	.....	.....
First trackman	do .....	.21	.....	.....	.13	.....	.....	.....
Trackman	do .....	.175	.....	.....	.13	.....	.....	.....
Screen plates:								
Head plate cutter.	do .....	.3056	.....	.....	.30	.....	.....	.225
Plate cutter	do .....	.222	.....	.....	.15	.....	.....	.165
Piers and booms:								
Head riverman	do .....	.3055	.....	.....	.18	.....	.....	.20
River man	do .....	.22	.....	.....	.13	.....	.....	.165
Core machine:								
First core maker.	do .....	.20	.....	.16	.15	.....	.175	.175
Core maker	do .....	.1833	.....	.....	.13	.....	.150	.150
Average weekly rate.	.....	.....	23.46	15.96	15.36	19.80	20.24	20.50
International Paper Co., average for comparison.	.....	.....	34.88	21.79	22.27	23.08	23.74	25.86
International Paper Co. (more), per cent.	.....	.....	48.7	36.5	45.0	16.6	17.3	26.2
Average hourly rate.	.....	.....	.1531	.1642	.1629	.1648	.1742	.1715
International Paper Co., average for comparison.	.....	.....	.2670	.2609	.2598	.2791	.2712	.2663
International Paper Co. (more), per cent.	.....	.....	74.4	68.9	59.5	69.4	65.7	55.3

a Maximum rate for positions.

EXHIBIT C.

Freight rates from principal International Paper Company "news" mills to cities named.

City.	Mill No. 1, Glens Falls, N. Y.	Mill No. 2, Fort Edward, N. Y.	Mill No. 3, Corinth, N. Y.	Mill No. 4, Chisholm, Me.	Mill No. 5, Berlin, N. H.	Mill No. 6, Niagara Falls, N. Y.	Mill No. 9, Orono, Me.	Mill No. 14, Lake George, N. Y.	Mill No. 31, Watertown, N. Y.	Mill No. 24, Windsor, Vt.
Boston.....	15	15	15	10 $\frac{3}{4}$	12	15	12	15	15 $\frac{1}{2}$	12
New York.....	13	13	13	17	15	13	17	13	13	15
Philadelphia.....	15	15	15	16	17	13	16	16	17	15
Baltimore.....	17	17	17	18	17	13	18	17	17	17
Pittsburg.....	15	15	15	19	17	10	20	17	15	17
Detroit.....	15	15	15	16	16	10	18	15	15	16
Cincinnati.....	16	16	16	15 $\frac{1}{2}$	15 $\frac{1}{2}$	13	18	16	16	18
Chicago.....	18	18	18	18	18	18	18	18	18	18
Indianapolis.....	17	17	17	19	19	14	20	17	17	19
St. Louis.....	21	21	21	21	21	21	21	21	21	21
Atlanta.....	40	40	40	45 $\frac{3}{4}$	42	40	46 $\frac{1}{2}$	45	40	40
Memphis.....	32	32	32	32 $\frac{1}{2}$	35	32	34	37	32	32
New Orleans.....	36	36	36	37 $\frac{1}{2}$	35	31	39	36	35	35
Houston.....	46	46	46	46	46	46	46	46	46	46

EXHIBIT D.

Freight rates from Canadian "news" mills to cities named.

	Laurentide Paper Co. (Ltd.).	Canada Paper Co. (Ltd.).	Belgo-Canadian Pulp and Paper Co.	St. Raymond Paper Co. (Ltd.).	Imperial Paper Mills (Ltd.).	J. R. Booth
Boston.....	a 20	23	a 20	23 $\frac{1}{2}$	20	a 20
New York.....	b 18	22	b 18	21 $\frac{1}{2}$	21	a 18
Philadelphia.....	22	29 $\frac{1}{2}$	22	26 $\frac{1}{2}$	24	19 $\frac{1}{2}$
Baltimore.....	22	29 $\frac{1}{2}$	22	26 $\frac{1}{2}$	.....	19 $\frac{1}{2}$
Pittsburg.....	17	23	17	21 $\frac{1}{2}$	.....	27
Detroit.....	16	15 $\frac{1}{2}$	16	20 $\frac{1}{2}$	.....	16
Cincinnati.....	15 $\frac{1}{2}$	15 $\frac{1}{2}$	15 $\frac{1}{2}$	20	.....	16 $\frac{1}{2}$
Chicago.....	18	18	18	22 $\frac{1}{2}$	.....	19
Indianapolis.....	19	19	19	23 $\frac{1}{2}$	.....	26
St. Louis.....	21 $\frac{1}{2}$	21	21 $\frac{1}{2}$	26	.....	22 $\frac{1}{2}$
Atlanta.....	43 $\frac{1}{2}$	.....	43 $\frac{1}{2}$	.....	.....	42 $\frac{1}{2}$
Memphis.....	35	32	35	.....	.....	30 $\frac{1}{2}$
New Orleans.....	44 $\frac{1}{2}$	44	43 $\frac{1}{2}$	.....	.....	44 $\frac{1}{2}$
Houston.....	63	.....	63	.....	.....	67

a Export, 15.

b Export, 17 $\frac{1}{2}$.

EXHIBIT E.

Annual product eastern "news" manufacturers.

	Tons.
1. Great Northern Paper Co.....	136,032
2. Berlin Mills Co.....	62,400
3. St. Regis Paper Co.....	39,000
4. Remington Martin Paper Co.....	19,656
5. Raymondville Paper Co.....	17,160
6. Finch Pruyn Co.....	14,040
7. W. H. Parsons & Co.....	43,680
8. Dalton Paper Mills.....	9,984
9. Gould Paper Co.....	15,600
10. West End Paper Co.....	7,800
11. Norwood Paper Co.....	6,240
12. Cliff Paper Co.....	9,360
13. Pettebone Cataract Paper Co.....	9,360
14. Schroon River Pulp and Paper Co.....	6,240
15. Taggarts Paper Co.....	8,580
16. Aldrich Paper Co.....	7,800
17. Malone Paper Co.....	6,240
18. Champion Paper Co.....	7,800
19. Oswego Falls Paper Co.....	7,800
20. Iroquois Paper Co.....	6,000
21. High Falls Paper Co.....	7,500
22. St. Croix Paper Co.....	40,080
23. Brownville Paper Co.....	3,400
24. H. S. Garrett & Son.....	5,580
25. St. George Paper Co.....	8,680
	<hr/>
	506,012
26. International Paper Co.....	404,550
	<hr/>
	910,562

EXHIBIT F.

Annual product, western "news" manufacturers.

	Tons.
1. Kimberley Clark Company.....	20,200
2. Combined Locks Paper Company.....	21,840
3. John Edwards Manufacturing Company.....	12,400
4. Nekoosa Edwards Paper Company.....	15,600
5. Centralia Pulp and Paper Company.....	7,800
6. Grand Rapids Pulp and Paper Company.....	9,360
7. Wisconsin River Paper and Pulp Company.....	12,480
8. Tomahawk Pulp and Paper Company.....	3,740
9. Dells Paper and Pulp Company.....	6,240
10. Hennepin Paper Company.....	4,680
11. Itasca Paper Company.....	6,240
12. Northwest Paper Company.....	7,800
13. Rhinelander Paper Company.....	18,720
14. Menasha Paper Company.....	7,800
15. Flambeau Paper Company.....	3,120
16. W. D. Boyce Paper Company.....	7,800
17. Cheboygan Paper Company.....	18,720
18. Willamette Pulp and Paper Company.....	49,920
19. The Star Paper Mill Company.....	15,600
20. Outagamie Paper Company.....	5,300
21. Marinette and Menominee Paper Company.....	8,730
22. Alexandria Paper Company.....	9,360
23. Floriston Pulp and Paper Company.....	6,240
24. Patten Paper Company.....	3,120
25. Watab Paper and Pulp Company.....	12,480
	<hr/>
	295,290

JOHN NORRIS, REPRESENTING AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, FILES LETTER OF PUBLISHER OF KANSAS CITY (MO.) STAR.

904 PULITZER BUILDING,
New York, January 5, 1909.

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: In the matter of pulp and paper schedule, may I submit to you the inclosed letter from W. R. Nelson, publisher of the Kansas City Star and proprietor of the Star Paper Mill, Kansas City?

Yours, truly,

JOHN NORRIS,
*Chairman of Committee on Paper,
American Newspaper Publishers' Association.*

KANSAS CITY, Mo., December 29, 1908.

MR. JOHN NORRIS,
904 Pulitzer Building, New York City.

DEAR MR. NORRIS: The paper makers and allied interests have always been exceedingly busy with the Star's paper mill. They have called it "Nelson's white elephant," and they have had me bankrupt several times since the mill has been in operation, but they never have been quite as explicit as in the answer submitted by them to the Ways and Means Committee. The statement, "Mr. Nelson has no hesitancy in stating that his losses amount to over \$600,000," has never been uttered by me. It is a deliberate falsehood.

When, in August, 1902, I decided to manufacture my own paper the white paper situation was insufferable. It was impossible for a western publisher to obtain paper except through the General Paper Company of Chicago.

On January 18, 1902, the Star closed a contract with that concern to supply us with 500 tons per month at \$2.10 f. o. b. Kansas City. During the life of this contract the growth of the Star made it necessary to increase the shipments to 700 tons a month, and, although there had been a reduction of 10 cents per cwt. in the freight rates, the best price I could secure for the additional 200 tons was \$2.37½. There was no apparent reason for this advance. I realized the importance to the Star to control its paper supply. I built the paper mill in Kansas City. It began operations in July, 1903. I have had no reason to regret my action. There probably has been a time when I could have purchased paper for less than it costs me to manufacture it in Kansas City, but I maintain that my average cost price since July, 1903, has been below the Kansas City quotation of the paper makers. In addition to this I have been absolutely independent of the paper trust.

It was the Star's paper mill that put a stop to the soaring price of paper in 1902 and 1903. I have always felt that in assuring my own supply of paper I rendered a distinct and valuable service to my fellow publishers. I have enjoyed the paper mill every minute since it has been built, so the paper makers need give themselves no

uneasiness on my account. If their predictions come true I can see still greater comfort in store for me in the future.

In conclusion I want to say that The Star Paper Mill is in splendid physical condition; it has paid interest and all maintenance charges. It makes 50 tons a day. Twice—when we were threatened with a strike two years ago, and again in October this year, when advertising and circulation increases forced us to look for an extra supply—we purchased white paper, and in each instance had to pay a price far in excess of our cost price. You are at liberty to use this information in any way you like.

Yours, truly,

W. R. NELSON.

ONION SKIN PAPERS.

[Paragraphs 396, 397, and 401.]

STATEMENT MADE BY A. W. ESLEECK, REPRESENTING THE ESLEECK MANUFACTURING COMPANY.

SATURDAY, *November 21, 1908.*

Mr. ESLEECK. I will not burden you with any further statistics, Mr. Chairman, but simply present a few facts in relation to the classification of certain papers that now come in under the schedule of printing papers.

Mr. DALZELL. What paragraph?

Mr. ESLEECK. Among them are what are termed "onion skin or typewriter papers, japan paper, drawing paper, blueprint paper." All of these have been entered as printing paper at a low classification.

Mr. DALZELL. What paragraph of the bill are they in?

Mr. ESLEECK. Paragraphs 401, 396, and 397. We established our factory about eight years ago with reference to making light-weight papers. At that time there were few, if any, imported into this country. Since that time the foreign light-weight papers are imported in large quantities, and sold by almost every jobbing house in the United States. These papers are imported as onion skins, advertised as onion skin and typewriting papers, used as such, and come in direct competition with the American product. The price at which they are imported is very low, the price at the port of entry being about 5 or 6 cents a pound, and they are sold in this country at 8 cents. Now, the cheapest paper we can make of that character is from 13 cents to 35 cents, and yet the price of these foreign papers is so low that the trade use them simply because the price is low, and use them in place of the domestic article. They say the papers are not as good, and they are not, but they say they answer the purpose for which they use them, which is manifold purposes. The same is true of blueprint papers. They come in also as printing papers, and without taking up any extra time I would like to read just one or two notations I made here, and leave the brief with the clerk of the committee.

Paper designated in the trade as onion skin, glazed or unglazed, white or colored, manifold or typewriter, weighing not more than 8 pounds to the ream of folio 17 by 22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds and not over 10

pounds to the ream of 17 by 22 inches, 5 cents per pound and 15 per cent ad valorem. This would give this class of paper the same protection as is given to copying paper. But these papers are used for the same purposes as copying paper; they are used for manifolding purposes. With this classification and rate of duty the German article could then be sold in this market for several cents per pound less than the cheapest of the domestic papers.

There are other grades of writing papers manufactured in this country that are seriously affected by the present classification, notably blueprint papers, hand-made papers—whether genuine or imitation, cover papers, Japan papers—genuine and imitation, these papers have been entered as printing paper at a duty of eight-tenths of a cent per pound. We are not asking any increase in these papers, but we do ask that these papers be properly classified, and we do believe that all these papers I have referred to—onionskins, manifold, Japan paper, and blueprint paper—should come under paragraph 401, which refers to writing paper.

Mr. UNDERWOOD. What is the volume of those papers consumed in this country?

Mr. ESLEECK. You mean the light-weight papers?

Mr. UNDERWOOD. The papers you are referring to.

Mr. ESLEECK. Of the light-weight papers which I am personally most interested in I should say, without having exact data, that there was probably a thousand tons imported.

Mr. UNDERWOOD. Then how much is consumed in the United States?

Mr. ESLEECK. That is a hard question. It is a growing trade.

Mr. UNDERWOOD. You have no comparison of the importations with the consumption in the country?

Mr. ESLEECK. I should say that the importation was probably one-third of the consumption on the manifold papers; the onion skins and the typewriter manifold papers, I should say that the importation was probably one-third.

Mr. UNDERWOOD. Two-thirds produced in the United States?

Mr. ESLEECK. Yes, sir; I should say about that.

Mr. UNDERWOOD. That is under one-eighth of a cent duty now?

Mr. ESLEECK. Eighth-tenths of 1 per cent.

Mr. UNDERWOOD. If we put on the duty that you ask, what effect would that have on the importations?

Mr. ESLEECK. The imported article could be sold for about 3 cents a pound less than the cheapest paper we make in this country.

Mr. UNDERWOOD. You think the importation would be as large as it is at present?

Mr. ESLEECK. I do not know that it would affect it very much, but it would bring the two papers, domestic and foreign, nearer together, so that there would not be that inducement for the people to buy the cheaper article. Now it is so cheap that they use the imported.

Mr. UNDERWOOD. Would not the effect of that duty be to cut off importations entirely?

Mr. ESLEECK. No, sir; they could import it and sell it 3 cents a pound cheaper than our cheapest paper. Domestic prices run from 13¼ up to 25 cents, and even higher than that.

**BRIEF SUBMITTED BY A. W. ESLEECK, REPRESENTING THE
WRITING-PAPER BRANCH OF PAPER INDUSTRY.**WASHINGTON, D. C., *November 21, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We appreciate the courtesy extended to us by your honorable committee in giving us the opportunity to present some facts that have a most important bearing upon that branch of the paper industry with which we are connected and which vitally affects its interest.

First. The importation of German light-weight papers. These are manufactured on a basis of from 7½ pounds to 9 pounds to the ream of 480 or 500 sheets, 17 by 22 inches, and sold in this country as onionskins and manifold typewriter.

These papers are imported by the Germania Importing Company, of New York; O. M. Steinman, of New York; and also by several of the large jobbing houses in this country. These papers are advertised as onionskin and typewriter papers, sold as such, and as such they are universally used; and while the quality is much inferior to the domestic product, and the price at which it is sold is so attractive to the average buyer (being approximately 8 cents per pound) that it is rapidly crowding out the American product. (See exhibit A attached, which are the foreign papers; Exhibit B are of domestic manufacture.)

These papers are not covered either by section 397 or 401 of the present tariff, but have, we understand, been entered under section 396 as printing paper at a valuation carrying eight-tenths of a cent per pound. The injustice of this classification is so manifest, and its effect on American manufacturers of paper used for identically the same purpose so disastrous, we feel that it is only necessary to place these facts before your honorable committee to have them receive your most favorable consideration.

Section 397 places a duty on copying and tissue papers weighing not over 6 pounds to the ream of 20 by 30 inches of 6 cents per pound and 15 per cent ad valorem; if weighing over 6 pounds and not over 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem.

The quantity of paper used in duplicate work, i. e., carbon copies, is vastly in excess of that used in the manufacture of copy books, and inasmuch as the foreign importations of onionskin and typewriter manifold seems to be unclassified under the present tariff that was framed prior to the advent of this class of paper into this country, we beg to suggest to your honorable committee for your favorable consideration the following classification: Paper designated in the trade as onionskin, glazed or unglazed, white or colored, manifold or typewriter, weighing not more than 8 pounds to the ream of folio, 17 by 22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds and not over 10 pounds to the ream of 17 by 22 inches, 5 cents per pound and 15 per cent ad valorem. This would give this class of paper the same protection as is given to copying paper. With this classification and rate of duty the German article could then be sold in this market for several cents per pound less than the cheapest of the domestic papers.

There are other grades of writing papers manufactured in this country that are seriously affected by the present classification, notably blueprint papers, hand-made papers—whether genuine and imitation—cover papers, Japan papers—genuine and imitation—these papers have been entered as printing paper at a duty of eight-tenths of a cent per pound. The term "hand made" should be more clearly defined, because genuine hand made has sometimes been assessed as printing paper. Imitation hand-made papers have been made in this country, but the manufacture had to be practically abandoned on account of the low price of the imported paper. If properly protected, they could be profitably made in this country. (See Exhibit G.)

Japan paper, genuine and imitation: These papers are a strong, hard, sized paper, of the nature of a bond paper. They are being imported into the country in large quantities as French Japan, the imitation paper being assessed under paragraph No. 396 as printing paper. They should be especially mentioned. These papers are being made in this country. (See Exhibit F.)

Blueprint paper: Paragraph No. 398 should be so amended as to distinctly cover blueprint papers, and we would suggest that the clause in the article relating to plain basic photograph papers be amended to read as follows: "Plain basic photographic and blueprint papers for albumenizing, sensitizing, or baryta coating, 3 cents per pound and 10 per cent ad valorem; albumenized or sensitized paper, or paper otherwise surface-coated for photographic or blueprint purposes, 30 per centum ad valorem."

Papers for blueprinting purposes are essentially photograph papers, made in the same manner, and are coated and developed precisely as are ordinary photographic papers. They are very hard, sized, and vary in value from 7 cents to 27 cents per pound. (Exhibit D.)

It evidently was the intent of the framers of the tariff of 1897 that blueprint papers should be classed as plain photographic papers, and they were assessed as such for about four years. The United States General Appraisers at New York, under date of November 21, 1901, declared that "paper used for making blueprint paper is not dutiable as plain basic photographic paper under paragraph 398, act of July 24, 1897. Such papers are of the class suitable for printing of books, and are dutiable under paragraph 396, if valued above 5 cents per pound, at the rate of 15 per cent ad valorem." (Treasury Decisions, vol. 4, No. 48, November 28, 1901; 23378 G. A., 5031.) This decision is so obviously wrong as to scarcely need discussion. Papers suitable for printing books are either not at all sized, or sized very lightly, in order that the ink may dry quickly. They are of very short fiber, easily torn, and soft. In every particular blueprint papers are the opposite of this. They are hard, exceedingly well sized, smooth, high finish, and very strong. They are made from an entirely different class of stock, and are more expensive to make than printing papers, and are entirely different in every particular. (Samples herewith, Exhibit E.)

It is a significant fact that of the 13,362 tons of "printing paper" imported from Canada in the year 1907 only 2 tons are valued at 4 to 5 cents, and of the 1,515 tons of "printing paper" imported from Europe in the same period 1,330 tons are valued at 5 cents and over, which indicates that the great bulk of the so-called "printing paper" coming from Europe is not printing paper at all, but high-grade

papers, very probably for blueprinting and other purposes than printing paper.

The nature of photographic papers and blueprint papers being essentially the same, it is very possible that papers intended for regular photographic purposes are being imported as "blueprint papers" and escaping the duty. There is no way to prove this, but no inspector could tell whether certain roll was plain blueprint or photograph paper, as the chemical constituents are practically the same.

These special papers, with the exception of blueprint papers, could be classified under section 401, and would then read as follows:

"Writing, letter, note, hand-made, whether genuine or imitation, sized or unsized, if deckled on two or more sides, drawing, ledger, bond, record, tablet, typewriter paper, onionskin, and manifolding papers, cover papers, Japan paper, genuine or imitation, weighing not more than 8 pounds to the ream of 500 sheets of 17x22 inches, 6 cents per pound and 15 per cent ad valorem; if weighing over 8 pounds to the ream and not over 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem; if weighing not less than 10 pounds and not more than 15 pounds to the ream, 2 cents per pound and 15 per cent ad valorem; weighing more than 15 pounds to the ream, 3½ cents per pound and 15 per cent ad valorem."

Also amending the last clause of the section, after the word "provided" to read as follows: "That in computing the duty on such papers every 187,000 square inches shall be taken to be a ream," as in writing papers, folio, or 17x22 inches, is generally taken as a basis for weight.

We would respectfully call your committee's attention to the matter of cardboard and bristol board, pasted and unpasted. These papers are manufactured in large quantities in this country, and we think should be classified in a manner to prevent any misunderstanding or undervaluation. Would recommend a special clause, No. 408, carrying 35 per cent ad valorem.

Respectfully submitted.

ESLEECK MANUFACTURING COMPANY,
By A. W. ESLEECK,
Representing the writing-paper branch of the paper industry.

STATEMENT OF R. S. ELLIOTT, OF PHILADELPHIA, PA., RELATIVE TO THE DUTIES ON ONIONSKIN PAPERS.

SATURDAY, *November 21, 1908.*

The onionskin paper that the gentleman has just spoken about that is brought from the other side is made out of wood. It is an entirely different paper in the make-up from the papers made in this country. If you put a duty on that paper made on the other side, the sale of it will absolutely cease in this country, because the wearing qualities of that paper are not as good as the wearing qualities of these papers made in this country, which are made out of rags. The paper made in Germany and Austria is made out of wood, so that the importation of that paper has decreased instead of increasing, for this reason. About six or seven years ago those papers were brought in in large quantities for tablet manufacturers, which they sold to people in the West and in the South for foreign correspondents. That

trade has practically been eliminated, for they are to-day using the American papers in place of these onionskin papers. Now, these onion papers are used for special work here in this country, and the trade has grown and been built up simply on account of the price of the stuff.

Mr. UNDERWOOD. What class of work are they used on?

Mr. ELLIOTT. I sell it for railroad manifold work and work of that character, and it is sold by jobbers all over the country in small quantities. Cleveland is a very large center for the use of that paper. To-day factories have a great many branches all over the country. One big concern where they use this paper sends ten or fifteen or twenty orders through the mail; they use this light-weight paper.

Mr. UNDERWOOD. What is the volume of the business in these grades that the gentleman just preceding you spoke about in this country. Do you know what is the average of business, the volume of consumption?

Mr. ELLIOTT. It is hard to give you those figures right offhand.

Mr. UNDERWOOD. Do you know what the importations are in comparison with the volume of consumption?

Mr. ELLIOTT. No; I could not give you that. I can say this, that there are but four importers in this country that make a specialty of that business. The business has changed materially in the last six or seven years. The large importations were seven years ago, when it was used as tablet paper. That has entirely died out.

Mr. UNDERWOOD. Do you think if we put the duty on this paper that was asked for by the gentleman who preceded you, that would amount to a prohibitive tariff?

Mr. ELLIOTT. It would in this way, that the paper that is made in Europe is made out of wood, and the wearing qualities are such that if the American had to pay the same price for that German paper as he did for the American, he would use the American paper, because it will wear twice as long. It is made out of rags.

Mr. UNDERWOOD. In other words, your idea is that we would not give the consumer the right of choice as to which paper he preferred, but we would prohibit the other paper entirely?

Mr. ELLIOTT. Yes, sir.

Mr. DALZELL. You are talking about onionskin paper.

Mr. ELLIOTT. Yes, sir.

Mr. DALZELL. There is no such paper designated in the tariff law now.

Mr. ELLIOTT. No, sir; this paper was really erroneously called onionskin paper by the importer.

Mr. DALZELL. But how does it come in now?

Mr. ELLIOTT. It comes in under 25 per cent paper, not otherwise provided for.

Mr. ESLEECK. It would come in under eight-tenths of 1 per cent.

Mr. ELLIOTT. Twenty-five per cent is the rate of duty.

Mr. ESLEECK. The duty is eight-tenths of 1 per cent.

Mr. DALZELL. Under what clause?

Mr. ESLEECK. Under section 398.

Mr. ELLIOTT. Onionskins do not come in under onionskin paper. There was a case here on that, three years ago. I have imported car loads of it, and paid 25 per cent duty, for the last ten years.

Mr. GAINES. Is it used the same as onionskin paper is used, as typewriter paper?

Mr. ELLIOTT. It is not used as typewriter paper, because it is made out of wood, and it does not have the qualities that American paper has. It does not come in competition with typewriter papers.

Mr. GRIGGS. What do you want us to keep it out for, if it does not come in competition?

Mr. ELLIOTT. It does not come in competition with regular typewriter papers. I do not want to keep it out.

Mr. GRIGGS. You want to let it in?

Mr. ELLIOTT. I want you to let the duty stay just where it is, at 25 per cent. I do not want to change the classification.

—

**THE B. D. RISING PAPER COMPANY, HOUSATONIC, MASS., WISHES
BLUEPRINT PAPER SPECIFICALLY ENUMERATED.**

HOUSATONIC, MASS., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We respectfully request that paragraph No. 398 be amended by specifically naming blueprint paper, so that it shall read as follows:

398. Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per cent ad valorem, if printed, or wholly or partly covered with metal, or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic and blueprint papers, for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated, for photographic or blueprint purposes, thirty per centum ad valorem.

The argument for this change in classification has been fully set forth by Mr. A. W. Esleek in his brief filed November 21, 1908. They are now improperly assessed under paragraph 396 as "paper suitable for books and newspapers."

There is a great difference in the quality of the two classes of paper. Book paper is soft, either unsized or sized very slightly, has a short fiber, is made from cheap stock, and frequently contains a large proportion of wood fiber.

On the other hand, blueprint paper is strong, hard, thoroughly well sized, and made from new cotton cuttings.

Blueprint papers are really photographic papers, as they have the same chemical properties and are sensitized and developed in the same manner as regular photographic papers. They were assessed duty as "plain basic photographic paper" for about four years, and until by a decision of the General Board of Appraisers, they were adjudged to be book papers. (See Treasury Decisions, vol. 4, No. 48, Nov. 28, 1901, 23378; G. A. 5031.)

Very little blueprint paper was made in this country until after the enactment of the tariff of 1897. Since then it has been demonstrated that the paper can be successfully produced here. The principal competition is from Germany, and the ability of the importer to bring in these high-grade papers as "book paper valued at 5 cents per pound" enables him to sell at very low prices in this country. We

refer to Exhibit A, "Samples of foreign blueprint paper," and Exhibit B, "Samples of book and news paper."

Respectfully submitted.

B. D. RISING PAPER COMPANY,
By CHAS. MCKERNON, *Treasurer.*

TISSUE PAPERS.

[Paragraph 397.]

WILKINSON BROS., NEW YORK CITY, SUGGEST NEW CLASSIFICATION FOR SILVER TISSUE PAPER.

NEW YORK CITY, *November 20, 1908.*

Chairman SERENO PAYNE,

Committee on Ways and Means, Washington, D. C.

DEAR SIR: Referring to the data you are getting preparatory to submitting to Congress a recommendation for revision of the tariff, we would like to present some facts in regard to light-weight papers, particularly 20 by 30 silver tissue.

The English paper at the present time costs about \$1.30 per ream landed in this country. If the tariff was the same as it is on other papers—that is, 25 per cent—the cost would be about \$1.05 delivered on sidewalk in this country. American silver tissue is being sold by the manufacturers, and has been sold by them for the past five or six years, at prices varying from 62½ up to 95 cents per ream, and once in a while when the manufacturers have been in a combination and have pooled their price, it has been as high as \$1. Under the circumstances, would it not be wise to reduce the present tariff, which is 15 per cent and 6 cents per pound, down to a straight 25 per cent duty, and this duty of 25 per cent to apply on all papers, basis 20 by 30, 10 pounds and lighter, 25 per cent being the duty on ordinary paper.

Yours, truly,

WILKINSON BROS. & Co. (INC.).

STATEMENT OF BERNHARDT LEVI, OF NEW YORK CITY, WHO WISHES A NEW CLASSIFICATION.

SATURDAY, *November 21, 1908.*

Mr. LEVI. My name, gentlemen, is Bernhardt Levi, of 318 Forty-eighth street, New York City. I am here to discuss the matter of tissue papers in the form in which I handle them.

Mr. BONYNGE. Under what paragraph in the bill does that appear?

Mr. LEVI. Paragraph 397, section M, is where tissue papers are mentioned; but we are applying for a tariff on such articles as are not provided for, asking for a specific or increased duty.

We have practically no duty on some of our goods at all. These are manufactured articles that are not provided for. We want these articles classified under decorative articles and novelties.

Mr. DALZELL. You want the duty changed?

Mr. LEVI. Yes, sir. It is 35 per cent now (paragraph 407) on the manufactured article, but not on the paper or the raw material in the manufactured article.

Mr. DALZELL. What do you want?

Mr. LEVI. I would like 6 cents per pound specific and 25 per cent ad valorem.

Mr. UNDERWOOD. What would that make it ad valorem?

Mr. LEVI. That would make the rate about 50 to 60 per cent ad valorem. At present there is no duty on the paper at all when it is used in the manufacture of our articles. There is a duty or a protection of about 100 per cent on the raw material or the paper out of which we make the articles, but on the paper when it is used in the manufactured articles there is none whatever.

Mr. GRIGGS. Under what paragraph did you say this is mentioned?

Mr. LEVI. 407. Our paper is not provided for. There is no duty on the paper which comes over here in the manufactured article.

Mr. GRIGGS. Do you want to raise the duty?

Mr. LEVI. Put a specific duty on it and lower the ad valorem duty, for the specific duty will partly protect us, because it will give us the same rate the manufactured paper has. If the 35 per cent ad valorem is on the labor in the manufactured articles, then there is no duty on the raw material when in the finished article; you have, then, no protection on the paper; also vice versa. It affects us in that way. We have the best machinery which is used in Germany, and the balance we have manufactured here. We have the same way of manufacturing that they have over there. That is all I desire to say at this time.

The CHAIRMAN. Do you desire to file a brief?

Mr. LEVI. Yes, sir.

The CHAIRMAN. Very well, file it with the clerk.

Mr. CLARK. Do you belong to the American paper trust?

Mr. LEVI. No, sir.

Mr. CLARK. Is there an institution or organization known as the Tissue Paper Association?

Mr. LEVI. Possibly. I do not buy from them.

Mr. CLARK. Are you not a part of that?

Mr. LEVI. No, sir.

Mr. CLARK. Do they not issue price sheets and fix the prices and raise prices whenever they get ready?

Mr. LEVI. I do not know. I have never seen any sheets.

Mr. CLARK. You never did?

Mr. LEVI. No, sir; I have never seen any. The makers of the papers come to me and offer their papers according to the colors and the quality and thickness.

Mr. CLARK. Do you buy from them?

Mr. LEVI. I buy from the manufacturer or maker of paper. All of my goods are American goods.

Mr. CLARK. Are you acquainted with Mr. Herman Ridder?

Mr. LEVI. I know he is a newspaper owner.

Mr. CLARK. He has been agitating this identical question and put your company in as one of this trust.

Mr. LEVI. I never heard of it. He knows more about it than I do.

Mr. CLARK. I am telling you merely what Ridder did to you.

The CHAIRMAN. If you called Ridder to-day, he might change his attitude.

Mr. LEVI. I never knew I was so well known. I have never met him since 1870.

Mr. CLARK. You are sure you are not a part of a great paper trust, are you?

Mr. LEVI. I wish I were. I am not in any trust.

The CHAIRMAN. Did you ever hear of a tissue-paper trust?

Mr. LEVI. No, sir; I never heard of it. I buy direct from the manufacturer, and the prices are about equal.

The CHAIRMAN. Did you ever hear of a combination of tissue-paper manufacturers?

Mr. LEVI. I never heard of it.

Mr. CLARK. Is it the Tissue-Paper Association that fixes the prices?

Mr. LEVI. I never heard of it.

Mr. CLARK. You never inquired into it when you were buying, did you?

Mr. LEVI. No, sir.

Mr. CLARK. You just simply pay what they tell you to pay?

Mr. LEVI. I buy as cheap as I possibly can and pay cash for it, but if I find a man that will give me the same goods for less money, the quality being the same, of course I buy of him, but I have never found him yet.

Mr. CLARK. That is the trouble to-day. The association fixes the prices to you, if you are not a part of them, and everybody else pays the same.

Mr. LEVI. I never heard of the Tissue-Paper Association. There are so many mills I do not believe they could get them under a trust.

Mr. BOUTELL. You find the prices about the same always?

Mr. LEVI. Pretty nearly. The qualities are different, of course. There are different kinds of machines which make paper worth more than others.

Mr. BOUTELL. I mean paper of the same grade.

Mr. LEVI. It probably costs them the same to manufacture it. I never heard of a trust of any kind except the cardboard trust, and that is going to pieces, I believe.

Mr. CALDERHEAD. Do you know Herman Ridder?

Mr. LEVI. In 1870 I believe I met him once. I am not positive. I read his paper occasionally, as I read all papers.

Mr. CALDERHEAD. Did you ever have any correspondence with him about this?

Mr. LEVI. Never. I never talked to anybody; never knew I was going to come here until last Wednesday.

FILTER PAPERS.

[Paragraph 397.]

NEW YORK, *December 3, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

SIRS: Tariff law, Schedule M, pulp, paper, and books, paragraph 397: Filtering paper 5 cents per pound and 15 per cent ad valorem.

Why this excessive rate of duty? Would not 2½ cents per pound be sufficient from either or any point of view?

We are distributors of foreign-made filter papers and have been mystified as to why this line is or should continue to be taxed with what amounts to 75 to 90 per cent duty.

Respectfully submitted.

Yours, truly,

ZINKEISEN & Co.,
M. ZINKEISEN.

LIGHT-WEIGHT PAPERS.

[Paragraphs 397, 398, 401, and 459.]

STATEMENT OF JOHN K. BUCK, OF HARTFORD, CONN., RELATIVE TO VARIOUS THIN LIGHT-WEIGHT PAPERS.

SATURDAY, *November 21, 1908.*

Mr. BUCK. I represent certain manufacturers of tissue paper and specialties in higher grades and lighter weight papers. I call attention to paragraphs 397, 398, 401, and 459. These all embrace articles in which those people whom I represent are interested and which they more or less manufacture.

With reference to paragraph 397, we all say that from our standpoint we are satisfied with the present duty.

With reference to paragraph 398, we call attention to the second clause, as follows:

If printed, or wholly or partly covered with metal, or its solutions, or with gelatin or flock, 3 cents per pound and 20 per cent ad valorem.

We desire in a degree to affect that duty by inserting at the end of the paragraph, so that if it is adopted into the new law it will be a distinct clause by itself, the following:

Metal-coated tissue paper, weighing not over 15 pounds to the ream of 500 sheets, on a basis of 20 by 24 inches, and whether in reams or any other form, 10 cents per pound and 30 per cent ad valorem.

Just to explain about that. The former metal-coated papers are manufactured in large quantities by several mills in this country, and no complaint is made by the people that I represent in regard to the rate on those. Several years after the act of 1897 went into effect there appeared on the American market this kind of paper. It was composed of a very thin tissue paper and tin foil reduced to a liquid state and then brushed onto it or coated onto it. That combination of the very thin tissue paper with the tin foil reduced to a liquid form and brushed onto it came into the market under the duty to which I have just called attention of 3 cents a pound and 20 per cent ad valorem. Now, that kind of tissue paper required the highest skilled labor and the most delicate machinery. The workmen command the highest wages that could be paid for manufacturing paper products, so that the goods of that combination came to be very high and the American manufacturers, of course, knew of its importation, but were unable to compete with the foreign manufacturer, because on account of wages they were paying and other conditions it was impossible to produce that combination paper for a less rate than 70 cents per pound.

It costs the foreign manufacturer just 57 cents to lay it down in New York. It costs the American manufacturer 70 cents to produce it, and all we ask is that you put us on an equal footing with the foreign product. We ask for a duty of 10 cents specific and 30 per cent ad valorem, which makes it cost 57.51 cents. We want to see if we can manufacture it here, and we are ready to commence the manufacture of it.

Mr. UNDERWOOD. You say it costs you 70 cents to produce it, laid down in New York?

Mr. BUCK. Yes, sir; 70 cents a pound.

Mr. UNDERWOOD. At what price can the New York importer lay it down?

Mr. BUCK. Fifty-seven cents. It costs at port of shipment 45 cents, and then they add the duty of 3 cents specific and 20 per cent ad valorem under the old clause. This is a new thing which has just come into vogue, and we are unable to compete with it. This paper with which we are to compete has heretofore been exempt.

Mr. UNDERWOOD. The importer lays it down in the port of New York at a little over 65 cents, and the ad valorem rate of 30 per cent is added.

Mr. BUCK. It costs the foreign manufacturer at the port of shipment 45 cents, to which must be added the specific duty of 3 cents and an ad valorem of 30 per cent a pound, making 57 cents.

Mr. UNDERWOOD. You claim that that is the cost to the importer with the duty added?

Mr. BUCK. With the duty paid. The whole cost, duty paid, is 57 cents. All that we ask is to be put on a level with the foreign product.

Mr. UNDERWOOD. What is the volume of this business in the United States?

The CHAIRMAN. I think we had better let Mr. Buck finish the reading of his brief.

Mr. BUCK. I will complete my argument.

(Mr. Buck's brief is as follows:)

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.:

GENTLEMEN: The undersigned are manufacturers of tissue paper and specialties in high-grade and light-weight papers. They desire to make suggestions in regard to said four paragraphs.

Paragraph 397. We suggest no change in this paragraph, as the manufacturers have adapted themselves to its provisions, and under present conditions of the market it seems to be equitable in its operation.

Paragraph 398. We suggest an amendment to this paragraph by adding at the end thereof the following:

Metal-coated tissue paper weighing not over fifteen pounds to the ream of five hundred sheets on a basis of twenty by twenty-four inches and whether in reams or any other form, ten cents per pound and thirty per centum ad valorem.

The reason for this amendment is that since 1897 (when the present tariff was passed) a new demand has arisen for a very light-

weight tissue paper, coated with a solution of tin on one side and of such fine quality and so skillfully made that no pin holes appear in the paper before coating, so that the tin side is used for conducting electric current and the plain or paper side used for insulation. Therefore it can be easily understood that the highest grade of skilled labor, as well as material, is imperative. A foreign-made article, now imported under the present tariff, only pays 3 cents per pound and 20 per cent ad valorem, thus making this metal-coated tissue paper cost as follows:

Value at port of shipment, 45 cents; specific duty, 3 cents per pound, 3 cents; 20 per cent ad valorem, 9 cents; total, 57 cents per pound.

Under the proposed duty this article would cost, duty paid, as follows:

Value at port of shipment, 45 cents; specific duty, 10 cents per pound, 10 cents; 30 per cent ad valorem, 13½ cents; total, 68½ cents.

This paper costs the American manufacturer to put on the market about 70 cents per pound.

(Exhibit A, hereto attached, is a sample of this metal-coated tissue paper.)

Paragraph 401. We suggest the following amendments to paragraph 401: After the words "typewriter paper" and before the word "weighing," in the second line, insert the words "cover papers." The reason for this amendment is that heretofore there has been no classification of this grade of paper, and it might come in under printing paper at the low rates, whereas it is high-grade paper and should be classed with writing and other papers mentioned in this paragraph.

Also after the word "rates" in said paragraph, and before the word "provided," insert the following:

also papers commonly known as onion-skin papers, weighing not over eight pounds to the ream, and whether in reams or any other form, six cents per pound and fifteen per centum ad valorem; if weighing over eight pounds to the ream and under ten pounds to the ream, and whether in reams or in any other form, five cents per pound and fifteen per centum ad valorem.

This is to meet the condition that has arisen since 1897, the very thin typewriter papers and onion-skin papers being in use in increasing quantities of late years in the carbon duplicate methods and new system which compel the use of very light-weight papers, which are really in a class by themselves, and should carry a much higher rate than the other papers mentioned in this paragraph, for under present conditions the foreign manufacturers are importing what is known as "glazed" and "unglazed" onion-skin papers and selling them to the paper dealers at 72 cents per ream, or at 9 cents per pound (in many cases 8 cents per pound), while this paper that is made here costs about 12 to 16 cents per pound, with the result that the American mills are fast losing the business.

Under the present conditions the foreign manufacturers import this paper and pay a very small duty—eight-tenths of 1 cent per pound.

Under the present duty this article would cost as follows:

Value per pound at port of shipment, 5 cents; specific duty, eight-tenths of a cent per pound; total, 5 $\frac{8}{10}$ cents.

Under the duty proposed by the amendment this paper would cost as follows:

Value per pound at port of shipment, 5 cents; specific duty, 6 cents per pound; ad valorem duty (15 per cent), three-fourths of a cent; total; 11 $\frac{3}{4}$ cents.

One reason why the foreign manufacturer can sell the paper so much cheaper than we is the difference in labor cost, as shown in schedule given below:

Labor table.

	Foreign per day.	American per day.
Engineers.....	\$1.00	\$2.63
Beater men.....	.76	2.50
Helpers.....	.70	1.65
Machine tenders.....	1.15	3.15
Back tenders.....	.75	1.70
Cutter men.....	.75	2.65
Helpers.....	.60	1.85
Girl finishers.....	.40	1.35
Millwrights.....	1.00	3.75

These same labor conditions apply to the metal-coated tissue mentioned in paragraph 398, also the tissue and other light-weight papers mentioned in paragraph 397, and the cigarette papers mentioned in paragraph 459, Schedule N.

As for material, we use better stock, which costs us considerably more than the material used by the foreigner in manufacturing their onionskin paper, and we claim our papers are much better.

The amendment is asked for to meet the new conditions which have arisen during the past three years relating to this paper.

(Exhibits B and C, hereto attached, are samples of the imported onionskin papers, selling at 8 and 9 cents per pound.)

(Exhibits D and E, hereto attached, are samples of the domestic onionskin papers, selling at 14 to 20 cents per pound.)

Cigarette paper now included in Schedule N, paragraph No. 459.—Pipes, smokers' articles, etc.

The manufacturers of cigarette papers do not ask that the rate of duty in this schedule be changed, and they desire to state that this is a thin tissue paper of a special manufacture, made in both sheets and reels, and manufactured by the Diamond Mills Paper Company and others, and is equal to any of the foreign manufacture. The consumption of this paper is on the increase and the foreign competition is very strong, but this paper is now made, and can be successfully made, in this country if fairly protected from the foreign article. The manufacturers have, and are, keeping up with this demand as far as they are warranted in doing. It appears that the importations under paragraph 459, which includes this paper, were valued at \$954,521.98 for the year ending June 30, 1907. For the year ending June 30, 1908, the value was \$966,823.29, showing an increase in the importations. This paper could all be manufactured here if the manufacturers were allowed to do so, and the present rate of duty assessed, 60 per cent, is the very lowest that will enable the manufacturers to continue the making of this paper and compete with the foreign manufacturer.

(Exhibit F hereto attached is a sample of domestic cigarette paper.)

All of which is most respectfully submitted.

THE DIAMOND MILLS PAPER COMPANY,
44 Murray street, New York City.

C. H. DEXTER & SONS,
Windsor Locks, Conn.

THE JERSEY CITY PAPER COMPANY,
Jersey City, N. J.

THE SMITT PAPER COMPANY,
Lee, Mass.

By JOHN K. BUCK,

*Hartford, Conn.,
Counsel.*

Mr. BUCK (continuing). There is a sample of this paper attached to the brief, and the committee can examine it.

Mr. UNDERWOOD. What is the volume of this business in this country—the manufacture of the paper to which you have referred?

Mr. BUCK. I am unable to answer that question. The only returns are general returns and include all others in that class of extra thin metal-coated papers, and the manufacture of which is increasing to a considerable quantity.

Mr. UNDERWOOD. You do not know the quantity of this paper that is manufactured—that is, the quantity on which you want the duty changed?

Mr. BUCK. I do not.

Mr. UNDERWOOD. Do you know how much business is being done in that paper by American manufacturers?

Mr. BUCK. I do not know, because it is only an experiment. The experiment has proceeded so far that we are able to say that we can produce it.

Mr. UNDERWOOD. You do not know how much of the American market the American manufacturers can supply?

Mr. BUCK. No, sir; I do not.

Mr. UNDERWOOD. Then you are not giving us any information on which we can come to a conclusion.

Mr. BUCK. I am unable to give you any information as to the volume of the business because the Treasury Department would not furnish it. I wrote to the Bureau of Statistics and also to the Department of Commerce and Labor, but I am unable to get the volume of business in that article.

Mr. DALZELL. This is contemplated to be a new industry?

Mr. BUCK. A new industry entirely. It has only appeared within the past three years. It is classed with this metal-coated paper and the Treasury Department referred to it in that way. I think that Mr. Austin, of the Bureau of Statistics, can find out.

In reference to the typewriter paper, I can say that the American manufacturers now make it at a cost of from 12 cents to 16 cents a pound produced in the United States. That is made in the Dexter Mills and the Diamond Mills and others. It is being produced, but they are closing their business under the present tariff. I have in my brief a table of the cost of labor.

Mr. NEEDHAM. In your paper you do not include the freight charges?

Mr. BUCK. I have left out the freight charges because they are exceedingly slight and amount to nothing. In the metal-coated paper I put it in. If I can get those rates, I will put them in, and also the volume of business done.

In regard to cigarette papers, it really does not belong in this schedule. It is made by the Diamond Mills. It has a duty of 60 cents, and notwithstanding that duty the importations are increasing every year under that duty. The schedule reads as though it was a little high.

I might say further that in all of these four descriptions of paper we ask for no increase of duty whatever, and in all of the tissue papers and the metal-coated papers which we are now manufacturing we are conducting the business and competing with the foreign manufacturers. We ask no odds further than the present rate. As to these new suggestions, all we are asking is for a duty that will protect us against the foreign product, which is distinctive in character. All we ask is to enable us to conduct the business. If you will do that, we are able to go into the market and take our chances.

Mr. UNDERWOOD. How many people are there in this country who are engaged in the manufacture of this tissue paper?

Mr. BUCK. That I can not say; there are a vast number of them. These are mills in Connecticut and New Jersey. The Diamond Mills have five mills engaged in this work. I do not know the capacity of the other mills.

Mr. UNDERWOOD. Is there any association or combination between the mills for the purpose of fixing prices on tissue paper?

Mr. BUCK. No, sir; there never was and never will be.

Mr. UNDERWOOD. Then there is free and open competition in the market on tissue paper?

Mr. BUCK. Yes, sir; I speak for the Diamond and Dexter mills, and for nobody else. We are not in any combine. We are independent manufacturers and not importers. Some years ago one man exported 20 reams and sold it for less than it cost him in this country, and he gave up the business.

Mr. CLARK. There is no tissue paper combination?

Mr. BUCK. I do not know of any.

Mr. CLARK. If there is one, you are not aware of it?

Mr. BUCK. No, sir.

Mr. CLARK. Then you are not a part of the paper trust?

Mr. BUCK. I do not think so.

Mr. CLARK. It has been stated before us that there is no such thing as a paper trust.

Mr. BUCK. I have heard of it.

Mr. CLARK. Have you ever come in contact with it?

Mr. BUCK. I have seen a gentleman whom they said belonged to the paper trust. I had never seen any of them before.

Mr. CLARK. Do the tissue paper men all sell at the same prices?

Mr. BUCK. I can not answer that question.

Mr. CLARK. Have you ever investigated that question?

Mr. BUCK. I presume that they sell substantially at the same price.

Mr. CLARK. Does not the location of the mill or any favorable or accidental circumstance enable one company to produce cheaper than another company can produce?

Mr. BUCK. Possibly that might be so, but I think, with the railroad facilities, which are so complete and perfect, that it is scarcely a consideration that could enter into the question; and, moreover, if rates were to favor any particular one section or locality that matter could be corrected by the Interstate Commerce Commission.

Mr. CLARK. Is there any association, combination, or arrangement by which anybody acting under authority of such combination can sell this paper to the consumer at a fixed price?

Mr. BUCK. I do not know of any.

Mr. CLARK. You never heard of such thing?

Mr. BUCK. I never heard of such thing. That question has never come home to the persons I represent. I do not think the Dexter Mill would ever permit it. A gentleman who has just whispered to me says that there is no such thing.

Mr. CLARK. Who is the gentleman who just whispered to you?

Mr. BUCK. He is the manager of the mill of C. H. Dexter. He is a practical manufacturer.

Mr. CLARK. Are you a manufacturer?

Mr. BUCK. No, sir; I am a lawyer.

Mr. CLARK. I thought you were asking these things because you were a manufacturer.

Mr. BUCK. No, sir.

Mr. CLARK. Is this gentleman who was whispering to you your client?

Mr. BUCK. Well, he is not my client, but he is the superintendent of the corporation that is my client.

Mr. CLARK. Then, practically, he is your client?

Mr. BUCK. Yes, sir. I know him and have known him for thirty years and I believe his word, and I also believe the word of Mr. Coffin. I have no doubt of the truth of whatever they say.

Mr. CLARK. We lawyers have never been able to get up a trust in our business.

Mr. BUCK. That is true, and I do not think that this committee, looking exactly like the Supreme Court, or a little more so, would think anything less of the truth if it came from the lips of a lawyer than if it came from other sources.

The CHAIRMAN. The paper trust which has been spoken of was the International Paper Company. You said that you had heard of the paper trust.

Mr. BUCK. I have heard of that.

The CHAIRMAN. You have no personal knowledge of it?

Mr. BUCK. Not the slightest.

The CHAIRMAN. I suppose that, in referring to the paper trust, you referred to the International Paper Company?

Mr. BUCK. Yes, sir. We have no connection with them—no connection in any way whatever.

The CHAIRMAN. I suppose that there is a uniform price for wheat in Liverpool, is there not?

Mr. BUCK. I think there must be.

THE CHAIRMAN. You would not regard that as the absolute existence of a trust—the fact that the producers sell wheat in Liverpool at a certain price?

MR. BUCK. No; I do not think that is any proof. I think that the manufacturers would be weak to consider anything that would cut their own throat.

MR. CLARK. Did you not tell me a while ago that you had run across some of the representatives of the paper trust here in Washington?

MR. BUCK. I said that I had seen one of them—that he had been pointed out to me as one of the paper trust.

MR. CLARK. I wish you would send in the names of such gentlemen, as we would like to present them to Mr. Bonaparte, of the Department of Justice. It is claimed all the time that they are unable to find anybody who belongs to the paper trust.

MR. BUCK. I should be glad to furnish any of the names if I can. I do not know any of them, and I suppose that you have more facilities here for finding them out than I have.

MR. CLARK. I do not run with that gang. They do not come to me, but you being in the paper business I understood you to say that you had met some gentlemen who were representatives of the paper trust.

MR. BUCK. I think you are in error as to what I said. I said that a gentleman was pointed out to me as being a representative of that trust, but I do not know any of the names.

SURFACE-COATED PAPERS.

[Paragraph 398.]

STATEMENT OF H. B. FABER, OF NEW YORK, REPRESENTING THE MANUFACTURERS OF SURFACE-COATED PAPERS.

SATURDAY, *November 21, 1908.*

MR. FABER. Mr. Chairman and gentlemen of the committee, I will not read my brief, but will simply state some of the main features connected with it.

This is an old industry, the surface-coated paper, paper familiar to you all, and paper used to cover boxes—shoe boxes and hat boxes, and various boxes of that description. This paper has been manufactured in Germany for a great number of years, but it is a relatively young industry in this country. It is a paper that is manufactured by putting onto a white paper stock a color and then polishing this color to make a glazed finished surface, which you will see in samples on the back of this brief.

Now, the main feature of the argument is to show that the imports of the foreign papers have increased from 4,000,000 pounds in 1902 to 8,000,000 pounds in 1907. The manufacturers of surface-coated papers in this country have suffered a corresponding decrease, not so much on their output as in their profits, due to this increase of approximately 100 per cent in the importations of glazed papers.

The reason that these foreign papers have come into this country in the volume that they have is due to the cost of production in Germany and the cost of production in this country.

On page 6 of this brief I have calculated the cost of producing this grade of goods in this country and in Germany, and you will notice that to manufacture a unit quantity of this grade, which we call a ream, which is 480 or 500 sheets of paper 20 inches by 24—to manufacture this unit quantity it costs us in this country \$2.25, while in Germany they can manufacture the same thing for \$1.19. The reason for that is that the paper stock that they use is slightly cheaper. Their color is slightly cheaper, and their labor very much so, and you will notice that the labor item in the American product is 49 cents as against 10 cents in the German.

These figures, as you will notice in making the comparison of cost, have been very carefully compiled. I have done the work myself, and they have covered over 5,000 individual orders that have been turned out and sold to the trade. They have been made up in percentages and simplified, of course, under four headings, as you will see on page 5, which will give you the component percentages which enter into the cost of production.

In taking my figures of German cost I have taken an extract from Carl Hoffmann's paper, the *Papier Zeitung*, which is a recognized authority, where he asks the German manufacturers of these goods for their statements of cost; and he has printed that statement in detail, giving the labor of a single laborer on the machine, and that appears on page 7. That is an authentic statement, and it can be relied upon. In that statement he shows that the cost of manufacturing this product in Germany is \$1.19, as against the cost in this country which we show, and which is the combined opinion of all the manufacturers in the trade in this line, of \$2.25. This paper manufactured in Germany for \$1.19 enters this country, all duties paid, for \$1.81, and sells in the open markets for from \$1.90 to \$2 a ream, against our product manufactured at a cost of \$2.25. That shows why the imports of that grade of paper have been on a steady increase, and why the manufacturers in this country have suffered a decrease in their profits.

The American manufacturers have been compelled in late years to throw into the market an imitation paper, and I have submitted a sample of the imitation on the second from the last sheet attached to the brief. To every appearance that imitation resembles the imported papers. It is of the same weight and of the same appearance and of the same character, but the pasting qualities of the paper are very different. It is made by an entirely different method. The burnishing is put on longitudinally instead of across the paper, and when that paper is used by the box makers they encounter difficulties which they do not encounter in the imported or domestic flints. This imitation paper we can manufacture in this country for \$1.90 a ream, and you will find on page 8 a detailed statement of our costs. That is the best we can do, \$1.90 a ream, and that imitation paper at a cost of \$1.90 a ream has to compete against the foreign flint paper which it is an imitation of, sold in this country at \$1.90 to \$2, manufactured in Germany at \$1.19.

Mr. CRUMPACKER. What is the duty?

Mr. FABER. About 62 cents.

Mr. DALZELL. You want to make it 6 cents a pound?

Mr. CRUMPACKER. What would that be ad valorem under your present rate?

Mr. FABER. I should judge it would be about 70 or 80 per cent ad valorem. It would have to be double the duty we have on now, and you will see the duty here on page 4. The ad valorem duty figures up in the neighborhood of 40 per cent.

Mr. CLARK. Of this surface-coated paper that you are talking about, you say there has been an enormous increase in the importation?

Mr. FABER. There has been.

Mr. CLARK. According to your own figures, in the year ending June 30, 1903, they imported 1,359,110.25 pounds, and in the year ending June 30, 1907, there was imported only 1,380,781.50. That is an increase of only about 20,000 pounds in five years.

Mr. FABER. In that figure you gave me, 1,359,110.25, you will notice "Surface-coated papers not specially provided for in this act." That is the beginning of the paragraph, and then comes surface-coated papers "if printed, or wholly or partly covered with metal or its solutions, or with gelatin, or flock." That is another branch of the industry, not the ordinary surface-coated glazed papers which are shown here, and which come under the clause, "Surface-coated papers not specially provided for in this act."

Mr. CLARK. If you do not intend this table to show it, what did you print the table for?

Mr. FABER. The "others not specially provided for" are 4,037,646 as against 6,883,165. I am copying this official table and do not want to omit anything.

The CHAIRMAN. You are included in "others are not provided for"?

Mr. FABER. Yes; we are included in "others are not provided for" in this table.

The CHAIRMAN. What are the others?

Mr. FABER. Surface-coated papers.

The CHAIRMAN. Anything besides the paper you manufacture?

Mr. FABER. No, sir.

The CHAIRMAN. "Others not specially provided for" covers the papers you manufacture?

Mr. FABER. That is where it appears on the import sheets.

The CHAIRMAN. I know how it appears. I am trying to find out what the fact is, whether that clause "others not specifically provided for" includes those you manufacture and nothing else?

Mr. FABER. Nothing else. The reading of the paragraph as it stands now is "Surface-coated papers not specially provided for in this act."

The CHAIRMAN. I know how that reads.

Mr. CLARK. The one you are talking about is included in both or one of those classes?

Mr. FABER. Both.

The CHAIRMAN. What did you print the other for?

Mr. FABER. Because that comes under the heading.

Mr. CLARK. You do not make "surface papers," etc.?

Mr. FABER. "Covered with metal or its solutions, or with gelatin or flock?"

Mr. CLARK. I do not know what it is covered with. Do you make papers included in that first specification there—surface papers, etc.?

Mr. FABER. We make papers in both.

Mr. CLARK. What percentage belongs to the first class and what to the second?

Mr. FABER. Ninety-nine per cent to the second class and 1 to the first.

Mr. CRUMPACKER. If the rate of duty is increased, the box manufacturer would have to have an increase of duty?

Mr. FABER. Not when you consider that a ream of paper will cover nearly a thousand boxes, and where the ream of paper sells at \$2.25 a ream you would see that the fraction of increase there would be very slight.

Mr. CRUMPACKER. I see you figure the difference in the cost of labor in this country and Germany, and state that while labor costs in Germany 10 cents, in this country it is 49 cents. That is based on the rate of wages? It is not based on the labor cost of the product, but the actual wages?

Mr. FABER. These figures are all made up from the pay roll.

Mr. CRUMPACKER. You know in a general way that that is not an accurate way to determine labor cost. In the Philippines apparent labor is also lower than it is here, yet the actual labor cost there is in effect higher than here from an economic standpoint. Is there any difference in the method of production?

Mr. FABER. No, sir; the process is the same. In fact the Germans have copied our machinery, and the hours are the same, and about the same amount of labor is put on the unit product in this country and in foreign countries.

Mr. FORDNEY. What is the difference between the efficiency of German and American labor employed in the production of that kind of paper?

Mr. FABER. As we are compelled to use mostly German labor, that is about the same.

Mr. FORDNEY. The gentleman compared Filipino labor with American labor, and I understood he tried to make the same comparison between the United States and Germany.

Mr. CRUMPACKER. I beg the gentleman's pardon. I was not making a comparison, except to illustrate a principle. That is all.

Mr. FABER. The German and American labor is of about equal efficiency, and we use about the same number per unit of quantity in this country as abroad, and we work about the same hours.

Mr. FORDNEY. There is no such comparison to be made between the labor of the United States and Germany as there is between the United States and the Philippine Islands?

Mr. FABER. I know nothing about the Philippine Islands.

Mr. FORDNEY. They pay 16 cents a day there.

The CHAIRMAN. I see the ad valorem duty on your stock is 44 per cent, and you ask increase of the duty to 6½ cents a pound.

Mr. FABER. We ask you to drop the ad valorem and increase the specific duty to 6 cents a pound.

The CHAIRMAN. That would make the duty equivalent to about 70 per cent ad valorem?

Mr. FABER. I judge so.

The CHAIRMAN. You think you would have to nearly double the duty that there is now in order to live?

Mr. FABER. You can see that, because that duty of 6 cents a pound will not permit that foreign product to sell in this country for less than the cost to the manufacturer to manufacture it.

The CHAIRMAN. How much do you produce here now?

Mr. FABER. In volume?

The CHAIRMAN. How much do all of you produce here in this country?

Mr. FABER. I would have to make a very rough guess at it. I should say a million dollars, covering all the lines.

The CHAIRMAN. Was that amount increased or not, say, from 1903 to 1907?

Mr. FABER. I believe the amount has stood about uniform in the last four or five years. I know the profits have decreased. I can answer for that.

The CHAIRMAN. The profit has decreased, especially in the last year?

Mr. FABER. I am not counting the last year.

The CHAIRMAN. We are not counting the last year.

Mr. FABER. I can possibly answer your question in another way. In 1907, right at the height of our business activity in our own factory, we had 75 flint machines for manufacturing this paper, of which 50 of them were shut down.

The CHAIRMAN. You had 75 when?

Mr. FABER. Seventy-five machines ready to work and only 25 in operation.

The CHAIRMAN. When did you put in that large number of machines?

Mr. FABER. Oh, we have been in business dating back from 1839.

The CHAIRMAN. The business has grown up since that time?

Mr. FABER. Yes; grown up gradually. I can not tell when these machines were put in.

The CHAIRMAN. Does this substitute sell as well as the original goods?

Mr. FABER. No, sir; this imitation you refer to does not sell as readily. It is only by reason of the fact we sell it at lower prices that the goods ever sell at all.

The CHAIRMAN. Does that largely take the place of the original goods?

Mr. FABER. It has not largely taken the place of it. We try to make it take the place of it in competition with the foreign product.

Mr. BONYNGE. What percentage of your output was the imitation style in 1907?

Mr. FABER. Sixty per cent of the imitation to 40 per cent of the flinted, or the goods we tried to imitate.

Mr. BONYNGE. You say you are able to sell this imitation flinted article in the United States because you can sell it at cheaper prices than the imported flint?

Mr. FABER. No, sir; we can not sell it at cheaper prices, but we manufacture this imitation product in order to compete against the foreigner.

Mr. BONYNGE. But you get more for the imitation, according to your figures on page 13, than they can sell theirs for?

Mr. FABER. We do, because we can not manufacture the imitation at that price. The imported sells for \$1.90 and \$2, whereas it costs \$1.90 to manufacture the imitation.

Mr. BONYNGE. They sell the imported flint in the United States for \$1.90 to \$2, and you sell the imitation for \$1.90 to \$2.25?

Mr. FABER. Yes, sir.

Mr. BONYNGE. Why does the imitation run out the imported article?

Mr. FABER. It is not doing that. Year by year, as you can see, our imports have been increasing.

Mr. BONYNGE. What percentage of the imitation do you say is sold as compared to the entire amount consumed?

Mr. FABER. Sixty per cent of the imitation against 40 per cent of the flinted paper.

Mr. BONYNGE. That does not look as if the imported flint was running out the imitation flint, if 60 per cent is imitation.

Mr. FABER. Not 60 per cent of the total consumption. You are asking, as I understand it, what percentage of the manufactured goods is imitation and what percentage of the manufactured goods is the flinted goods. I say 60 per cent imitation and 40 per cent flinted goods. These imitation goods come in competition with the imported papers and are gradually being driven to the wall. Of course, the flinted papers are being driven more rapidly than the friction papers, and we only produce 40 per cent of those now.

Mr. BONYNGE. What has been the highest amount you have ever produced of the imitation? Was it ever more than 40 per cent?

Mr. FABER. It was up to 90 or 100 per cent at one time. It was only by reason of the fact we could not compete against this foreign product that we were compelled to go into the manufacture of imitation goods. In the early days there were no friction goods at all; they were all flinted goods. That has arisen in the last few years by reason of competition.

Mr. FORDNEY. The reason you only sell 40 per cent of the flinted article as compared to 60 per cent of the imitation is on account of the large cost of the flinted article?

Mr. FABER. Yes, sir; and it is used for particular work, and we have a limited market now for it.

Mr. FORDNEY. You are trying to induce the market to take the imitation instead of the real article?

Mr. FABER. If we do not do that we will be compelled to go out of the market.

Mr. GRIGGS. How long have they been making this imported article abroad?

Mr. FABER. I really could not say; over a hundred years, I know. There are over 75 factories in Germany.

Mr. GRIGGS. And you have been making your articles relatively a short time?

Mr. FABER. Yes, sir.

Mr. GRIGGS. I understood you to say you had been making it ever since 1839. Can you not make another calculation for us on that?

Mr. FABER. I can not say how long the Germans have been making it. I know it is a good deal over a hundred years.

Mr. GRIGGS. When did you begin to manufacture the imitation flint?

Mr. FABER. The imitation paper has only been brought into the market in the last fifteen years. The foreigners have tried to make an imitation themselves.

Mr. GRIGGS. And failed?

Mr. FABER. And failed to do it.

Mr. GRIGGS. Then you have the field there?

Mr. FABER. No, sir; we have not the field, because it is an imitation, and we do not want the field on imitation.

Mr. GRIGGS. Have you been losing money ever since 1839?

Mr. FABER. No, sir.

Mr. GRIGGS. When did you begin to lose money?

Mr. FABER. When the increase began on the importations.

Mr. GRIGGS. The more you have learned about the manufacture of the paper, the more money you have lost?

Mr. FABER. That seems so—or the more the Germans learn the more we lose.

Mr. CLARK. What kind of labor do you use?

Mr. FABER. We use some skilled labor and some ordinary labor.

Mr. CLARK. I thought you told one of the gentleman you used German labor.

Mr. FABER. We do—skilled labor.

Mr. CLARK. The Germans import the paper and you import the labor?

Mr. FABER. The skilled labor; yes.

Mr. CLARK. You import the labor? Do you import it under contract made in Germany?

Mr. FABER. No, sir.

Mr. CLARK. How can the German find out you want him if you do not have a contract with him?

Mr. FABER. He comes to this country, and this being a very large industry in Germany they have a large market to come from. They come here looking for work in the line with which they are familiar and they learn there are paper manufacturers who are making this line of paper.

Mr. CLARK. You did not send an agent over there to drum them up?

Mr. FABER. Positively not.

Mr. CLARK. That is against the law, you know.

Mr. GRIGGS. You say these Germans come over here looking for work, and after arriving here they force you to pay them five times as much as they were getting at home. Is that true?

Mr. FABER. That is true.

The CHAIRMAN. I wish you would send us your pay roll for the month of January, 1907, Mr. Faber.

Mr. FABER. I can do that.

The CHAIRMAN. Show the different classes of labor, specifying the classes of labor, and what you pay by the day or week or hour.

Mr. FABER. There is a classification in one of the sheets I have submitted to the committee. Possibly that will answer your question.

The CHAIRMAN. I do not care for the number of employees so much as I do the number who are skilled and the number who are merely common laborers.

Mr. FABER. I can prepare that for you.

The CHAIRMAN. I do not find in your brief the number of pounds to a ream; I suppose it varies, but you give us no idea of the weight of a ream of paper, and at the same time you ask us to make a duty on the pound basis.

Mr. FABER. In that extract from Carl Hoffman's article I have given it in weight.

The CHAIRMAN. On what page is that? I looked all through the brief and could not find it.

Mr. FABER. I believe I have stated the weight in my brief.

The CHAIRMAN. You have the weight stated in your brief, but in such a way that the committee will have to figure it into pounds.

Mr. FABER. That is 18 pounds to the ream. The average paper weighs 19 pounds to the ream, and the paper weighs about the same as domestic, possibly a trifle less—a half pound or a pound.

The CHAIRMAN. We have work enough to do without translating such figures in that way.

Mr. CLARK. What proportion of your laborers are American citizens, and what proportion of them are unnaturalized? Do you have any idea on that subject?

Mr. FABER. Unnaturalized, you say?

Mr. CLARK. Yes, sir.

Mr. FABER. I believe probably 90 per cent of them are naturalized.

Mr. CLARK. Ninety per cent of them are naturalized?

Mr. FABER. Yes. They have been with us a good many years. The Germans are the skilled laborers.

Mr. CLARK. What I am getting at is this: Are the men you employ American citizens, men who came here to stay, or do they belong to the class that come over here and get work, if they can, and as soon as they get a little money go back to Europe again?

Mr. FABER. No; they are here to stay. We have some that have been with us forty years or more. They come here to stay and settle. We have no transient help from abroad.

STATEMENT OF MANUFACTURERS OF SURFACE-COATED PAPERS RELATIVE TO NEW CLASSIFICATION.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The manufacturers of surface-coated papers represented by the undersigned respectfully urge that paragraph 398, Schedule M, of the tariff act of 1897, be amended as hereinafter mentioned.

The products particularly and seriously affected by this paragraph are commonly known as surface-coated, glazed, and plated papers for covering paper boxes, such as are used for putting up candy, jewelry, underwear, hosiery, knit goods, hardware, and thousands of other articles which are in daily use, and also for printing and lithographic work. Outside of a few large concerns who make book papers the manufacturers of this class of goods do not make the raw paper used

for coating, but buy it from paper mills. The various processes of coating require considerable technical skill and experience, and the materials used are pulp and dry colors, glue, clays, etc. These materials are largely imported. The coating is done by machinery, and the papers are then finished on flint machines and friction calenders. The flint machine is a small and rather expensive machine by which the paper is glazed under a flint stone, and will turn out on the average about 2 reams in ten hours. The papers made by this process are the more expensive, have a high finish, and are used for the better grade of boxes, printing, etc. All of the foreign papers in the glazed line imported into this country are finished by this process. The other process of finishing is by friction calenders—a process made necessary by the steady increase of foreign imports and the inability of the domestic manufacturers to compete on the better grades. The friction-finished papers are simply imitations of the flint-finished papers, and are inferior to the latter for the finer grades of work.

The manufacture of surface-coated papers is an old industry abroad. Germany alone has upward of 75 factories turning out these goods, while in the United States there are less than 25.

By reason of the excessive low cost of material and labor abroad, this country has been made the dumping ground of the foreign product, and it has resulted in the curtailment of the output of the home manufacturer.

A specific case will illustrate this point. During the spring of 1907, at the height of the business activity of this country, out of 75 flinting machines in the factory of Doty & Scrimgeour, Brooklyn, N. Y., only 25 were in operation; the balance were shut down and the labor discharged, solely from lack of work. Furthermore, this has resulted in many manufacturers of surface-coated papers finding it more profitable to import certain lines of papers rather than to manufacture them. One very large manufacturer, Louis De Jong & Co., of New York, has for years imported largely of these papers, finding it more profitable to import than to manufacture them.

It is a fact that the foreign importation entering into this country at the ports of New York, Boston, Chicago, and other cities has increased almost 100 per cent during the last five years.

Imports entered for consumption.

	Rate of duty.	Quantities.	Values.	Duties.	Value per unit of quantity.	Ad valorem rate of duty.	Year ending—
	3 cents a pound, 20 per cent ad valorem-----	<i>Pounds.</i> 811,744.00	\$141,324.10	352,617.16	\$0.174	<i>Per cent.</i> 37.23	June 30, 1902.
Surface-coated papers, printed or wholly or partly covered with metal or its solutions or with gelatin or flock.	2½ cents a pound, 15 per cent ad valorem-----	3,251,503.75	281,829.50	124,312.09	.083	44.11	June 30, 1903.
Others not specially provided for.	3 cents a pound, 20 per cent ad valorem-----	1,359,110.26	199,232.00	180,619.72	.147	40.47	June 30, 1904
Surface-coated papers, etc.	2½ cents a pound, 15 per cent ad valorem-----	4,037,646.20	330,341.00	150,492.36	.082	45.36	June 30, 1905.
Others not specially provided for.	3 cents a pound, 20 per cent ad valorem-----	1,186,486.75	193,562.00	74,307.00	.162	38.39	June 30, 1906.
Surface-coated papers, etc.	2½ cents a pound, 15 per cent ad valorem-----	4,351,150.00	350,047.00	161,285.84	.090	46.08	June 30, 1907.
Others not specially provided for.	3 cents a pound, 20 per cent ad valorem-----	1,096,156.67	177,748.00	68,434.33	.162	38.50	June 30, 1908.
Surface-coated papers, etc.	2½ cents a pound, 15 per cent ad valorem-----	3,891,057.33	318,812.00	145,098.37	.082	45.62	June 30, 1909.
Others not specially provided for.	3 cents a pound, 20 per cent ad valorem-----	1,209,681.00	201,508.41	76,562.11	.167	38.01	June 30, 1910.
Surface-coated papers, etc.	2½ cents a pound, 15 per cent ad valorem-----	4,486,054.65	404,935.00	172,891.70	.09	42.70	June 30, 1911.
Others not specially provided for.	3 cents a pound, 20 per cent ad valorem-----	1,350,781.50	231,593.75	87,737.41	.168	37.89	June 30, 1912.
Surface-coated papers, etc.	2½ cents a pound, 15 per cent ad valorem-----	6,883,165.70	573,723.00	258,138.44	.083	44.09	June 30, 1913.
Others not specially provided for.							

This alarming increase, together with the corresponding decrease in the output of the product manufactured in the United States, makes it imperative that some revision of paragraph 398 be made if this industry is to continue in this country.

The stagnation in growth of this industry in the United States is proof sufficient that the profits during the past five years have been lean and that the costs of manufacture have been shaved down to their lowest figures. This is further emphasized by the fact that the manufacturers in the trade are independent, there being no combination of any kind.

The unit of manufacture for this country and Germany is a ream, composed of 500 sheets, 20 by 24 inches, and weighs from 18 to 20 pounds. The usual wholesale quantities are 20 reams or case lots (foreign), containing 25 reams.

The average cost to manufacture a ream of flinted paper in the United States is \$2.25. The expenses which go to make up the total cost (expressed in percentage) of goods manufactured in the United States are:

	Per cent.
Paper.....	34.6
Color.....	19.5
Labor.....	21.8
Manufacturing and selling expense.....	24.1
	100

The figures from which these percentages are made have been compiled during the past three years as accurately as the most approved cost system can determine, and covering more than 5,000 individual and completed orders, actually sold to the trade.

The ream of foreign flinted paper sells in this country for \$1.90 to \$2 a ream, selling against the domestic paper, which can not be manufactured for less than \$2.25 a ream.

A comparison of the relative costs of manufacturing a ream of flinted paper in the United States and in Germany is as follows:

Cost of manufacturing a ream of flinted paper.

	In the United States.	In Ger- many.
Paper.....	\$0.78	\$0.50
Color.....	.44	.25
Labor.....	.49	.10
Manufacturing and selling expense.....	.54	.34
Total.....	2.25	1.19

The figures used in the above calculation of cost of the home product are derived from the percentages heretofore expressed. The figures used in determining the cost of the foreign product are an abstract from an article published by Carl Hofmann, of Berlin, editor of Papier Zeitung, attached herewith.

Calculation on surface-coated papers (flinted), copied from article published by Carl Hofmann, of Berlin, editor of Papier Zeitung:

“What is the cost of production on 50 reams of flinted paper at 480 sheets, 51 by 76 centimeters in size, which is to be delivered f. o. b.

London at 6½ shillings=M. 6.60, 5 per cent commission and 2 per cent discount? Weight of paper to be 48 to 50 grams per square meter (equivalent to 18 pounds to the ream of 500 sheets, 20 by 24 inches).

Calculation on 50 reams.

	M.	Pf.
Net 470 kg. paper, at 28 pf.....	131	60
Average cost of color per ream, 1 m. 30 pf.....	65	
Labor for color mixing.....	2	50
Labor for color-machine tender.....	5	
Labor for one girl helper.....	1	50
Labor for glazing, at 20 pf. per ream.....	10	
Labor for cutting, at 3 pf. per ream.....	1	50
Labor for sorting, counting, and packing.....	5	
3 per cent waste, etc.....	6	65
Packing in 3 (bales).....	4	50
50 wrapping sheets, 5 kg., at 27 pf.....	1	35
Cartage to railroad depot, 525 kg., at 30 pf.....	1	60
Freight to London, 525 kg., at 4 m. 20 pf.....	22	5
5 per cent commission, 2 per cent discount=7 per cent of selling price; 50 by 6 m. 60 pf.=330 m.....	23	10
For superintendence, figured for a capacity of 10 coating machines, at 50 reams.....	20	
Selling expense (no allowance for losses).....	10	
	311	35

Fifty reams glazed paper 51 by 76 cm. cost to manufacture 311 m. 35 pf., and sells for 330 m.

Expressing the above figures in terms of reams 20 by 24 inches, and calculating a mark at 24 cents, we have—

Fifty reams 51 by 76 cm. equal 62.5 reams 20 by 24 inches.

Sixty-two and one-half reams 20 by 24 inches cost 311 m. 35 pf., or \$74.72.

One ream 20 by 24 inches costs \$1.19 delivered in London.

One ream 20 by 24 inches sells for \$1.26 in London.

The margin between cost, 311 m. 35 pf., and selling prices, 330 m., or 18 m. 65 pf., is no profit for the excessively low figuring of the various items, the unavoidable repairs to machinery and plant, loss of interest on long credits. Accidents and many other expenses are not taken into consideration.

This German product, laid down in London at an average cost of \$1.19 a ream to manufacture in Germany, can be laid down in the United States, duty paid, for \$1.81 cost, and sold for \$2 a ream, against the cost of producing the same article in this country for \$2.25.

The manufacturer has been compelled to throw into competition against the imported glazed or flinted paper an imitation known in the trade as "friction finish" papers. This paper is manufactured at an average cost of \$1.90 a ream.

	Cost of manufacturing a ream of—	
	Friction finish or imitation flinted in the United States.	Flinted finish in Germany.
Paper.....	\$0.66	\$0.50
Color.....	.37	.25
Labor.....	.41	.10
Manufacturing and selling expense.....	.46	.34
	1.90	1.19

The cost of an imitation flinted paper of American manufacture is greater than the price at which the foreign flinted paper is entered into our markets, all duties paid. The foreign manufacturers do not send an imitation flinted paper to this country.

The American manufacturers find marked differences in the cost of manufacture dependent on the color of the finished product, and have classified the various costs into five different groups accordingly, as follows:

Taking Group A as a unit of cost, or 100 per cent, the relation of cost and selling price is:

A. Surface-coated paper, white, unit of cost, 100 per cent; selling price, \$2.10.

B. Surface-coated paper, tints, approximate unit of cost, 110 per cent; selling price, \$2.25.

C. Surface-coated paper, red and green, approximate unit of cost, 120 per cent; selling price, \$2.50.

D. Surface-coated paper, dark shades, approximate unit of cost, 125 per cent; selling price, \$2.60.

E. Surface-coated paper, copper and metal finish, unit of cost, 150 per cent; selling price, \$3.25.

Samples attached hereto show examples of these groups.

The foreign product entering the United States is valued, in applying the ad valorem duty, without regard to shade, except as to Class E, and sells in the home market, against these domestic prices, for \$1.90 to \$2 a ream for all shades.

In the face of these facts and figures, it is the combined recommendation of the manufacturers of surface-coated paper in the United States that paragraph 398 of Schedule M should be amended as follows:

Paragraph 398—Surface-coated papers.

Amend paragraph 398 by striking out after the word "act" the words "two and one-half cents per pound and fifteen per centum ad valorem" and insert the words "six cents per pound" (as a minimum duty).

Strike out after the word "flock" the words "three cents per pound" and insert the words "six cents per pound" (as a minimum duty).

The amended paragraph will then read as follows:

"Surface-coated papers not specially provided for in this act, six cents per pound; if printed, or wholly or partly covered with metal

or its solutions, or with gelatine or flock, six cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or papers otherwise surface coated for photographic purposes, thirty per centum ad valorem."

Respectfully submitted.

DOTY & SCRIMGEOUR, INC.,
New York, N. Y.,
LOUIS DE JONGE & Co., INC.,
New York, N. Y., and Fitchburg, Mass.,
WALTHER & Co.,
New York, N. Y.,
SPRINGFIELD GLAZED PAPER Co.,
Springfield, Mass.,
E. G. LOCKE,
Camden, N. J.,
NEW ENGLAND CARD & PAPER Co.,
Springfield, Mass.,
HOLYOKE CARD & PAPER Co.,
Springfield, Mass.,
UNITED MANUFACTURING Co.,
Springfield, Mass.,
Committee.

EXHIBIT A.

Table of comparative wages paid in Germany and the United States in the surface-coated paper industry.

	Germany.	United States.
	<i>Per day.</i>	<i>Per day.</i>
Color machine tenders.....	1.80 m. or 43 cents..	\$1.75
Flint or finishing machine tenders.....	1.40 m. or 34 cents..	1.50
Color room bosses.....	4.00 m. or 96 cents..	2.25
Average wages skilled male factory help.....	{ 2.00 m. or 48 cents..	} 2.00- 2.50
	{ 2.50 m. or 60 cents..	

MARBLE AND AGATE PAPER.

[Paragraph 398.]

HON. G. E. WALDO, M. C., SUBMITS LETTER OF DOMESTIC PAPER CO., NEW YORK CITY, ASKING FOR AN INCREASE OF DUTY ON AGATE AND MARBLE PAPER.

290 BROADWAY, NEW YORK,
November 23, 1908.

HON. SERENO E. PAYNE, M. C.,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: Herewith you will find inclosed a communication from Mr. J. W. Newberry, president of the Domestic Paper Company,

of 115-117 Nassau street, New York City. Mr. Newberry is a resident of my district.

Mr. Newberry and his company desire that the duty on marble and agate paper, under the present law $2\frac{1}{2}$ cents per pound and 15 cents ad valorem, be increased to 5 cents per pound and 30 cents ad valorem.

If this is done, Mr. Newberry is confident that a large business in the manufacture of this kind of paper will be built up in this country, and his company alone is ready to invest a considerable amount of capital if this increase in the tariff is made.

Yours, very truly,

G. E. WALDO.

115-117 NASSAU STREET,
New York, November 18, 1908.

HON. COMMITTEE OF WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Marble and agate paper samples attached are at present subject to a duty of $2\frac{1}{2}$ cents per pound and 15 cents ad valorem, and are classified under the head of coated papers, which includes all surface-coated papers.

Not a single pound or sheet of marble or agate paper is manufactured in the United States, but is principally manufactured in Germany and Belgium, several thousand men being employed in this class of work.

The wages in Belgium average 90 cents per day of thirteen hours. There are a few men employed in the United States marbling the edges of books; their wage is \$2.50 to \$3.50 a day of eight hours.

The average product of one man making marble and agate paper is one-half ream per day, so that the cost of labor in Belgium in producing one ream of such paper is \$1.80.

The weight of such paper mostly used in the United States is 20 pounds to the ream. It retails in the United States at \$3.75 per ream.

To compete with foreign labor workmen in the United States could not be paid over \$1 a day. This is the reason why there are no manufacturers of marble or agate paper in the United States.

If the duty on such paper were raised to 5 cents per pound and 30 cents ad valorem, a large industry in this line would be generated and employment given to hundreds to men at fair living wages, not to speak of the products used in producing such paper being purchased at home.

The increase of duty asked is only just and fair to the workmen of this country, and would only put them on an equality with the cheaper labor of Europe, and would give employment to a large number of young men who would become adept in manufacturing such paper.

In the event of the duty being raised as requested, this company is prepared to invest considerable capital in the manufacture of the same in this country.

The above is respectfully submitted to your honorable committee for consideration.

Very truly, yours,

J. W. NEWBERRY,
President Domestic Paper Co.

PHOTOGRAPHIC PAPER.

[Paragraph 398.]

STATEMENT OF NELSON CURTIS, OF 2304 WASHINGTON STREET, BOSTON, RELATIVE TO BASIC PHOTOGRAPHIC PAPERS.

SATURDAY, *November 21, 1908.*

Mr. CURTIS. The lines which affect our industry are in Schedule M, paragraph 398, commencing with the words "Plain basic photographic paper, for albumenizing, sensitizing, or baryta coating, 3 cents per pound and 10 per cent ad valorem." To make it short, we ask that that be amended so as to read as follows:

Plain basic papers, for albumenizing, blueprinting, and black printing, baryta coating, or other sensitizing, photochemical, or photomechanical processes, 3 cents per pound and 20 per centum ad valorem; albumenized, baryta-coated, or sensitized paper, or paper otherwise surface coated for photographic purposes, 30 per cent ad valorem.

The CHAIRMAN. How much does that change the duty from the present schedule?

Mr. CURTIS. Ten per cent ad valorem.

The CHAIRMAN. It increases it 10 per cent ad valorem?

Mr. CURTIS. In that particular clause.

The following paper was here filed with the committee:

Committee on Ways and Means,

House of Representatives:

Respectfully represents your petitioner that the duty on plain basic paper for photographic purposes is now fixed by the Dingley tariff bill in Schedule M, paragraph 398, and reads as follows:

"Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem: if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem."

That the rate of 3 cents per pound and 10 per centum ad valorem is not sufficient on plain basic photographic papers to protect your petitioner, the only recognized producer of high-grade plain paper for photographic purposes in the United States.

Wherefore your petitioner prays that said schedule be amended by changing the word "ten" to "twenty" in the thirteenth line of above schedule, paragraph 398, in order to return us to the rate given under the McKinley bill. Your petitioner further requests that the last clause beginning with the words "plain basic," etc., in line 11 of above paragraph 398, be changed so that it will read "plain basic papers for albumenizing, blueprinting and black printing, baryta coating, or other sensitizing, photo-chemical or photo-mechanical processes," so that Schedule M, paragraph 398, will read as follows:

"Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; [plain basic papers for albumenizing, blueprinting and blackprinting, baryta coating, or other sensitizing, photo-chemical or photo-mechanical processes, three cents per pound and twenty per centum ad valorem;] albumenized, baryta-coated, or sensitized paper, or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem."

The reason for asking change of wording is to more properly classify papers which are now being imported, we think, under other classifications.

THE AMERICAN PHOTOGRAPHIC PAPER COMPANY,
By NELSON CURTIS, *Treasurer.*

Office, No. 2304 Washington street, Boston, Mass.

Mr. CURTIS. It might be well for me to explain to you something about the formation of our industry. In 1890 the state chemist of Connecticut, after many years of study and experiment, imparted to me, as a practical paper maker, his theoretical knowledge of making plain paper for photographic emulsions. By photographic emulsions I mean any kind of coating which may be applied to paper and when so applied is acted upon by light. We formed a company called the American Photographic Paper Company and in a small way began the manufacture of plain basic paper for photographic purposes at South Lee, Mass. We were encouraged in our experiments by the protection afforded under the McKinley bill. While there was no classification for such a paper under the McKinley bill, it supposedly came under the 35 per cent ad valorem rate.

We spent five years experimenting, from 1890 to 1895, and in July of the latter year we succeeded in making a marketable paper after having spent many thousand dollars in experiments. While we were in the experimental stage the Wilson bill became a law and reduced the rate from 35 per cent ad valorem to 30 per cent ad valorem. We did not appear in remonstrance to this reduction because we had not perfected our process. We did appear, however, before your committee at the hearing on the Dingley schedule and explained that the then existing classifications did not properly cover our product, and upon our recommendation the classification of plain basic papers, etc., was made. Our principal reason for asking a rate of 3 cents and 20 per cent ad valorem is to restore us to the protection under the McKinley bill and as recommended by the Finance Committee in the Senate at the time of the framing of the Dingley bill, thus enabling us to better compete with foreign manufacturers whose price for labor and material is much less than ours. The price paid for machine tenders in this country is from \$3 to \$4 per day, against 87 cents to \$1 per day in Europe, and ordinary laborers are paid in this country from \$1.50 to \$2, against 50 cents to \$1 per day in Europe. Girls employed in sorting of rags and in the finishing of paper are paid in this country from \$1 to \$1.25 per day, against 50 cents to 60 cents per day in Europe.

Under a secret process known to but three people, and in which process of manufacture all three take active part, the business is still being conducted by us.

We further desire to call your attention to the fact that the paragraph covering our papers might be changed to cover more broadly the papers which are imported for all photographic processes.

Finally, I would like to say that inasmuch as the McKinley bill afforded a rate of 35 per cent ad valorem when no plain paper for photographic processes was produced in this country, it seems to me proper that at least a like rate ought to exist now that such a paper is being successfully produced here.

The CHAIRMAN. What is the production in this country of photographic paper of all kinds?

Mr. CURTIS. The production in this country of the high grade, which we make—

The CHAIRMAN. In dollars?

Mr. CURTIS. I can not give you the low grades, but it is about 100 tons a year of the high grade. The importations are about 2,000,000 pounds.

Mr. CLARK. How much dividend are you making now?

Mr. CURTIS. Our paper costs us 23 cents a pound, and we sell it for 29 cents.

Mr. CLARK. That is, every time you invest 23 cents you make 6 cents. Do you know of any other business in which you can do that, excepting the lumber business [laughter]—that is, put in 23 cents and draw out 29?

Mr. CURTIS. But with a large business it would be different. This is a limited business.

Mr. CLARK. Of course it is. If it wasn't, you would be the richest man on earth. How much dividend do you make upon the money invested?

Mr. CURTIS. Our money? You must remember we have been a long time in bringing this business up to what it is.

Mr. CLARK. Well, let me put it this way: You do not expect Congress to put a tariff rate on your goods that will compensate you for money that you lost when you didn't know how to make the paper, do you?

Mr. CURTIS. I think that if the American manufacturer was willing to support a thing like that, of benefit to the consumer in America, that he should have some benefit.

Mr. CLARK. You are making money out of the business now?

Mr. CURTIS. We are.

Mr. CLARK. How much are you making? That is what we want to find out.

Mr. CURTIS. On the basis of sales of 150,000 to 200,000 pounds, 5 cents a pound.

Mr. CLARK. If you are making 6 cents on every 23 cents invested, you are making 30 per cent profit.

Mr. CURTIS. That should be 5 cents instead of 6 cents; 24 cents to 29 cents.

Mr. CLARK. Still, that leaves it away up yonder at 25 per cent profit, doesn't it?

Mr. CURTIS. The reason I ask for an increase in duty is because the foreigners are putting in so much paper. They can put it in for less than we can make it if they want to.

Mr. CLARK. Is there any stock in your company for sale?

Mr. CURTIS. No, sir.

Mr. CLARK. You do not want to sell it?

Mr. CURTIS. No; it is a close corporation.

Mr. CLARK. I would like to get some of it if you want to sell it.

THE AMERICAN PHOTOGRAPHIC PAPER COMPANY, BRIDGEPORT, CONN., WRITES RELATIVE TO DUTIES IMPOSED ON PLAIN BASIC PHOTOGRAPHIC PAPERS.

BRIDGEPORT, CONN., *December 29, 1908.*

HON. EBENEZER J. HILL, M. C.,

Ways and Means Committee,

House of Representatives, Washington, D. C.

MY DEAR SIR: On Saturday, November 21, 1908, Nelson Curtis, of No. 2304 Washington street, Boston, Mass., appeared before your honorable committee in behalf of the company of which I am president. He made a plea for a special classification in the latter part of

paragraph 398 of Schedule M pertaining to plain basic papers for photographic emulsions.

I have been one of the state chemists of Connecticut for many years. Back in the sixties I commenced experimenting in trying to make a paper which could be used, when coated, for photographic emulsions. I was not successful until I met Mr. Curtis and together with him experimented from the year 1890 until 1895, when we produced a satisfactory paper. Our risk in the manufacture of this paper is a great one, it being very difficult to produce and liable to losses in the manufacture.

The testimony of Mr. Curtis made before your committee was that the paper costs us 24 cents a pound and we get 29 cents per pound, making a profit of practically 20 per cent in good times and provided we make no losses on bad accounts or poorly manufactured paper.

Under the McKinley schedule we were allowed 35 per cent ad valorem. We ask now that the duty be 3 cents specific and 20 per cent ad valorem, which is a 10 per cent raise from the Dingley schedule, so that we can compete with the foreign manufacturers and practically restore us to the McKinley schedule.

Trusting that you will give me your consideration in addition to Mr. Curtis's plea, I remain,

Yours, very truly,

THE AMERICAN PHOTOGRAPHIC PAPER CO.
Per SYLVESTER P. WHEELER, *President*.

**EASTMAN KODAK CO., ROCHESTER, N. Y., OPPOSES INCREASE OF
DUTY ON PLAIN BASIC PHOTOGRAPHIC PAPER.**

ROCHESTER, N. Y., *December 31, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Our attention has been called to a statement made to the committee by Mr. Nelson Curtis, of Boston, in favor of an increase of the duty on "plain basic photographic paper for albumenizing, sensitizing or baryta coating" (par. 398). His argument is found under date of November 21, 1908.

Mr. Curtis's statements are so wide of the mark and his deductions so erroneous that we can not allow them to pass unchallenged.

1. Mr. Curtis is not a manufacturer of paper; he is simply a stockholder and officer of the American Photographic Paper Company. That company neither owns nor operates any paper mill. The paper which it sells is manufactured for it by the American Writing Paper Company at one of its mills located at South Lee, Mass. The manufacturing which the American Photographic Paper Company does consists simply in sizing the paper by a secret process. Several times a year Mr. Curtis and one or two assistants go to the mill at South Lee and supervise the preparation by his process of from 20,000 to 30,000 pounds of paper for photographic uses. His work is all done in the mill of the American Writing Paper Company, and the stock is carried in this same mill.

In his argument Mr. Curtis, in reply to a question put to him by a member of your committee, made the following statement: "Our paper costs us \$0.23 per pound and we sell it for \$0.29."

We happen to know that Mr. Curtis's company is under contract with a foreign manufacturer to sell to it its entire output up to 100,000 pounds at \$0.23 per pound. It pays the American Writing Paper Company \$0.19 per pound for the paper. On the basis of an output of 100,000 pounds, his company's gross annual profit is \$4,000. In addition, the foreign manufacturer pays it an indemnity of \$8,500 per annum, irrespective of the amount it takes. This added to the \$4,000 makes a gross profit of \$12,500.

Making a liberal allowance for the expenses of Mr. Curtis and his assistants while at South Lee supervising the sizing of the paper and for the expense of the comparatively small amount of chemicals which they use, the net annual profit of his company must be in the neighborhood of \$10,500 per year, including the indemnity, on an output of paper which costs his company \$19,000.

Practically all of the paper which Mr. Curtis's company sizes is sold to us by the foreign manufacturer, and we pay \$0.29 per pound for it.

The combined profit of Mr. Curtis's company and the foreign manufacturer on this paper must be about 55 per cent.

2. During the year ending June 30, 1908, we imported about 2,266,000 pounds of photographic paper. Of this, 1,016,000 pounds cost \$0.44 and upward per pound and about 1,250,000 pounds cost under \$0.44 per pound. This paper is purchased by us from foreign manufacturers because it is not and, so far as has been discovered, can not be made in this country.

We are obliged to import over 95 per cent of all of the raw paper which we use for photographic purposes, for the reason that neither Mr. Curtis's company nor any other American company can furnish a paper which can take the place of the foreign-made paper.

It would therefore be unfair to increase the duty on raw basic paper and thus make us pay the increased duty on over 2,250,000 pounds, simply to enable Mr. Curtis's company to increase the present large profit on its output.

If Mr. Curtis's company could make a paper that could take the place of foreign-made papers, it would have a very large field for its product and could sell at a large profit under the present tariff rates.

In a former statement filed by us we stated that all our raw basic paper was made abroad. The amount of the Curtis paper (so-called) which we use is so small in comparison with our importation (less than 4½ per cent) that we overlooked it.

3. As we understand it the general policy of this Government is to admit free of duty such articles as can not be manufactured in this country. We see no reason why this principle should not be followed in this case. There can be no substantial argument urged in favor of an increase of the duty. It should be decreased instead of increased.

Very respectfully,

EASTMAN KODAK COMPANY,
By GEO. EASTMAN,
Treasurer.

PARCHMENT PAPER.

[Paragraphs 398 and 402.]

STATEMENT OF B. A. VAN WINKLE, REPRESENTING HARTFORD CITY PAPER COMPANY, HARTFORD CITY, IND.

SATURDAY, *November 21, 1908.*

Mr. VAN WINKLE. Mr. Chairman and gentlemen, I represent the Hartford City Paper Company, of Hartford City, Ind. We are engaged in manufacturing two special kinds of paper, one of which we call imitation parchment and the other of which we call glassine or parchment paper. We have been engaged in the manufacture of this paper since 1905. Previous to that time this paper was not manufactured in the United States, and all of it which was consumed in the United States was imported from Germany and Sweden.

We find that this paper is classified and dutiable under paragraph 402 of the act of 1897, which brings it in under unclassified papers bearing a duty of 25 per cent ad valorem. This paper is identical in its uses with parchment paper, and in many places it is used interchangeably with it, and notably in the packing industries, by the grocerymen, by the confectioners and bakers, and parchment paper is classified under paragraph 398 and bears a duty of 2 cents a pound and 10 cents ad valorem.

The transparent papers, or pergamins, are used interchangeably with surface-coated or paraffin papers, which are admitted under the same paragraph and bear a duty of 2½ cents a pound and 15 per cent ad valorem. Our experience in the business has taught us that we are not able to make this paper and put it in competition on the Atlantic seaboard with the imported article, for the reason that the Germans and Swedes are able to obtain their labor at about 41 per cent of our cost, and are also able to obtain their sulphite fiber, from which this paper is made, at from \$10 to \$15 a ton below us for the same grade of stock in this country. Therefore they are able to put their paper in the seaboard markets at from 10 to 15 per cent below our cost of production, which of course shuts us out of business there.

The CHAIRMAN. I understand your contention is that parchment paper made from wood pulp is now classified by the courts as paper otherwise provided for at a lower rate of duty?

Mr. VAN WINKLE. Yes, sir.

The CHAIRMAN. And you desire to have it classified as paper made from rags, ordinary parchment paper?

Mr. VAN WINKLE. Yes, sir. The fact, Mr. Chairman, is that parchment paper is sometimes made of rags and sometimes made out of sulphite.

The CHAIRMAN. What relation does the parchment paper made from pulp bear to the other parchment paper? Is it substantially the same?

Mr. VAN WINKLE. Practically the same.

The CHAIRMAN. Is the process about the same?

Mr. VAN WINKLE. It varies a little.

The CHAIRMAN. The cost is about the same per pound?

Mr. VAN WINKLE. It is about the same per pound.

The CHAIRMAN. I do not think the committee will have any difficulty in coming to the conclusion that parchment paper made from anything will be classified as the same. That would satisfy you?

Mr. VAN WINKLE. Yes.

The CHAIRMAN. You do not ask for a change of duty?

Mr. VAN WINKLE. Not at all.

The CHAIRMAN. Do you ask for a change of duty on all parchment papers?

Mr. VAN WINKLE. Yes. We ask that they be classified the same as the papers with which they come into competition.

The CHAIRMAN. I think that is sufficient.

Mr. CLARK. Mr. Van Winkle, what is it you want?

Mr. VAN WINKLE. We want our paper taken from the unclassified list, which it is now in, and put into the classified list under an amended section—398.

Mr. CLARK. If there is no difference in the tariff after you change it, what do you want to change it for?

Mr. VAN WINKLE. I did not say that.

The CHAIRMAN. It comes in now as paper not provided for at the lower ad valorem rate.

Mr. VAN WINKLE. I said we did not want to have the tariff changed.

The CHAIRMAN. As interpreted by the courts, there is a difference. But you desire to have it the same?

Mr. VAN WINKLE. Yes.

Mr. CLARK. When did you start this business?

Mr. VAN WINKLE. In 1905.

Mr. CLARK. That is, under the same law as you have got now?

Mr. VAN WINKLE. Yes, sir.

Mr. CLARK. Are you making money?

Mr. VAN WINKLE. A little money.

Mr. CLARK. How much money did you make? Let us be perfectly frank with each other.

Mr. VAN WINKLE. On a 300,000 investment we are able to earn from \$8,000 to \$10,000 a year.

Mr. CLARK. How much per cent is that?

Mr. VAN WINKLE. That would be less than 8 per cent.

Mr. CLARK. Is it more than 7 per cent?

Mr. VAN WINKLE. I would have to stop to figure that out. Let us see. Yes; it would be.

Mr. GAINES. You have your figures wrong somewhere; either the amount you are calculating on or your percentage.

Mr. VAN WINKLE. I have not figured it out in per cent. We can earn from \$8,000 to \$10,000 at the rate we have been going in the last six months on a \$350,000 investment.

Mr. GAINES. That would be 3 per cent.

Mr. CLARK. That is the nub of the whole business—what you have just said, "On the basis of the last six months," and the last six months are the worst six months anybody has seen in the United States in the last ten years. Is not that the honest truth?

Mr. VAN WINKLE. The honest truth is that business has been very dull in most lines.

Mr. CLARK. All manufacturing lines?

Mr. VAN WINKLE. I think there are some exceptions.

Mr. CLARK. In most of them. Now, take the best six months, say, in 1907. How much dividend could you make in those six months if you segregated what went before from what came after?

Mr. VAN WINKLE. We are selling our paper at as high a price as we can get for it, and under present conditions the imported paper will not allow us to get any more.

Mr. CLARK. But we have the gorgeous promise that everything is going to blossom like the rose from now on. [Laughter.]

Mr. VAN WINKLE. If it blossoms that way it will be all right. But it might not blossom. [Laughter.]

Mr. CLARK. If it does blossom according to programme, you will not need any increase of the tariff?

Mr. VAN WINKLE. Yes; there would be need of it, because the imported article would come in here cheaper than we could produce it.

Mr. CLARK. You made the first ever made in the United States?

Mr. VAN WINKLE. Yes; so far as I know, that is so.

Mr. CLARK. Why did you not go on and investigate the relation of things in Germany and Sweden to America under the Dingley rates before you went into it?

Mr. VAN WINKLE. We thought we did, but we were mistaken.

Mr. CLARK. Why did you not employ somebody to tell you?

The CHAIRMAN. Nobody could tell what the courts would hold. He could not employ that man in the United States. [Laughter.]

Mr. DALZELL. It is a question of classification.

Mr. CLARK. I know, but it is also a question of raising revenue.

The CHAIRMAN. If all parchment papers ought to be reduced, that would be a fair proposition?

Mr. VAN WINKLE. It would.

Mr. CLARK. If this man is making a fair profit, instead of marking up his the other fellow's ought to be marked down.

Mr. VAN WINKLE. I want to say that no man considers 3 per cent in manufacturing business a very good profit.

Mr. CLARK. I do not believe so, either, if that is what you got.

Mr. VAN WINKLE. No.

Mr. CLARK. You counted out interest and wear and tear before you commenced, and that dividend is "clear velvet," in the language of the street.

Mr. VAN WINKLE. Suppose there was an accident. You know one does not want to take too much risk in the manufacturing business. We might have an accident, or an explosion of a boiler, or things like that, that you could not have on a farm.

Mr. CLARK. No, but our teams might run off and destroy all the machinery and everything we have.

Mr. VAN WINKLE. I do not believe you can get anybody to put money in a 3-per-cent manufacturing industry.

Mr. CLARK. You just now stated that after counting out the interest and wear and tear of machinery you still had 3 per cent velvet.

Mr. VAN WINKLE. We did during the last six months.

Mr. CLARK. That is, during the worst time we ever saw you would get your interest and wear and tear and 3 per cent profit for the first six months?

Mr. VAN WINKLE. We do not think an interest charge on the investment in a manufacturing industry should be counted as part of the profit. You would not do that on a farm.

Mr. CLARK. That is precisely what we would do. The right way to cipher out what you can make as profit is first to count your interest on your investment.

Mr. CALDERHEAD. If that is right, I would have to give my wheat away. [Laughter.]

Mr. CLARK. Oh, no; you would not. You are raising wheat on that land out there at the rate of \$125 an acre.

Mr. GRIGGS. Mr. Van Winkle, what salary do you pay to your president?

Mr. VAN WINKLE. We do not pay him a cent.

Mr. GRIGGS. Does anyone of your executive officers get a salary?

Mr. VAN WINKLE. Not excepting the general manager.

Mr. GRIGGS. What do you pay your general manager?

Mr. VAN WINKLE. We pay the general manager \$2,500 a year.

Mr. GRIGGS. And you say the president gets nothing?

Mr. VAN WINKLE. The president gets nothing, and the secretary gets nothing, and no directors get anything at all, only their percentage of the dividends. If the mill earns anything, they get it; if not, they do not.

Mr. FORDNEY. Mr. Van Winkle, you do not feel under present conditions, with the tax on that imported article, that you have made a fair profit on your investment?

Mr. VAN WINKLE. That is it.

Mr. FORDNEY. And you want a fair protection to do that?

Mr. VAN WINKLE. Yes.

Mr. GRIGGS. Have you increased your stock since you have been in operation?

Mr. VAN WINKLE. No, sir. We have increased our debts, because we have had a lot of experimenting to do and a lot of new machinery to install; and until the last six months we did not make any money at all; in fact, we lost money.

BRIEF ON BEHALF OF THE HARTFORD CITY PAPER CO., HARTFORD CITY, IND., RELATIVE TO PARCHMENT PAPERS.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: This statement or brief is submitted on behalf of the Hartford City Paper Company, organized under the laws of the State of Indiana and doing business in Hartford City, Ind., and involves the manufacture of paper, under Schedule M—pulp, papers, and books, and more particularly paragraph 398 of the act of July

24, 1897, as follows, the portion italicized being particularly under discussion :

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; *parchment papers, two cents per pound and ten per centum ad valorem*; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

It is respectfully urged that the section above quoted should be amended so as to read as follows, the portion italicized being added thereto :

Surface-coated papers not specially provided for in this act, *grease-proof, imitation parchment, pergamin papers which have been supercalendered, and rendered transparent or partially transparent, and commercially known as glassine, parchmyn, and japanin paper*, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, *imitation parchment, grease-proof, pergamin papers, and papers of a density sufficient to show blisters when subjected to heat*, two cents per pound and ten per centum ad valorem; plain basis photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

The suggested amendments are descriptive of various grades of paper manufactured by the company on whose behalf this statement is made by other companies in the United States. These papers come into open and direct competition with the same class of papers now imported into this country, mostly from Germany and Sweden. The imported product, under a decision of the Secretary of the Treasury hereafter referred to, is dutiable at 25 per cent ad valorem under the italicized portion of the general provision of paragraph 402, as follows, the italics being ours :

Paper hangings and paper for screens or fireboards, *and all other paper not specially provided for in this act, twenty-five per centum ad valorem*; all Jacquard designs of one-line paper, or parts of such designs, finished or unfinished, thirty-five per centum ad valorem; all Jacquard designs cut on Jacquard cards, or parts of such designs, finished or unfinished, thirty-five per centum ad valorem.

It is contended that these papers, now being imported into this country under the commercial names of grease-proof, pergamin, imitation parchment, No. 2 parchment, glassine, parchmyn, and japanin, and sold in competition with the same grade of paper manufactured here, should not be permitted to come in under the general classification as provided in paragraph 402, and that paragraph 398 should be amended as above suggested so as to clearly include these grades of paper in the classification of papers there described to which they are similar either in material, quality, texture, or the use to which they may be applied.

There are many reasons why this should be done, and we shall refer to some of them briefly :

Reasons for classification under paragraph 398.

1. Present construction: It was probably intended by the framers of the act, under the designation "parchment papers," to include all

other papers which, in point of either material, quality, texture, or uses to which they may be put, are similar to parchment papers. At the time of the passage of the act in question, imitation parchment, grease-proof, pergamyn, glassine, parchmyn, and japanin papers were not manufactured in this country at all and were but little used. However, it was evidently not the intention of Congress in framing the act of July 24, 1897, to give to the descriptive words "parchment papers" a narrow construction or to bring within their meaning only such papers as were made of a particular material or in a particular manner. That this is so is evident from section 7 of the same act, which we quote in full:

That each and every imported article, not enumerated in this act, which is similar, either in material, quality, texture, or the use to which it may be applied, to any article enumerated in this act as chargeable with duty, shall pay the same rate of duty which is levied on the enumerated article which it most resembles in any of the particulars before mentioned; and if any non-enumerated article equally resembles two or more enumerated articles on which different rates of duty are chargeable, there shall be levied on such nonenumerated article the same rate of duty as is chargeable on the article which it resembles paying the higher rate of duty; and on articles not enumerated, manufactured of two or more materials, the duty shall be assessed at the highest rate at which the same would be chargeable if composed wholly of the component material thereof of chief value; and the words "component material of chief value," wherever used in this act, shall be held to mean that component material which shall exceed in value any other single component material of the article; and the value of each component material shall be determined by the ascertained value of such material in its condition as found in the article. If two or more rates of duty shall be applicable to any imported article, it shall pay duty at the highest of such rates.

In the case of *United States v. Stone et al.* (101 Fed. Rep., 713), decided February 9, 1900, by the circuit court of appeals, second circuit, this question was very briefly considered. The case arose on an appeal to the circuit court of the United States by Stone and others, who were importers, from a decision of the Board of General Appraisers affirming a classification for duty by the collector of certain imported merchandise.

It appears from the opinion of the district judge that "imitation parchment," "parchment No. 2" or "grease-proof wrapping paper," had been classified for duty under paragraph 308, Schedule M, of the act of 1894, at 30 per cent, as parchment paper. The importers protested, claiming that it was dutiable under paragraph 313 or under paragraph 310 of said act, as paper, or manufactures of paper not specifically provided for. The district judge held that the decision of the general appraisers should be reversed, and this decision was affirmed by the circuit court of appeals.

It should be noted that at the time this case was considered no paper of the kind designated as grease-proof, imitation parchment, or parchment No. 2 was being manufactured in this country and the decision was made wholly without reference to its effect upon manufacturers of the same class of paper here. Moreover, section 2499, Revised Statutes of the United States, 1878, was then in force and very similar in effect, if not in language, to section 7 of the act of 1897. We quote as follows:

There shall be levied, collected, and paid, on each and every nonenumerated article which bears a similitude, either in material, quality, texture or the use

to which it may be applied, to any article enumerated in this title as chargeable with duty, the same rate of duty which is levied and charged on the enumerated article which it most resembles in any of the particulars before mentioned; and if any nonenumerated article equally resembles two or more enumerated articles, on which different rates of duty are charged, there shall be levied, collected, and paid on such nonenumerated article the same rate of duty as is chargeable on the article which it resembles paying the highest duty; and on all articles manufactured from two or more materials the duty shall be assessed at the highest rate at which any of its component parts may be chargeable.

The effect of this section probably was not considered at all, and probably was not even called to the attention of the court in *United States v. Stone*, supra, for it is not referred to in any way by either of the courts that considered the question. From the language of the opinion of the district judge, it is perfectly apparent that the "imitation parchment," "parchment No. 2," and "grease-proof wrapping paper," the imported articles, were very similar in many particulars to the parchment papers referred to in section 308, Schedule M, of the act of 1894. With this admitted similarity, it seems probable that the court would have sustained the general appraisers in their decision to classify these importations as parchment papers if section 2499 had been referred to or considered in any way.

The Treasury Department, in decision No. 22163, followed the case of *United States v. Stone*, supra, and it has been the practice since that decision in 1900 to admit all these papers described as grease-proof, pergamyn, imitation parchment, glassine, parchmyn, and japanin under the general classification of section 402, act of 1897.

Since 1895 the above-described papers have been made in this country. The industry is new and, in view of the facts presented here, the case demands a new interpretation of the meaning of parchment papers and a consideration of the effect of section 7, supra, on the whole matter.

2. Parchment: A true parchment is the skin of a calf, sheep, or goat, prepared for writing on. Parchment papers, the term used in paragraph 398, should be given a broad construction and include all papers that are similar in appearance to the real parchment and derive their name from that fact. Grease-proof, pergamyn—one of the names of the imported grease-proof—and other papers manufactured by this company have many of the qualities of parchment papers and, while differing in name, are largely used for the same purposes.

3. Grease-proof: The grease-proof and parchmyn papers, which terms apply to all the papers manufactured by this company, in many cases are substituted for parchment paper; both our papers and parchment papers are largely used by meat packers in this country for the same purpose, viz, wrapping smoked meats, lining lard pails and tubs. They are also used interchangeably by grocery men, bakers, confectioners, poultry packers, and soap manufacturers. Our papers are used because of the quality they possess of being practically impervious to greases. Parchment papers have the same quality.

4. Process of manufacture: Parchment paper which is used for the same purposes as the papers manufactured by this company is produced by subjecting paper known as "unsized" or "waterleaf," made

of cotton or sulphite fiber, or both in combination, to a bath of sulphuric acid, which renders it practically impervious to grease, while the paper manufactured by this company is rendered impervious to greases by treating the sulphite fiber from which it is made in such manner, by mechanical appliances, as to gelatinize it, making the resultant sheet of paper very dense, nonporous, and therefore practically impervious to greases.

5. Similarity in appearance: The papers manufactured by this company are not only used as a substitute for parchment paper in many cases, but they are so similar to it that it is often difficult, except by an expert, to detect any difference at all between them. Attached hereto are samples of our grease-proof paper, marked "Exhibit A," of imported grease-proof paper, marked "Exhibit B," and of parchment paper, marked "Exhibit C."

6. Requires skilled labor: The process of manufacturing the papers produced by this company requires the highest skilled and the highest priced labor used in the paper industry. The results obtained are the most perfect possible from the use of wood fiber.

7. Production limited: The care necessary to be used in the manufacture of these papers renders the production from a given unit of labor very small; therefore the cost of labor is a very important factor in the total cost of production.

8. Cost of production and labor cost: These papers are largely produced in Germany and Sweden, both of which countries export their product to this country where it is sold in competition with the same grades of paper manufactured here. Attached hereto as Exhibit G is a statement of the comparative cost of production of this class of paper, showing the cost of labor in German and Swedish mills to be about 42 per cent of the cost of labor in a mill of the same capacity in product to this country, where it is sold in competition with the same from which the paper is made is at least \$10 per ton less to the German and Swedish mills than the price of American sulphite from which our paper is made.

9. Amount imported and American production: Effort has been made to obtain a correct statement of the amount of these papers imported into this country, but owing to the fact that they come in under the unclassified list, it has been impossible to obtain exact information. From the best information obtained—that is, from our knowledge of what is used by the large consumers and other information from the importers themselves, we believe that the amount exceeds 10,000 tons annually, all of which, representing a value of more than \$1,000,000 per year, would be manufactured in the United States if adequate protection were afforded. It is certain, also, that the use of this class of papers is growing rapidly.

10. Cost delivered: On account of the low cost of labor and of raw material and the low cost of ocean freights, the Germans and Swedes are able to deliver this paper on the Atlantic and Pacific seaboard at a price varying from \$10 to \$15 per ton below our cost of production, as shown in Exhibit "H" attached hereto, which exhibit sets out the prices at which the foreign product has been purchased by New York importers from 1902 to 1908, inclusive. Exhibit "H" further shows that since 1905, when this company began the manufacture of these papers, the price of the foreign product, especially that

grade known as "Parchmyn" has been reduced an average of \$10 per ton below the price at which it was offered previous to that year.

11. Synonymous terms: The terms "imitation parchment," "grease-proof," and "pergamyn" are synonymous terms, being simply trade names for the same grade of paper, and are applied to the grade of this paper which is nontransparent, and the terms "glassine," "parchmyn," and "japanin" paper are synonymous and are applied to the grade of this paper which is transparent. All of these papers are produced from the same basis, the transparent grade being the result of an advanced process to which the nontransparent base has been subjected.

12. Waxed or paraffined papers: At the present time we understand that all imported waxed or paraffined papers are classified and dutiable as surface-coated papers under paragraph 398. This class of paper is used interchangeably with glassine, parchmyn, and japanin papers by confectioners, bakers, grocerymen, packers, butchers, soap makers, and others for wrapping merchandise, where it is desirable to use a transparent paper for showing the contents of the package and a paper impervious to grease, to protect the customers' hands from the greases or fats of the contents of the package.

Attached hereto is Exhibit D, showing sample of waxed papers, and Exhibits E and F, showing samples of glassine, parchmyn, and japanin papers, all of which in many cases are used for identically the same purposes.

13. Process of manufacture: Waxed paper, made for the purposes above stated, is made of sulphite fiber and then coated with paraffin, which gives it a transparency and renders it partially impervious to water and greases. Glassine paper is made of the same material and rendered transparent and partially impervious to grease and water, as heretofore stated, by mechanical processes, and is preferred by many users for the reason it is not coated with paraffin and contains no oils, greases, nor chemicals, and because of its purity is an ideal food wrapper.

14. Classified as surface-coated papers: Since both classes of paper, viz, waxed paper and glassine, are not only similar in appearance, but are made from the same material and are used for the same purposes, they should therefore be classified the same as surface-coated papers, under the authority of section 7.

15. General: It will be noted that no request is made for an increase of tariff rates affecting the paper industry, but this grade of paper which is now being imported into this country and which comes in direct competition with the same grade of paper manufactured by this company and other manufacturers of the United States is now made dutiable under the unclassified list at 25 per cent ad valorem. We have shown that some grades of this paper are used interchangeably with parchment paper; that for many uses they are equally as good as the parchment paper. We have shown that other grades of this paper are used interchangeably with waxed papers, now classified as surfaced paper; that for many purposes they are as good as waxed paper and for many purposes very much better; that it requires an expert to detect the difference between the two classes of papers, and that the labor required to produce it must be as skillful and as expensive as that used to produce parchment paper. For these reasons it was the

evident intention of the Congress which passed this act that this paper should bear the same duty as the parchment paper and that it should be classified in paragraph 398, under Schedule M—pulp, papers, and books.

All of which is respectfully submitted to the consideration of the Ways and Means Committee of the House of Representatives.

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE, *General Manager.*

Exhibit A, sample of imitation parchment, or grease-proof, made by Hartford City Paper Company.

Exhibit B, sample of imitation parchment, or grease-proof, imported from Germany.

Exhibit C, sample of parchment made in this country.

Exhibit D, waxed paper, classified as surface-coated paper under paragraph 398.

Exhibit E, sample of white glassine, parchmyn, and japanin paper, made by Hartford City Paper Company.

Exhibit F, sample of white glassine, parchmyn, and japanin paper, imported from Germany.

EXHIBIT G.

Cost of producing grease-proof and glassine papers, at Hartford City Mill, August 1, 1908.

The total labor cost in an American mill producing 8 tons of grease-proof and glassine papers is \$169.99 per day.

The entire conversion cost, not including raw material, is \$390.96 per day, or \$48.87 per ton of production.

Bleached white grease-proof:

Conversion cost per ton.....	\$48.87
Sulphite.....	60.50
Sizing and G-P.....	1.60
Total.....	<u>110.97</u>

Bleached white glassine:

Cost for paper, net.....	136.80
Cost for labor.....	5.81
Cost for rolls.....	2.55
Total.....	<u>145.16</u>

The above statement of cost of producing imitation parchment, grease-proof, pergamyn, glassine, parchmyn, and japanin papers in the mill of the Hartford City Paper Company are made up from the records as they appear upon the books of the company on August 1, 1908, and are true, as I verily believe.

B. A. VAN WINKLE,
General Manager.

EXHIBIT H.

Itemized statement of cost of making grease-proof and glassine papers in Klara Fors, Sweden.

The total labor cost in a Swedish or German mill producing 8 tons of grease-proof and glassine papers is \$85.71 per day.

The entire conversion cost, not including raw material, is \$261.91 per day, or \$22.74 per ton of production.

Total conversion cost.....	\$261.91
Conversion cost, per ton, based on 8 tons production.....	32.74
Cost of sulphite if produced at mill, per ton.....	28.00
Cost of sulphite if bought.....	35.00
<i>Recapitulation of cost.</i>	
Cost of sulphite if produced at mill, per ton paper.....	\$30.80
Cost of conversion.....	32.74
Sizing.....	1.50
Total cost.....	65.04

The above statement of cost of making grease-proof paper in the Klara Fors (Sweden) mill was given to the Hartford City Paper Company by one of the owners, and is thoroughly reliable.

EXHIBIT I.

Comparison of wages per day of paper-mill employees in Sweden and America.

	Sweden.	America.
Power plant:		
Engineers.....	\$1.00	\$2.75
Firemen.....	.82	2.00
Helpers.....	.75	1.75
Ash wheelers.....	.69	1.50
Coal wheelers.....	.62	1.50
Beater room:		
Beatermen.....	.75	2.25
Helper.....	.70	1.75
Do.....	.70	1.50
Machine room:		
Machine tender.....	1.15	4.00
Back tender.....	.75	2.00
Third hands.....	.70	1.50
Finishing room:		
Rewinder men.....	.75	1.75
Helpers.....	.60	1.50
Cutter man.....	.75	2.00
Helper.....	.60	1.50
Ream cutter man.....	.75	2.00
Helper.....	.60	1.75
Roll wrapper.....	.60	1.50
Girls.....	.40	.75
Boys.....	.40	1.00
Cutter man.....	.75	1.75
Box shop—Man.....	.60	1.50
Miscellaneous:		
Loaders.....	.60	1.50
Millwright.....	1.00	3.00
Helper.....	.75	2.00
Night watch.....	.60	1.50
Sunday labor, averages.....	3.00	6.24
Electricians.....	.75	2.40
Supercalenders:		
Calender men.....	1.00	3.46
Helpers.....	.75	1.50
Helpers.....	.60	1.75
Salaries:		
Superintendent.....	Averages.....	27.00
Manager.....		
Cashier.....		
Stenographers.....		
Shipping clerk.....		
Bookkeeper.....	23.40	

EXHIBIT J.

Comparison of cost of producing grease-proof paper in Germany, Sweden, and America.

	Germany and Sweden.	America.
Cost of sulphite per ton.....	\$30.80	\$49.51
Cost of conversion.....	32.74	48.75
Sizing.....	1.50	1.50
Total conversion cost.....	55.04	99.86

Taking the unit of American labor cost as 100 per cent, the German and Swedish labor cost is 41.7 per cent.

Taking the unit of American cost for raw material (sulphite fiber) as 100 per cent, the cost of the German and Swedish raw material is 62 per cent.

Taking the total cost of American product as 100 per cent, the total cost of the German and Swedish product is 65 per cent.

EXHIBIT K.

Prices of glassine papers, f. o. b. Antwerp, reduced to American standard.

	Pfennig per kilo.	Cents per pound.
White glassine:		
1902.....	52½	5.5
1903, 1904, and 1905.....	50½	5.5
1906.....	47	5.1
1907.....	47	5.1
1908.....	46	5.0
Natural glassine:		
1902.....	40½	4.4
1903, 1904, and 1905.....	37½	4.1
1906.....	37	4.0
1907.....	36	3.9
1908.....	35	3.83
Colored glassine:		
1902.....	57½-61	5.3-6.7
1903, 1904, and 1905.....	54-57½	5.9-6.3
1906.....	52-55½	5.7-6.1
1907.....	52-55½	5.7-6.1
1908.....	50½-54	5.5-5.9

Prices of grease-proof parchment f. o. b. Antwerp or Gottenburg, reduced to American standard.

	Pfennig per kilo.	Cents per pound.
Grease proof:		
1905.....	37½	4.8
1906.....	37½	4.8
1907.....	41	4.43
1908.....	36 1/10	4.23

The above statements of cost were given by reliable importers from actual purchases made from various mills in Germany and Sweden, and fairly represent the range of prices during those years.

Reduction in the German and Swedish prices on grease-proof and glassine papers since 1905, in which year the Hartford City Paper Company began manufacturing these papers in the United States.

Price per pound f. o. b. Antwerp of white glassine in 1905, 5.5 cents; in 1908, 5 cents. Reduction since 1905, \$10 per ton. Price per pound f. o. b. Antwerp of natural glassine in 1905, 4.1 cents; in 1908, 3.83 cents. Reduction since 1905, \$6 per ton. Price per pound f. o. b. Antwerp of colored glassine, in 1905, 5.9 cents; in 1908, 5.5 cents. Reduction since 1905, \$8 per ton. Price per pound f. o. b. Gottenborg of No. 1 grease-proof, in 1905, 4.8 cents; in 1908, 4.23 cents. Reduction since 1905, \$11.40 per ton.

Costs of imported glassine paper compared to cost of producing same in the Hartford City Paper Company's mill, Hartford City, Ind.

White glassine of German manufacture costs the importer now \$100 per ton f. o. b. Antwerp. Same grade of paper costs Hartford City Paper Company to manufacture \$145.16. No. 1 grease proof, of Swedish manufacture, costs the importer now \$84.60 per ton f. o. b. Gottenborg. Same grade of paper costs the Hartford City Paper Company to manufacture \$110.97.

Comparative statement of f. o. b. cost, duty paid, under present valuation of white glassine paper, at Antwerp and at Hartford City mill, Hartford City, Ind.:

	Imported.	Domestic.
Selling price, per ton f. o. b., Antwerp.....	\$100.00	
Duty, 25 per cent ad valorem.....	25.00	
Freight, Antwerp to Atlantic seaport, 10 cents per 100 pounds.....	3.20	
Insurance, commission, and cartage, 2 per cent.....	2.00	
Cost, per ton, at Hartford City mill.....		\$145.16
Freight, Hartford City to New York, L. C. L.....		9.00
Total cost in New York under present classification.....	130.20	154.16

Comparative statement of f. o. b. cost, duty paid, under present valuation of grease-proof paper, manufactured at Gottenborg, Sweden, and at Hartford City, Ind.:

	Imported.	Domestic.
Selling price per ton, f. o. b. Gottenborg.....	\$84.60	
Duty, 25 per cent ad valorem.....	21.15	
Freight, Gottenborg to Atlantic seaports, 20 cents per 100 pounds.....	4.00	
Insurance, commission, and cartage, 2 per cent.....	1.68	
Cost per ton of same grade at Hartford City mill.....		\$110.97
Freight, Hartford City to New York, L. O. L.....		9.00
Total cost in New York under present classification.....	111.43	119.97

The above comparison is made on the highest grades of imported papers with the same grades of domestic papers. On lower grades of paper the difference in cost delivered in New York is still greater in favor of the imported papers.

**THE PATERSON PARCHMENT PAPER CO., PASSAIC, N. J., THINKS
THAT PRESENT RATES SHOULD BE RETAINED ON VEGETABLE
PARCHMENT PAPER.**

PASSAIC, N. J., *December 2, 1908.*

HON. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: In view of the hearings on tariff revision now being held by your committee, we beg to respectfully submit the following:

First. The merchandise we produce is parchment paper, which is manufactured from an unsized paper made from cotton rags, and treated with sulphuric acid or other suitable reagent. Two processes are involved—making the unsized paper from cotton rags and parchmentizing with sulphuric acid. (Sample of each is attached hereto.)

Second. The paragraph of the present tariff act we are interested in is Schedule M, paragraph 398:

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

Third. We respectfully petition that no reduction be made in the rate of duty now levied, but rather that it be increased; and that should a minimum and maximum rate be adopted, it would be necessary for the protection of our industry to have the present rate (2 cents per pound and 10 per cent ad valorem) a minimum rate. A higher rate of protection would be absolutely necessary should wages decrease in Germany at any time.

Fourth. Our reasons for asking that no reduction be made are that with lower tariff the foreign manufacturers will be able to compete with us in this market to such an extent as to seriously injure our business. The manufacturers in Germany are more numerous than they are in this country, produce a greater quantity, and have frequently within the past years made a practice of exporting to this country parchment paper at prices far below the price at which parchment paper is sold in our own markets. (In reference to this, see translation of letter in *Papier Zeitung*, attached hereto. The *Papier Zeitung* is published by Carl Hoffman, of Berlin, Germany.) Herein lies the principal danger to our industry; therefore any lowering of the duty would surely result in increased importations. It is possible to produce this paper much more cheaply in Germany, Belgium, and France than in this country, and protection to more than offset wages and other costs should be granted, for the reason that foreigners could otherwise sell at a sacrifice and make it impossible for American manufacturers to compete. It appears also that the German manufacturers of parchment paper have an association which controls prices in Germany, which enables the manufacturers the better to export at cost price or less, as they are released from ruinous competition at home. (See printed circular attached.)

The cost of labor enters very largely into our paper, for the reason that the paper goes through two processes before it is finished. In the first it is manufactured into an unsized paper from cotton rags, dried and put up into rolls; from the paper mill it is sent to the parchment mill, where the paper undergoes its treatment in sulphuric acid, thoroughly washed in water, dried again and finished, and either sold in plain sheets or printed sheets. So that it is readily seen that a very large part of the cost is labor, hence the necessity of our receiving full protection.

The industry in this country has been slowly advancing in the face of domestic and foreign competition. The Paterson Parchment Paper Company, of Passaic, N. J., was the first concern to successfully manufacture and sell parchment paper in this country, in 1885, and since then eighteen competitors have come into the market, of whom two survive, the others having been driven out mainly by the foreign competition; so that to-day the manufacturers of this paper are:

The Paterson Parchment Paper Company, Passaic, N. J.

The West Carrollton Parchment Paper Company, West Carrollton, Ohio.

The Glenn Mills Paper Company, Philadelphia, Pa.

The competition among these three concerns is brisk, so that there is no danger to the community at large of being compelled to pay more for the paper than it is worth. In this connection we wish to call your attention to the fact that when in 1885 The Paterson Parchment Paper Company first entered the market, the wholesale price of parchment paper was 27 cents per pound, which price has gradually been reduced by competition, as related above, until to-day the selling price wholesale is 8.64 cents per pound, f. o. b. mill. The labor cost is more apt to advance in the manufacture of paper for the reason that the labor unions are advocating three tours of work in the paper mills and, in a great many cases, have succeeded in obtaining this concession. So far as this has been tried out it has resulted in increased labor cost and, should the manufacturers of parchment paper be compelled to follow the lead of others, it will readily be seen that the cost of production will increase and that increased protection would be necessary.

Since the present tariff bill was passed the increase in wages has been, in the paper mill, 50 per cent, and in the parchment mill, 25 per cent. Other expenses have increased, also, notably lumber, building materials, wrapping paper, twine, fuel, etc.

It should be borne in mind also that the waste in manufacturing parchment paper can not be used again as paper, and is a loss which adds to the expense of manufacture.

Under the present bill the industry has more than doubled, so that now \$1,630,000 are invested in it and about 560 people find employment, receiving \$293,000 in wages annually.

This industry is still capable of considerable expansion, as parchment paper is not as universally used in this country as it is in Europe, provided adequate protection is granted to it.

We wish to call particular attention to the fact that the paper we manufacture is known in the trade as "Vegetable parchment paper," and it would perhaps be better to so describe it in the bill, even though the words "parchment paper," as contained in the present

bill, have been construed to mean paper produced by our process. There are other papers, especially writing papers, which are known as parchment and which are produced on the paper machine, requiring but one process, and they should be distinguished from vegetable parchment paper.

We would also point out the fact that so-called imitation parchment, glassine, parchmine, etc., are not in the same class as vegetable parchment paper, for the reason that they also are made directly on the paper machine in one continuous process and are not as valuable, mainly for the reason that only one-half of the labor is expended on them. We are of the opinion that it would be confusing to put imitations of parchment paper in the same clause as genuine parchment paper in the tariff bill, but should be covered by a separate clause.

We therefore earnestly petition your honorable body that they do not recommend a lower rate of tariff, and thus destroy whatever prosperity we have been enjoying for the past ten years.

The West Carrollton Parchment Paper Company and The Glen Mills Paper Company desired us to present this brief, and should therefore be considered as approving it.

Respectfully submitted.

THE PATERSON PARCHMENT PAPER CO.
WM. F. BRUNNER, *Vice-President.*

**THE HARTFORD CITY (IND.) PAPER CO. FILES SUPPLEMENTAL
BRIEF RELATIVE TO SULPHITE PARCHMENT.**

HARTFORD CITY, IND., *December 7, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: At the time of our hearing on Schedule M—November 21—I made the statement to the committee that parchment paper was often made from sulphite fiber alone, and that it was sometimes made of a combination of cotton fiber and sulphite fiber. Sulphite fiber, as you doubtless know, is a wood product.

Mr. Elliott, who appeared before your committee on the same date in behalf of the importers and in opposition of our contention, made the statement that parchment paper (which he designated as "vegetable parchment") was made from cotton fiber, and held out the idea that it could not be made from wood fiber and that it was therefore a much more expensive paper to make than our paper.

I beg to call your attention to the inclosed copy of a letter which I wrote to Mr. Harry Zimmerman, who for several years was employed by the Friend Paper Company, of West Carrollton, Ohio, and had charge of their parchment department; also call your attention to a copy of a reply which I received from him under date of December 4 and attached samples of parchment paper which he says are made from sulphite fiber alone. Also you will note his statement that he can easily manufacture it from the sulphite fiber.

I am very sorry to take up so much of your time on this question, but it is vital to us. Our mill is now down for want of orders, and we can not meet the competition from the importers in the East, and of

course can not sell our goods at a higher price than they can buy the imported article for, and for that reason we are not able to keep our mill going.

Very truly, yours,

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE,
General Manager.

EXHIBIT A.

NOVEMBER 28, 1908.

Mr. H. ZIMMERMAN, *West Carrollton, Ohio.*

DEAR SIR: We have again had occasion to think over the proposition of parchment paper, and remembering your visit to us during last February, we have been discussing whether or not you stated to us that vegetable parchment paper can be made from an exclusively sulphite stock. As the writer remembers your statement, you stated that the vegetable parchment can be made and often is made from a purely sulphite stock and that the use of cotton fiber is not absolutely necessary, and furthermore, that the use of it depended on whether or not cotton fiber was cheaper than sulphite fiber; in other words, that which of the two fibers they used depended upon the price. As you know, we are not in position here to use cotton rags, and if we should in future decide to make this paper we would necessarily have to make it from sulphite fiber base.

Awaiting your advices with interest, we beg to remain,

Very truly, yours,

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE, *General Manager.*

EXHIBIT B.

KALAMAZOO, MICH., *December 4, 1908.*

HARTFORD CITY PAPER COMPANY,
Hartford City, Ind.

MY DEAR MR. VAN WINKLE: I received yours of the 28th addressed to me at West Carrollton, Ohio—same was forwarded to me at Kalamazoo, Mich.—contents carefully noted, and in reply wish to say that I will again give you the same proposition that I gave you last February. If you will remember, my proposition was that you add vegetable parchment paper with your parchmyn and glassine papers; in that way you would be manufacturing a full line of specialties for wrapping meats, lards, and butter; also for the canneries. I am sending you a few samples of vegetable parchment paper made from all sulphite pulp which I can manufacture with ease.

Now, Mr. Van Winkle, I can not quite catch the drift of your letter; you did not state in your letter, were you to take on the manufacturing of vegetable parchment, just who your vegetable-parchment man would be, and this being the case we can not be confidential as yet.

I would be much pleased to hear from you, and wish to say that I do not know of any party who would be able to take on the manufacture of vegetable parchment with a less outlay of money than the Hartford City Paper Company.

Very truly, yours,

HARRY ZIMMERMAN,
1825 Center Street, Kalamazoo, Mich.

ENVELOPES.

[Paragraph 399.]

**THE AMERICAN PAPER GOODS COMPANY, KENSINGTON, CONN.,
SUGGESTS NEW CLASSIFICATION FOR ENVELOPES.**KENSINGTON, CONN., *December 4, 1908.*HON. SERENO E. PAYNE, M. C.,
Washington, D. C.

DEAR SIR: In connection with proposed revision of the tariff we desire to call attention to the fact that duties prescribed in existing tariff, sections 397, 398, 399, and 402, in reality discriminate against the American envelope manufacturer in favor of the European.

There has been a constantly growing demand the past few years for envelopes made from high-glazed transparent papers, which papers are produced only in Europe, chiefly in Germany.

We have endeavored to supply this demand, but since the business has assumed large proportions have been decidedly hampered by the importation, chiefly from Germany, of the completed article.

The chief cost of these goods is the paper, admitted at present (section 402) as paper not otherwise specifically provided for at a rate of 25 per cent ad valorem, while the completed article is admitted (section 399) at a rate of 20 per cent ad valorem.

In making envelopes in the United States paper must of necessity be imported in sheets or rolls, and there is a loss in cutting the irregular shapes required often as high as 12 and 15 per cent and a further waste running often as high as 5 per cent in manufacture. On all this waste the American manufacturer pays the duty of 25 per cent, while the foreign manufacturer pays but 20 per cent on paper actually used in the completed article plus his cost of manufacture, which is smaller than ours, and selling profit.

Were suitable papers made in the United States, we should be glad to avail ourselves of this source of supply; but they are not, nor have experiments in this country turned out favorably, nor is there any inducement to the American paper maker to develop these grades of paper for envelopes so long as the German envelope is sold here cheaper than the German paper, and the American envelope manufacturer is unable to engage in the business. We, therefore, feel that in justice to domestic manufacturers of both paper and envelopes, the rate of the raw material should be compensated for by a duty on the manufactured article. On account of waste in cutting, running, and cheaper labor abroad, the rate on the manufactured article, to be really equitable, should be materially more than on the raw material.

Without knowledge of what the raw rates on paper will be, we therefore strongly recommend that section 399 be amended as follows:

Paper envelopes, plain, 20 per cent ad valorem; if bordered, embossed, printed, tinted or decorated 35 per cent ad valorem, plus an additional duty at the rate imposed on the paper used in their manufacture.

This gives us very little protection. Practically it simply gives us a chance to compete in the American market on even terms with the foreign manufacture.

We particularly feel the need of this provision at this time since applications are being made to increase the tariff and cost to us,

not only upon various grades of paper, but upon other materials which we are obliged to import, for example tapioca flour not made in this country at all. These applications it is impossible for us to be advised of in time, or in many cases successfully to oppose when we do learn of them. The only safe position for our industry is one where an increase in the tariff on our raw materials will, as here requested, carry a balancing rise in the tariff on foreign envelopes.

We have never asked for any discrimination in our favor, but respectfully submit that ourselves and others ought not to be discriminated against in favor of our foreign competitors.

Yours, truly,

THE AMERICAN PAPER GOODS Co.,
N. S. BACON, *Assistant Secretary.*

(The Continental Paper Bag Company, New York City, writes indorsing above letter.)

**THE SEWELL-CLAPP MANUFACTURING CO. ASKS A HIGHER DUTY
ON ENVELOPES THAN ON ENVELOPE PAPER.**

CHICAGO, *December 7, 1908.*

Hon. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Our attention has been called to the fact that by the present tariff law a higher rate is in some cases imposed upon foreign-made paper brought into this country than on the envelopes made of such paper. This is a manifest injustice to the envelope manufacturers in this country and an evident discrimination against American labor. The American manufacturer must pay the higher rate of tariff on the paper wasted in process of manufacture, while the foreign manufacturer pays a lower rate of tariff on the paper actually used in making the envelopes only.

We respectfully represent that the tariff, in justice to American manufacturers of envelopes, should be so amended as to place upon foreign-made envelopes a considerably higher rate of duty than that laid upon the paper of which the envelopes are made.

The increasing use of envelopes made of imported papers makes this a matter of considerable importance to envelope manufacturers, and we respectfully recommend it to the attention of your committee.

Very truly, yours,

SEWELL-CLAPP MFG. Co.,
CLEMENT L. CLAPP.

**HON. HARRY M. COUDREY, M. C., SUBMITS LETTER OF HESSE
ENVELOPE AND LITHOGRAPH CO., OF ST. LOUIS, MO., RELATIVE
TO THE DUTY ON ENVELOPES.**

ST. LOUIS, *December 7, 1908.*

Hon. H. M. COUDREY, M. C.,
Washington, D. C.

DEAR SIR: As the Ways and Means Committee of Congress is at work revising the tariff, we think it but right and proper to call your

attention to certain facts existing under present tariff, which discriminates against the American manufacturer of envelopes in favor of European competition in sections 397, 398, 399, and 402.

In the past few years there has been a constantly growing demand for envelopes in this country made from certain papers which are produced only in Europe, chiefly in Germany.

The chief item of cost in the manufacture of envelopes is the paper. Take, for instance, a certain transparent high-glazed paper, which is now being used to a great extent in this country in the manufacture of envelopes, admitted at present (section 402) as paper not otherwise specifically provided for at a rate of 25 per cent ad valorem, while the completed envelope (section 399) is admitted at a rate of 20 per cent ad valorem.

In manufacturing envelopes it is necessary to import this paper in sheets or rolls, and in cutting the irregular shapes for envelopes there is a loss in cutting of from 12 to 15 per cent, and a further loss in waste in running through machine of about 5 per cent. On all this waste the American manufacturer pays a duty of 25 per cent, while the foreign manufacturer only pays 20 per cent on the actual amount of paper used, paying nothing on the waste, which we are obliged to figure in the cost of our product.

Of course, we do not know what the revised rate on paper will be when the committee gets through with it, and without this knowledge we suggest, recommend, and urge that section 399 be amended as follows:

Paper envelopes, plain, 20 per cent ad valorem; if bordered, embossed, printed, tinted, or decorated, 25 per cent ad valorem plus an additional duty at the rate imposed on the paper used in their manufacture.

We believe the above to be only fair to the American manufacturer, whose cost of labor and other expenses are much higher than in foreign countries.

We particularly feel the need of this provision at this time, since applications are being made to increase the tariff on other materials used by us in the manufacture of envelopes. Tapioca flour, for instance, which is not made in this country at all and which is probably the next greatest item in the manufacture of envelopes outside of labor. This is not a luxury, and, as stated, can not and is not being produced in this country. Why, then, should a duty be placed upon it?

We know the committee wants to learn the facts and will make such recommendation as will protect American manufacturers and at the same time work no hardship on the people of this great country.

Yours, truly,

HESSE ENVELOPE AND LITHO. CO.,
F. H. HESSE, *President and Treasurer.*

PERFORATED LABELS.

[Paragraph 400.]

THE ARTHUR C. HARRIS CO., NEW YORK CITY, ASKS FOR MAINTENANCE OF PRESENT DUTIES ON PERFORATED LABELS.NEW YORK CITY, *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish to lay before you the facts concerning an industry which, while not of national importance in itself, is nevertheless well calculated to represent certain phases of the tariff question.

We are practically the sole manufacturers in this country of perforated silver tickets used in the put-up of fine cotton cloths. We are facing a keen competition from England and Germany, where the hand labor, which is a large factor of cost, can be had at about one-third of the American standard wages. When you consider that the raw material, i. e., silver-laid paper, has to be imported, you will readily appreciate that an average duty of 40 per cent on labor which is practically 66 $\frac{2}{3}$ per cent cheaper than ours is not prohibitory to the foreigner.

The main argument which is left us is quicker deliveries and more careful attention to orders than the foreigner can give.

To sum up, as it affects perforated work on silver or other metal papers, the tariff ought to be maintained at least on the finished product, while the duty on metal-covered papers might be lowered.

Very truly, yours,

ARTHUR C. HARRIS COMPANY,
ARTHUR C. HARRIS, *President.***CHILDREN'S BOOKS.**

[Paragraph 400.]

CERTAIN IMPORTERS OF CHILDREN'S TOY BOOKS REQUEST A REDUCTION OF THE DUTIES THEREON.NEW YORK CITY, *December 19, 1908.*COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIRS: On behalf of importers of children's toy books (Raphael Tuck & Sons Company, Kaufmann & Strauss, E. P. Dutton & Co.) I respectfully request a reduction of the duties now provided in paragraph 400 of the tariff act for children's books containing illuminated lithographic prints.

The duty provided in the present act is 8 cents a pound. This amounts, as will be shown by figures subjoined, from 45 to 62 $\frac{2}{3}$ per cent ad valorem. These books were formerly imported in large quantities. The present tariff is so high that it has driven the imported article from the market, and thus deprived the United

States of considerable revenue which it obtained from this class of goods prior to the enactment of the Dingley tariff. It has also enabled the American manufacturer to raise his prices on this class of goods and increase the cost to the consumer. We respectfully ask for a reduction of the duty from 8 to 5 cents a pound. The reduced duty proposed would average from 28 to 40 per cent ad valorem, which would be, we submit, a sufficiently high duty upon this class of goods to produce a substantial revenue and permit the importation of foreign books, which represent a higher quality of artistic work than the corresponding domestic article.

The firm of Raphael Tuck & Sons Company have, by reason of the prohibitory tariff on these goods, if imported, been having them made here by a well-known domestic manufacturer, and it has been found that the price of the article here is about equal to the price of the corresponding book in Germany, so that the domestic manufacturer needs no protection.

I submit herewith Exhibit 1, which consists of six toy books marked respectively "A," "B," "C," "Ca," "D," and "E." These books are all printed here with the exception of "Ca," which is printed abroad and which if compared with the others will show the superior quality of the foreign work. The following is a statement of the foreign cost and the landed cost here (exclusive of freight, etc.) of the corresponding foreign article, the rate of duty on the basis of the present law, and the selling price of the domestic book.

	Foreign price.	Equivalent in United States currency.	Duty.	Total landed cost (exclusive of freight, etc.).	Ad valorem equivalent of specific duty.	Selling price of American article per 1,000.
	<i>Marks.</i>				<i>Per cent.</i>	
A—2-penny toy books...	50	\$12.00	80 pounds, at 8 cents per pound, \$6.40.	\$18.40	53½	\$12.85
B—3-penny toy books...	65	15.60	100 pounds, 8 cents per pound, \$8.	23.60	51½	14.58
C—4-penny toy books...	90	21.60	150 pounds, at 8 cents, \$12.	33.60	55½	31.25
D—6-penny toy books...	155	37.20	210 pounds, at 8 cents, \$16.80.	54.00	45	37.22
E—Shilling toy books...	280	67.20	526 pounds, at 8 cents, \$42.08.	109.28	66½	66.67

In view of the foregoing we respectfully submit that the rates are too high, and that the American manufacturer needs no such protection, nor in fact any protection. We ask that the duty be reduced from 8 cents to 5 cents. If this is done the specific duty will be an equivalent ad valorem to the following percentages for these books: A, 33½ per cent; B, 32 per cent; C, 34½ per cent; D, 28½ per cent; E, 40 per cent.

We submit that these proposed rates would be quite as high as ought to be imposed on these goods. They will bring in a substantial revenue to the Government, enable the importers to bring in these goods, and by competition with the domestic manufacturer reduce the price to the consumer, and will afford the manufacturer all the protection that he needs or ought to have.

There is no reason why the duty on toy books should be made higher than on toys generally, which are subjected to a duty under

the present act of 35 per cent. We do not suggest this rate, because experience has shown that it is better to preserve the specific duty system and avoid all questions of undervaluation.

W. WICKHAM SMITH.

LITHOGRAPHIC PRINTS.

[Paragraph 400.]

IMPORTERS AND DEALERS IN DECALCOMANIA OR LITHOGRAPHIC TRANSFERS RECOMMEND NEW CLASSIFICATION.

NEW YORK CITY, *November 18, 1908.*

The HONORABLE WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: On behalf of the importers and dealers of decalcomania, or lithographic transfers, we herewith beg to present our views on the rate of duty for the consideration of your committee as to the classification for duty purposes under the tariff to be promulgated.

A brief résumé of the tariff history of this merchandise may be instructive in the light of argument, pro and con, which will be advanced on this subject by your committee.

Ever since the decalcomania, or lithographic prints, were introduced into this country for the decoration of china and earthen ware, as well as numerous other materials, these lithographic prints have been properly classified under paragraph 400 of the Dingley tariff and previously under the Wilson tariff as lithographic prints from stone, zinc, aluminum, etc., at the rate of 20 cents per pound, net weight. This rate was the subject of a distinct understanding between foreign and domestic dealers on these goods at the time the present tariff was being framed, as per evidence before the Ways and Means Committee. These decalcomania, or transfer pictures, are known throughout the trade as lithographic prints, and manufacturers of these decalcomania in Europe style their firms as lithographic establishments.

Decalcomania is a form of a lithographic print now used very extensively in the decoration of pottery and other materials the world over. The name decalcomania does not indicate the real difference in any essential feature from the term "lithographic print," and the only difference between decalcomania and the common lithographic prints lies in the fact that a decalcomania is printed on gummed paper, so that it may readily transfer from the sheet on which it is printed to some other object. It may be said right here that this gummed paper is not a surface-coated paper, neither in a technical nor commercial sense, because a surface-coated paper has a permanent surface coating, while the gummed paper which is used for the decalcomania has the gum coating only for the purpose of transferring the lithographic print thereon upon the object, as aforesaid.

Before the adaptation of decalcomania to pottery decoration pottery was decorated with so-called "printed and filled-in" patterns, i. e., the outline of a pattern was engraved on a copper plate and from

same, with the aid of printing paper, transferred upon the ware, and colors were then applied to this outline or design by a brush in the hands of a workman. This process has become obsolete since the introduction of decalcomania. The colors are now all printed and the pattern made complete in all colors on the paper, and from this paper the pattern is transferred by one process to the ware. This reduces to a considerable extent the cost of hand labor required in pottery decoration, and since hand labor is and always has been much more expensive, and skilled labor particularly so much harder to obtain in America than in those European countries where pottery has been made for many years, it was decalcomania which has placed the American potter in a position to compete with the imported foreign goods.

From the time when pottery was decorated in this country until 1899 or 1900, the above-described process of printing and filling in by hand with colors was the only method of decorating used by the American potter, and all the materials, as printing paper and ceramic colors, necessary for the decorating, were imported. By adapting decalcomania and importing same from Europe, the potter is practically importing the same materials which he formerly imported, eliminating the high cost for skilled labor, and thus enabling him to compete against foreign importers of china, not to speak at all of the higher artistic standard of decalcomania compared with printed and filled-in patterns. At the time the Dingley bill was formulated there were decalcomania transfers imported from Europe, but only for use on other materials, not on pottery. Therefore ceramic decalcomanias are not specifically mentioned in that bill. It was only about 1900 that the use of decalcomania became quite general with the potters, and since then it has become almost a universal process of applied colors in pottery decoration. With the growth and development of the pottery industry, the importations of decalcomania grew readily, and for some years there was no question raised as to the propriety of classifying it as lithographic prints under paragraph 400. When decalcomanias were first used by the potters, there was absolutely no manufacturer in this country, but there were a large number of such establishments in England, France, and Germany employing a large corps of artists in designing their patterns, and the work of these artists was therefore made available for the use of the American potters. Naturally decalcomania took the place of the raw materials the potter had previously imported in the form of pigments, colors, and printing paper.

Now, if this material had been specifically mentioned along with lithographic prints in paragraph 400, no question would or could ever have been raised as to the propriety of that classification; but because decalcomania is nowhere mentioned, the opportunity was given to the American lithographers who later began to manufacture this material, to raise a technical question and to seek the classification of the decalcomania under some schedule paying a higher rate of duty than lithographic prints. Repeated efforts have been made, particularly by one domestic manufacturer of decalcomania, to have these reclassified, first, as cigar labels; second, as manufactures of metal at 45 per cent ad valorem; third, as manufactures of paper at 35 per cent ad valorem; and fourth, as surface-coated paper at 20 per cent ad valorem and 3 cents per pound, and this is the present

rate of duty assessed on these goods. The higher rate of duty was sought by the above-mentioned domestic manufacturer in spite of the fact that he has repeatedly and in many cases been able to sell his goods at a lower price than the imported article could be offered. It is a notorious fact, and the leading American pottery manufacturers will offer testimony to the effect, that the American manufacturers of the decalcomania do not and can not obtain as high a price for their decalcomania as the foreign importers on an average, for the reason that the American decalcomanias have been confined almost exclusively to the cheap lines and to copies of the foreign designs. In decalcomania, as in every other line of applied art work, originality commands a price.

While no doubt it would be possible to have produced a limited number of original designs in this country, yet there is by no means available here the great body of artists who are seeking commercial employment in Europe.

In this connection it may be mentioned that in all instances where the domestic manufacturer offers his goods at a lower figure than we have been able to sell them and where his decorations have been copies of our patterns, the importers and dealers in these goods were subjected to a very severe loss, because the importers had to pay the European manufacturers for all the expense connected with the creation of these decorations.

As above stated, these decalcomanias are lithographic prints and nothing but lithographic prints and can not be considered as anything else, and in support of this contention we beg to refer to the following Treasury and Appraisers' decisions:

Treasury decision 24748; Treasury decision 25312, paragraph 1486; Treasury decision 25385, paragraph 1868; Treasury decision 25482, paragraph 2353; Treasury decision 24827; Treasury decision 1765; General Appraisers 3700; Treasury decision 17669; Treasury decision 17897; Treasury decision 25863; General Appraisers 5873; Treasury decision 25676, paragraph 3723; General Appraisers 5445; Treasury decision 25848; General Appraisers 5459—

And therefore claim and maintain that the present reclassification of lithographic transfers as surface-coated paper is erroneous and absolutely misleading.

Surface-coated paper is a material produced from ordinary mill paper and covered with coloring matter intended to remain permanent on the paper, and is used for binding, covering, and general manufacturing purposes, and the term "surface-coated paper" is never used to apply to lithographic work, as the application of color is not obtained by means of a lithographic stone.

This reclassification obtained by the domestic manufacturer was based upon a court decision rendered in the absence of any contesting testimony, in the absence of the importing interests, no evidence having been furnished by the importers. At the hearings before the Board of General Appraisers no witness produced by the Government had other than a "general knowledge" of what a decalcomania was, with one exception—the treasurer of the American Lithographic Company, who stated, speaking from forty years' experience, that "decalcomania process is a lithographic process entirely, although the prints are generally known as decalcomanias."

We importers are confident that if we would have had any knowledge of the proceedings before the court in Philadelphia and if we would have offered our testimony, that the decision of the court would have been to the effect that decalcomanias are lithographic prints; however, we are contemplating an appeal to a higher court, but since a new tariff bill appeared imminent, we decided to let the matter stand until we could submit our side of the case to the Ways and Means Committee.

“Surface-coated paper” and “decalomania,” both articles have a well-defined commercial meaning. Decisions of the court have been uniform in holding as a settled rule of construction of revenue laws that the duty to be imposed on an article is according to the designation of such an article as understood and known in the commerce of the United States and not with reference to the materials of which it may be composed or to the use to which it may subsequently be put.

As said above, these decalcomanias are lithographic prints from stone, which can be proven beyond doubt by explaining the method of manufacture, the process being identically the same as in the manufacture of lithographic prints provided for in paragraph 400, as the following will illustrate:

The intended floral or figure designs are first produced by artists in the form of a water-color sketch; this sketch is then turned over to the lithographer, who, following the general lithographic process, will make the drawings provided for each color on lithographic stone. When all the drawings are completed, the stones are etched in the same manner as applied to all lithographic processes, and then from the stones so prepared impressions are taken and are transferred to large lithographic stones, which are used in the lithographic press for printing. The process of printing is exactly the same as the process used for printing every lithographic picture, and the same machines are used here in America as well as in Europe.

We submit samples showing the procedure which is followed in the manufacture of those prints in the different stages of color application, and we also submit samples of lithographic prints and decalcomanias showing the same design. Both are printed from the same stone. The lithographic print or chromo is printed with ordinary printing colors, while decalomania is printed with ceramic colors, but they are both printed from the same stone, and neither technically nor commercially is there any difference between the two lithographic prints.

In consideration of the above facts, we think that there can not be any doubt that decalcomanias are lithographic prints and should be assessed as such when imported, and it is the desire of the importers and dealers in decalomania to have these goods specifically mentioned under the head of lithographic prints, for the purpose of avoiding, in the future, disputes as to the classification of these goods, which disputes not only handicap the importers, but which have proven a serious drawback to the consumers of our goods, mainly the American potters, who are the principal users of this raw material.

While we admit the contention that the domestic producer should be protected as far as possible, the American potters have always looked, and are now looking, to the importers for their decorations, for the reason of their variety and their artistic conception and being the outcome of the combined talents in Europe of artists employed by

the European decalcomania manufacturers and in the foremost European china factories. The ideas and suggestions offered by these foreign artists have enabled the importers of foreign decalcomanias to give to American potters the immediate benefit of European talent and art for application on their own wares, thus enabling the American potter to enter into immediate competition with the imported article. Should these decorations be excluded in the future by reason of an excessive tariff, it will mean a severe setback for the American potters, as they will no longer be able to compete with the foreign product, and any increase in duty on the decalcomania, which increase would immediately be followed by a proportionate increase in the price of the domestic article, would reduce the protection of staple productions in the pottery line, for which there is a most popular demand. Such an increase in duty on decalcomania would afford greater advantages for the importation of foreign goods, thus defeating the principle of protection for the benefit of a comparatively small industry, employing at the utmost 100 people, at the expense of crippling an industry employing 25,000 people and involving a yearly output of about \$18,000,000.

It is a matter of common knowledge that conditions for some years past have been adverse to the American pottery industry. It has been confronted by conditions in foreign competition that were not foreseen ten years ago. It is a safe assertion that the opportunity afforded him to use foreign decalcomania transfers, thus greatly improving the style and variety of his decorations, is the only important thing that has kept him in the market with comparative success against a most vigorous and aggressive foreign competition.

Just at this time the American potters are entering into a new field, developing their goods technically and artistically by making translucent wares, equal in quality to the European china, and, furthermore, by producing fancy specialties besides the common staple goods. It is imperative and absolutely necessary for the American potters that their future goods are decorated as perfectly and artistically as the European goods, and in order to do so the American potter absolutely needs the foreign decalcomanias, made by the same artist who produces the decorations for the European china factories. No greater hindrance could be thrown in his way to the front than by laying a prohibitively high duty on the most important raw material which he uses to-day.

The foregoing, perhaps, represents the sentimental reasons why decalcomania transfers should be brought in under a favorable duty regarding them as an essential raw material in the manufacture of American pottery, but, aside from this, decalcomania is in the strictest technical sense a lithographic print, and altogether aside from any interest the American potter may have in this subject, it is entirely consistent and proper that decalcomania transfers and lithographic prints should be assessed an identical duty.

Therefore in conclusion of the above we respectfully beg to submit our argument, resting briefly upon the two facts: First, a printing from a lithographic stone can be nothing but a lithographic print, no matter to what purposes that printing may be applied subsequently to the impressions being taken upon some yielding surface; second, these lithographic prints are the most important and essential

raw material used solely by the American pottery manufacturers, and as such should receive a favorable consideration when embodied in a new tariff act.

Respectfully submitted.

THE COMMITTEE OF IMPORTERS AND MANUFACTURERS
OF DECALCOMANIA TRANSFERS.

CERAMIC TRANSFER Co.,

21 Washington Place, New York.

RUDOLF GAERTNER,

299 Broadway, New York.

THE PALM BROS. Co.,

OTTO PALM, Jr., *President,*

148 Chambers St., New York.

EDWARD P. NORTH, NEW YORK CITY, SUGGESTS A DUTY OF ONE CENT EACH ON IMPORTED POST CARDS.

NEW YORK CITY, *November 18, 1908.*

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee.

DEAR SIR: I am a dissatisfied, would-be consumer under what I consider an injustice to Americans in the present tariff law.

I have friends in Europe who send me picture postal cards. The Italians send me postals made in Italy, the French those made in France, and the British those made in England.

When I wish to return the compliment I am forced to send something "made in Germany." This discrimination against the art of my country I object to essentially.

The difficulty is said to lie in the fact that cards made in Germany, due to the low wages of lithographers there, are cheaper than those made in this country.

As ornamental postal cards are a luxury, and as such palpably subject to a revenue tax, I hope your honorable committee will see its way clear to impose a specific duty of 1 cent each on lithographed or otherwise ornamented postal cards. Then your petitioner will be able to return the civilities of his European friends with pride and pleasure.

Very respectfully submitted.

EDWARD P. NORTH.

THE CROXALL CHEMICAL AND SUPPLY COMPANY, EAST LIVERPOOL, OHIO, ASKS TO HAVE DUTY REMOVED FROM DECALCOMANIA TRANSFERS.

EAST LIVERPOOL, OHIO, *November 18, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We beg to respectfully call your attention to the schedule under which decalcomania transfers used by pottery manufac-

turers are scheduled. The Dingley bill provided for a specific duty of 20 cents per pound. These goods have been brought into this country under this ruling until August last, when the same was changed by an order from the court in Philadelphia.

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The judge decided that they were surface-coated papers, and duty has been paid under protest on shipments arriving since that time.

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These decalcomania transfers can only be construed as raw materials. It is necessary for them to go through a process with the American potter before they are a finished product. To deprive the American pottery manufacturer of the privilege of going abroad and procuring the works of the old masters to decorate his ware in competition with the European pottery manufacturer would be more deplorable or equally so at least than a reduction in the present tariff schedule on pottery.

The pottery business of this country is one that every American citizen can feel proud of. It is rapidly growing notwithstanding the fact that but very few have made any money in the past several years owing to the still keen competition with the European potters. You will therefore see that to deny him of the privilege of using the European transfers to decorate his ware to compete with the foreign potters would be most disastrous in its results as it is the decorated effect which eventually sells the goods.

The decalcomania transfer industry is insignificant and of very small importance in comparison with the enormous interests in the pottery industry. The total output of decalcomania transfers would not exceed in value the output of one fair-sized pottery.

We believe that every effort will be made by European pottery manufacturers, especially the Germans, to see that a high tariff is placed on decalcomania transfers so that the American potter can not afford to use the foreign article, and consequently cripple him in his own market in competition with the German goods.

In support of this belief we are in receipt of a communication from Germany from a confidential source, the original of which we would be pleased to submit to your honorable body, in which they inform us that a movement has been started to increase the duty on decalcomania by German potters in the United States, as they fear that the American potters are becoming more serious competitors to them, especially by means of the high-classed decalcomania of which they are large consumers and obtain the choicest selections, and that they have succeeded in inducing the German Government to advocate a high duty on decalcomania, and will have the assistance of importers of china ware in this country.

In conclusion we sincerely trust that this matter will be thoroughly looked into, feeling confident that you will realize the importance of keeping this under the schedule as provided for in the Dingley bill, namely, at 20 cents per pound, and that to increase the duty on this article would be a gross injustice to the mammoth American enterprise such as this pottery business is.

Very respectfully,

J. T. CROXALL,

FOR CROXALL CHEMICAL AND SUPPLY COMPANY.

STATEMENT OF GEORGE R. MEYERCORD, CHAIRMAN TARIFF COMMITTEE OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, CHICAGO, ILL.

SATURDAY, *November 21, 1908.*

Mr. MEYERCORD. Mr. Chairman and members of the Ways and Means Committee, I represent the tariff committee of the National Association of Employing Lithographers, representing over 350 factories, employing a capital of over \$50,000,000, and employing over 20,000 workmen, and desire to present the necessity of radical changes regarding the import duties on lithographic products of all descriptions.

The paragraphs of the present law affecting the lithographic industry are 398 and 400, which read as follows:

398. Surface coated papers not specially provided for in this Act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem.

400. Lithographic prints from stone, zinc, aluminum, or other material, bound or unbound (except cigar labels, flaps, and bands, lettered or otherwise, music and illustrations when forming a part of a periodical or newspaper and accompanying the same, or if bound in or forming a part of printed books, not specially provided for in this act), on paper or other material not exceeding eight one-thousandths of one inch in thickness, twenty cents per pound; on paper or other material exceeding eight one-thousandths of one inch and not exceeding twenty one-thousandths of one inch in thickness, and exceeding thirty-five square inches, but not exceeding four hundred square inches cutting size in dimensions, eight cents per pound; exceeding four hundred square inches cutting size in dimensions, thirty-five per centum ad valorem; prints exceeding eight one-thousandths of one inch and not exceeding twenty one-thousandths of one inch in thickness, and not exceeding thirty-five square inches cutting size in dimensions, five cents per pound; lithographic prints from stone, zinc, aluminum, or other material, on cardboard or other material, exceeding twenty one-thousandths of one inch in thickness, six cents per pound; lithographic cigar labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels, flaps, and bands printed in whole or in part in metal leaf, twenty cents per pound. Labels, flaps, and bands, if printed entirely in bronze printing, fifteen cents per pound; labels, flaps, and bands printed in eight or more colors, but not including labels, flaps, and bands printed in whole or in part in metal leaf, thirty cents per pound; labels, flaps, and bands printed in whole or in part in metal leaf, fifty cents per pound. Books of paper or other material for children's use, containing illuminated lithographic prints, not exceeding in weight twenty-four ounces each, and all booklets and fashion magazines or periodicals printed in whole or in part by lithographic process or decorated by hand, eight cents per pound.

We ask that section 400 be amended to read as follows—this is the proposed amendment to paragraph 400:

Lithographic prints, from stone, zinc, aluminum, or other material, bound or unbound, not elsewhere specified, and any article made up in chief value of lithographic prints.

These are additions to that particular part of the paragraph. The object of this is to take any ambiguity out of the law.

The CHAIRMAN. I think the word "and" should be used in place of the word "or," as the court might interpret that to involve all those items.

Mr. MEYERCORD. It reads:

and any article made up in chief value of lithographic prints.

The CHAIRMAN. I mean in the first clause "or other material" should read "and other material." You read it, "lithographic prints, from stone, zinc, aluminum, or other material." The court might construe that to involve all of those items before collecting any duty.

Mr. MEYERCORD. I thank you for the suggestion, Mr. Chairman.

The schedule is:

	Rate of duty (cents per pound).
On paper or other material not exceeding $\frac{3}{1000}$ inch in thickness.....	30
If embossed or die cut.....	33
If both embossed and die cut.....	36
Exceeding $\frac{3}{1000}$ inch and not exceeding $\frac{2}{1000}$ inch in thickness.....	20
If embossed or die cut.....	22
If both embossed and die cut.....	24
On cardboard or other material exceeding $\frac{2}{1000}$ inch in thickness.....	12
If embossed or die cut.....	13
If both embossed and die cut.....	14

It then goes on with the former schedule. "Lithographic cigar labels" we have changed to read "lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material."

We have eliminated the word "cigar" and have made it read "lithographic labels," the reason for that being that perfume labels, etc., produced under the same general method of manufacture receive only 2 per cent or 3 per cent protection under the Dingley law. On account of the fact that they are very small and high class and in every respect identical in manufacture to the cigar label, we eliminate the word "cigar" and make it read:

Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material.

The schedule itself reads:

	Rate of duty (per pound).
Labels and flaps, if printed in less than 8 colors (bronze printing to be counted as three colors), but not including metal leaf printing.....	\$0. 30
Bands printed in less than 8 colors (bronze printing to be counted as three colors), but not including metal leaf printing.....	. 60
Labels and flaps printed in 8 or more colors (bronze printing to be counted as three colors), but not including metal leaf printing.....	. 40
Bands printed in 8 or more colors (bronze printing to be counted as three colors), but not including metal leaf printing.....	. 80
Labels and flaps printed in whole or in part in metal leaf and not over five additional printings.....	. 50
Labels and flaps printed in whole or in part in metal leaf and over five additional printings.....	. 75
Bands printed in whole or in part in metal leaf and not over five additional printings.....	1. 00
Bands printed in whole or in part in metal leaf and over five additional printings.....	1. 50
For any embossed label, flap, or band add.....	. 10

The CHAIRMAN. That is doubling the duty, generally?

Mr. MEYERCORD. That will be explained later, Mr. Chairman.

The CHAIRMAN. I ask you if that is not a fact, that it is doubling the duty?

Mr. MEYERCORD. In some instances and not in others.

The CHAIRMAN. I hope you will explain what effect that would have on the industries which use these things.

Mr. MEYERCORD. Yes, sir.

Decalcomania transfers: Ceramic prints on simplex paper, \$2.50 per pound.

It might be well for the committee to see a sample.

The CHAIRMAN. We understand about that. That is not a new subject.

Mr. MEYERCORD:

Ceramic prints on duplex paper, 70 cents per pound.

Simplex is the single sheet. Duplex is the double sheet in the form it is printed [exhibiting sample].

Decalcomania transfers backed with metal leaf, 70 cents per pound.

All other decalcomania transfers, 45 cents per pound.

Here is an amendment to the present schedule which reads:

If any article in schedule is manufactured of lithographic prints of different thicknesses, the major portion in size shall control the rate.

The object of that is, sometimes there are two types of lithographs pasted together—one is thin stock and the other thick stock—and they come within different divisions of the schedule on account of the unit of thickness. We take the major portion in size as the dividing line as to which class it shall come under. The object of that is to prevent any ambiguity in the schedule or in the classification.

A further recommendation which we make reads:

We recommend that paragraph 398 be amended to exclude all papers printed by lithographic process, so that all lithographic products will fall within the purview of paragraph 400 as amended herein.

There have been numerous court decisions and great confusion as to paragraph 400. It is probably one of the most confusing paragraphs to interpret in the entire Dingley tariff act. We seek to eliminate that confusion and bring every item of lithography under the purview of paragraph 400.

The CHAIRMAN. How much would that increase the duty?

Mr. MEYERCORD. That would be about a stand-off, in some cases lowering and in some cases raising the duty. You might cite instances where paragraph 400 will even apparently double the duty, will put some items at a very small ad valorem and other items at a prohibitive rate; but the general intent is to clarify the air in the sense of seeking to adhere to practically a uniform standard of protection.

The CHAIRMAN. Why not bring those items in under paragraph 398?

Mr. MEYERCORD. Simply because there are provisions here that cover them in paragraph 400, under eight one-thousandths of an inch in thickness. In other words, the surface-coated paper lithographic prints represent a sheet form of product that comes in intended to be used on the outside of candy boxes and the like, and the same process of manufacture would be used for a print that would come under that part of the paragraph reading, "not exceeding eight one-thou-

sandths of 1 inch in thickness." It is the same principle and there is no sense in having that come under a new schedule entirely.

Mr. BOUTELL. We had here the other day, when the tea schedule was under discussion, some exhibits of very elaborate packages in which the tea was imported, some of them being very elaborately engraved and lithographed, which were admitted free, as they claimed. Does this amendment cover the use of those packages?

Mr MEYERCORD. That, I should say, would come under the distinctly administrative section, it being the wrapper that contains the tea shipped to this country.

The CHAIRMAN. It turns out that was an entire mistake and that that is amply provided for.

Mr. MEYERCORD. This industry is somewhat more than 100 years old; originated in Germany and from there has spread to all countries of the world. It has assumed a very considerable magnitude and, like most industries carried on in this country (but to a greater extent than most others), the workmen have prospered, receiving large remuneration for their services, thereby becoming self-respecting, thrifty citizens.

The present tariff is a most inequitable one. It is most crudely devised, not properly divided into classes of work, making it very difficult for the government officers to determine as to what class the work belongs, and on many classes of importation affords absolutely no protection at all.

From almost all of the States of Europe, particularly from the German Empire, imports come, the reason for this being that the lithographers in Germany receive less wages than those of other States of Europe.

We should have revision because wages paid in the lithographic industry in the German Empire are, stated broadly, at the rate of 1 mark (say 24 cents) to \$1 paid here.

In Germany a lithographic artist is paid 32 to 36 marks (\$8 to \$9) per week; a man of like ability in this country is paid from \$30 to \$35 per week.

In Germany a steam-press printer is paid from 20 to 32 marks (\$5 to \$8) per week, and from \$20 to \$35 per week in this country.

In Germany feeders (female labor) are paid from \$3 to \$4 per week, while the minimum in this country (male labor) is \$10.50 per week on the smallest press and running up to \$17 per week on the largest press.

A like proportion holds good in every branch of the industry.

The industry in Germany is fostered by States or municipalities. Schools of art and drawing are established and maintained at the cost of the State or municipality, thereby placing more efficient workmen in the trade than is possible at present in this country.

The unions connected with the lithographic industry in this country have established a minimum weekly wage for artists, engravers, transferers, provers, and printers of \$20 per week. The employers' organization have accepted this as their own, and there is no member of an employers' association in the United States at the present time paying less than the minimum scale of wages; on the contrary, they are paying very much larger wages.

In the printing department the employers are paying a minimum rate on Nos. 1, 2, and 3 stone presses of \$20 per week; Nos. 3½ and 4½,

\$22 per week; Nos. 5 and 5½, \$25 per week; one-color rotary, \$25 per week; two-color rotary, \$27 per week; three-color rotary, \$30 per week, while the wages paid are generally much higher than the minimum rate.

Transferers and provers are paid very much higher wages than the minimum adopted by the union, few in the larger cities working for less than \$25 per week, and from that up to \$40 per week.

The minimum for stone artists is \$20 per week, but the great majority of artists are paid above \$25 per week, their wages running up to \$60 per week, while sketch artists are paid from \$25 to \$100 per week, or more.

The workmen in other branches of the industry are paid, as stated above, at least four times as much as is paid in Germany. This is particularly noticeable in the employment of female labor. It can be stated that there are few, if any, work girls in this country in our industry paid less than the minimum wage of \$5 per week, the great majority being paid much higher wages, while the wages paid in Germany for like labor is from \$1 to \$1.50 per week.

A bulletin recently issued by the United States Census Bureau shows that the average weekly wage paid to all those engaged in the lithographic industry, whether skilled or unskilled, amounts to \$16.45 per week, there being only one vocation (that of lapidary) which is paid higher.

Because the manufacturers of lithographic prints in Germany sell goods in this country below the market price for the same goods in Germany, and in some cases bill goods to their own branch offices in this country at less than the market price there.

If you would like to have me qualify that statement I can show you how it is done.

A common practice being that the cost for the designing and drawing on stone is not included, but this portion of the cost is calculated upon the price for the European market; the value of such work is in many cases greater than the cost of printing and paper and is not included in the exporters' invoice. These practices result in making the figures of our Treasury Department very inaccurate and unreliable as to what the present specific duty on lithographic prints produces in ad valorem equivalent. The computations made by the Treasury Department are based on the values given on the foreign exporters' invoices, which, as above stated, are not the true value of the goods abroad.

Importations of lithographic prints (exclusive of those articles, very large in number, which were classified as "manufactures of paper") amounted in the year 1899 to \$799,475; in the year 1907 to \$3,968,542; in 1908, the last fiscal year ending in July, to \$4,911,102. There were several million dollars additional to that not included under paragraph 400. Approximately \$7,000,000 worth of paper was imported in the last twelve months.

You will notice that we do not give the importations prior to 1899, and regret that we can not do so, which is due to the fact that all articles in the paper schedule, including lithographs, parchment papers, etc., were combined in one item in previous reports of the Treasury Department. These importations were not segregated until the end of the fiscal year 1899.

Based on the figures furnished by the Treasury Department, the specific duty transferred to an ad valorem rate (computed on the erroneous values given in the invoices) amounted to 0.1923 per cent.

To illustrate: In certain articles, such as cigar bands, the European manufacturers have taken the largest part of the market out of our hands, and a number of American manufacturers have been obliged to import the articles instead of doing the work in this country, owing to the lower cost of production abroad.

We give figures showing what the percentage of wages, paper, materials, etc., is to entire cost of production, as also the duty we have to pay under the present tariff law.

	Percentage of total cost of production.	Duty under present tariff.
		<i>Per cent.</i>
Wages.....	41	
Paper, surface-coated.....	29½	0.555
Materials.....	16	20 to 45
Insurance, rent, and power.....	7	
Color.....	3	30
Bronze and metal leaf.....	1½	23½ to .909
Superintendence.....	2	
	100	

The yearly value of the product of the industry in the United States is not less than \$25,000,000.

Computed on the official statistics of importations published by the Treasury Department for the fiscal year 1907 the specific and ad valorem duties were equal to 0.1923 per cent. The wages in the United States equaling 41 per cent of the cost of production stated at \$17,500,000 would amount to \$7,175,000, while the wages paid in Germany would amount to \$1,793,750, showing increased wages paid in the United States of \$5,381,250 on a production at cost of \$17,500,000, which shows that the specific rate in the present tariff laws, which only produced 0.1923 per cent ad valorem, does not protect the workingman in the United States.

That we are losing business under the present tariff at a rapid rate is shown by the fact that during the depression in business in 1908 the production in the United States has decreased about 25 per cent, while the imports during the same period have increased nearly 30 per cent, thus depriving our workmen of employment.

Mr. UNDERWOOD. What is the total production in the United States?

Mr. MEYERCORD. About \$25,000,000.

Mr. UNDERWOOD. And how much do the imports amount to?

Mr. MEYERCORD. About \$7,000,000, which after the duty is paid and the cost of marketing, which is very large, makes it run to \$11,000,000 or \$12,000,000.

Mr. UNDERWOOD. I am talking about the amount of importations.

Mr. MEYERCORD. About \$7,000,000.

Mr. UNDERWOOD. What do the exports amount to?

Mr. MEYERCORD. I have not those figures, but I do not believe they amount to more than \$1,000,000.

Mr. UNDERWOOD. Where do you send the foreign shipments to?

Mr. MEYERCORD. Where do we export to?

Mr. UNDERWOOD. Yes, sir.

Mr. MEYERCORD. Largely to Mexico, Canada, and Cuba; just our close markets.

Mr. UNDERWOOD. And you come in competition in those countries with this class of paper made in this country, or is it paper shipped from abroad?

Mr. MEYERCORD. Largely paper shipped from abroad.

The CHAIRMAN. I would suggest, Mr. Underwood, that you permit the witness to finish his statement, as there is a larger number of people to be heard to-day than yesterday.

Mr. UNDERWOOD. Very well; that is entirely satisfactory to me. I thought he had finished his statement.

Mr. MEYERCORD. It is deemed wise to separate decalcomania, and give it a separate schedule entirely. The Hon. J. B. Reynolds, Assistant Secretary of the Treasury, suggested this be done; also numerous customs officers deem it necessary. And, in view of the fact that decalcomania is a separate article of commerce, bought and sold, and has a different use than lithographs, and, further, in view of the fact that the industry represents several millions a year in sales, it is important enough to be separately classified. There are a number of factories that manufacture decalcomania in this country.

Decalcomania is a transfer picture printed either on simplex or double paper. It is transferred from this paper to furniture, machinery, pottery, glass, and the like, and consists of three distinct types for the purpose of customs classification.

Ceramic prints are all printed on duplex paper, but can be turned into simplex by stripping the tissue from the heavier backing paper, and hence when in tissue-paper form would weigh very little, only 20 to 28 pounds per thousand sheets. Ceramic decalcomania is used for decorating china and glassware, and is composed of metallic colors, which metallic colors are almost entirely imported, and now pay 30 per cent ad valorem tariff. Duplex paper never has been made in this country, and no attempt has been made to make it in this country, and pays 35 per cent ad valorem. It was originally classified under the Dingley law under paragraph 403 at 25 per cent ad valorem, but advanced to 35 per cent ad valorem, as a result of a court decision, and classified under paragraph 407, as a manufacture of paper.

In view of the fact that the metal leaf used is aluminum leaf, and at 6 cents per hundred leaves, the tariff is equivalent to 70 per cent on the value, and as metal leaf represents a large proportion of the cost of the article, and as it weighs practically nothing, the duty is placed at 70 cents per pound.

The other than ceramic decalcomania transfers prints can not be successfully shipped as tissue stock, hence there is no need of mentioning the word simplex or duplex in connection with same.

The brief is signed by Robert M. Donaldson, Horace Reed, and myself.

The CHAIRMAN. Do you know what the domestic production under paragraph 400 was in 1905, according to the census of that year?

Mr. MEYERCORD. About \$25,000,000, lithographs of all kinds.

The CHAIRMAN. The importations last year were \$3,930,000—about \$4,000,000?

Mr. MEYERCORD. I find that I have skipped a number of years, but the importations were \$3,968,000 in 1907 and \$4,911,000 in 1908.

The CHAIRMAN. What proportion of that is used by the manufacturers?

Mr. MEYERCORD. The manufacturers and jobbers consume practically all of it.

The CHAIRMAN. I do not care about the jobbers. I want to find out about the manufacturers, what proportion of this product they consume.

Mr. MEYERCORD. I venture to say that they consume 90 per cent of it.

The CHAIRMAN. So that the general heavy increase you propose would necessitate a readjustment of the tariff duties to the manufacturers who use the same article, providing they have not any more than a sufficient protection now?

Mr. MEYERCORD. This is a widespread industry. There is a multitude of small consumers; about 350 factories.

The CHAIRMAN. They sell wholesale. Take the crockery people. We have already heard some rumbles from them on what they have to pay now.

Mr. MEYERCORD. Yes, sir. They receive a protection of 30 per cent on color and 35 per cent on paper, and there is a very large differential against us—of nearly 20 per cent. We have to pay a premium to do business in our own country.

The CHAIRMAN. The crockery people receive 60 per cent protection?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. They say that they do not receive over 30 per cent on an honest valuation?

Mr. MEYERCORD. That is up to them; I am not knocking them.

The CHAIRMAN. I am only telling you what they claim. I am not a crockery man. You have not considered the effect on the other industries?

Mr. MEYERCORD. It would be very small, Mr. Chairman; and, furthermore, it is a luxury; and if the manufacturer, for instance, who pays—

The CHAIRMAN (interrupting). The manufacture of crockery is hardly a luxury.

Mr. MEYERCORD. That is a different article. I am talking about the lithographic label used for advertising. He can use other means, but if he desires a lithographic label he can adopt it as a matter of pride, as representative of a higher class of stuff that he has put out as an advertisement.

The CHAIRMAN. Where did you get your prices of labor?

Mr. MEYERCORD. From statistics in signed letters from manufacturers abroad, giving the rate they pay.

The CHAIRMAN. Please file them with the committee.

Mr. MEYERCORD. I have some copies and some originals. I will file the originals with the committee.

The CHAIRMAN. We will print the copies in the hearing and have the originals for the use of the committee.

Mr. MEYERCORD. Yes, sir. It is a national industry. For instance, out in Indiana we have a good many manufacturers. We have three or four in Indianapolis. We have some Down East—in New England.

St. Louis is very well represented. The State of Missouri has 15 or 20 factories, and there are manufacturers down in Texas, in the Carolinas, in Georgia, and in Louisiana. They are scattered from ocean to ocean.

The CHAIRMAN. The manufacturers have been able to get some profit in the past?

Mr. MEYERCORD. You must understand, Mr. Chairman, that there is a large part of this business that is orders for original designs and must be delivered quicker, hence impossible to import; but on duplicate orders where six months' time can be given the importer competes. It is on this duplicate order business or the staple end of the game that the importer is now getting very much the better of the American manufacturer.

The CHAIRMAN. You must get more than that or the amount of the American production would not be so large.

Mr. MEYERCORD. The domestic production of color lithography has decreased and imports have increased about 1,000 per cent under the Dingley law.

The CHAIRMAN. The increase is taken from the figures you have quoted?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. There is a large increase?

Mr. MEYERCORD. Wages are 41 per cent of the total cost of American manufacture. We require as a differential for labor, protection of 31 per cent, for the difference in labor alone. On the material or our raw product the average duty is about 40 per cent. That raw material is 50 per cent of our cost of manufacture. Thus we require a protection of 40 per cent on this 50 per cent, or 20 per cent net differential, to cover difference in cost of our raw material. We therefore require 50 per cent net protection to really be on a free-trade basis in our own home market.

The CHAIRMAN. Please file a statement of the principal materials you use, the percentage compared with the whole amount used—by dollars, not by quantity.

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. The different classes of material.

Mr. MEYERCORD. We have that all figured out now.

Mr. BOUTELL. How much of this entire production consists of the illuminated postal cards. Christmas cards, Easter cards, etc.?

Mr. MEYERCORD. Of the imports, approximately \$2,000,000.

Mr. BOUTELL. How much is the domestic production?

Mr. MEYERCORD. Not one-quarter of that.

Mr. BOUTELL. The reason I asked that question was because whenever I see these illuminated postal cards they say, "Made in Munich" or "Made in Nuremberg."

Mr. MEYERCORD. Yes, sir. That is a product that is only paying about 14 per cent. I will illustrate to you how that is arrived at. For instance: The German manufacturer makes for the German, French, or English market a series of 40 pictures. He puts the German lettering on those for the German market. He can then give these plates a slight alteration by changing the wording suitable to the American market and print up a limited quantity and ship to America; thus naming a price eliminating the cost of the plates, which may have cost four times as much as the bill of printed paper

is worth. Yet the American manufacturer would of necessity had to pay for the plates, and that is where the erroneous valuation of import invoices comes in.

Mr. BOUTELL. What I am trying to get at is, where a man in Munich makes a large series of postal cards—views of Pittsburg, Chicago, and other cities—how does he get his photographs? Do they pay any duty on entering Germany?

Mr. MEYERCORD. No; he can enter them by saying that they are for foreign work.

Mr. BOUTELL. What I want to get at is whether the German can get all the material for making the postal cards into Germany free?

Mr. MEYERCORD. Yes, sir; they are admitted for export work free.

Mr. BOUTELL. Then they send the postal cards back and we pay the full duty on them?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. If we can collect here the ad valorem duty on a fair valuation of those goods, would the protection under the present law be somewhere near adequate?

Mr. MEYERCORD. No, sir; absolutely not. There is 31 per cent differential right on the wages in favor of the foreign manufacturer at this moment.

The CHAIRMAN. I say on a fair valuation.

Mr. MEYERCORD. You can really say it is a fair valuation on the cost of printing.

The CHAIRMAN. Suppose the valuation was fixed at the wholesale price in this country?

Mr. MEYERCORD. That is a peculiar situation in the industry. A man can use these plates that he has on stone and print up a job for one-quarter of what they can be made for across the street even in Germany, just because he has already received pay for the plates or engravings from another customer. The plate is the pattern, and if a man has the pattern he can go ahead and make up the cards for almost nothing, but if he has to make the pattern then he has an awful job before him.

The CHAIRMAN. That is the same with all manufacturers.

Mr. MEYERCORD. The plate is what brings the valuation erroneously so very low, and even at the specific duty paid there is only 19 per cent protection under the Dingley law. The hearings on the Dingley law would indicate that this product was to get more than twice that. That was the intent, but the importers were so much better posted that the schedule was made to suit them, and the thing has worked out until the American manufacturer receives only about 19 per cent protection.

The CHAIRMAN. The statistics seem to show, aside from the postal-card business, which you say is about \$2,000,000, that you have not been driven entirely out of the market.

Mr. MEYERCORD. But you must understand that there are photograph postals and various other processes than lithograph postals. The most expensive postals get the same protection that the other types receive. The consequence is that the postal-card industry on high-class colored stuff is all German make. The cheaper grades of picture work are made here. The lithographer requires on postal cards about 30 per cent additional protection to put him on an equality or free trade basis in his own home market.

The CHAIRMAN. Which is used by the manufacturers, the high-class work or the low-class work?

Mr. MEYERCORD. That depends on the taste of the fellow.

The CHAIRMAN. What proportion of high-class work is used by the manufacturers?

Mr. MEYERCORD. They buy the best.

The CHAIRMAN. So that all that is used by the manufacturers is the high-class work?

Mr. MEYERCORD. Usually. It depends on whether the manufacturer is selling high-class goods.

The CHAIRMAN. Practically all?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Is there anything in the quality of the imported article that gives it an advantage over your article?

Mr. MEYERCORD. No, sir. There are manufacturers in this country who make the finest there is in the world.

Mr. CRUMPACKER. There is no superiority in point of work or quality in the imported article?

Mr. MEYERCORD. No, sir; except in the ability of the American salesman in competing at a disadvantage to induce the customer to allow him to cheapen the plates so that he can get in on the deal.

Mr. CRUMPACKER. Are there any manufacturers or consumers in this country who buy the foreign article because it is made abroad?

Mr. MEYERCORD. Yes, sir. That is according to the ability of the salesman of the importer to convince him that it is better.

Mr. CRUMPACKER. You want the tariff high enough so as to practically compel them to buy American goods?

Mr. MEYERCORD. Give us free trade in our own home market. That is all we want and we will lick him.

Mr. CRUMPACKER. If you had the increase in the schedule of tariff you ask for it would probably prohibit the importation of any foreign product, would it?

Mr. MEYERCORD. We want free trade in our home market; that is all we want. I am a free trader above the 51 per cent basis.

Mr. CRUMPACKER. You say that the importer of the foreign product in this market has actually the same footing as you under existing conditions?

Mr. MEYERCORD. He has a better footing by 25 per cent.

Mr. CRUMPACKER. And yet, notwithstanding that, you control about 85 per cent of all the product?

Mr. MEYERCORD. No, sir. Of colored work about 50 per cent. There is a great amount of work that is not produced abroad, the letter-heading work.

Mr. CRUMPACKER. The total amount of the production in 1905 was \$25,000,000.

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. And the total importations were about \$4,000,000. So it seems from your statement that you have almost a monopoly of the market and that you are not at such a disadvantage?

Mr. MEYERCORD. That is one way of looking at it. The imports under paragraph 400 alone were \$5,000,000 European value. Under paragraphs 398 and 407 several million additional arrived at Eu-

ropean value. You must take the American market price. Last year it must have amounted to \$11,000,000 or \$12,000,000.

Mr. CRUMPACKER. You stated that the importations under the Dingley tariff law had increased 1,000 per cent.

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Has the domestic production increased 1,000 per cent?

Mr. MEYERCORD. It has stood still practically.

Mr. CRUMPACKER. Has there not been an enormous increase in the issue of these prints during the last several years?

Mr. MEYERCORD. In the twelve years of the Dingley law American lithograph production has advanced possibly 20 per cent. All of it on noncompetitive quick delivery work. On the imported product 1,000 per cent at the same time under the Dingley law.

Mr. CRUMPACKER. At the time that the Dingley law was enacted the importations were of necessity very small?

Mr. MEYERCORD. Because we had reasonable protection. We had larger protection under the Wilson-Gorman Act.

Mr. CRUMPACKER. The rates were higher under the Wilson-Gorman Act than under the Dingley law?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. Paragraph 400 is manifestly a very complicated one?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. It has been in operation for nearly twelve years?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. I presume all of its provisions have been applied and interpreted so that there is practically no uncertainty about it now?

Mr. MEYERCORD. No, sir.

Mr. CRUMPACKER. And decisions have been made covering practically every provision?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. So although the decisions may not be satisfactory to you the questions have been settled?

Mr. MEYERCORD. Yes, sir.

Mr. CRUMPACKER. And if the changes you suggest should be made it would open up a new field of controversy which would probably take ten years to settle?

Mr. MEYERCORD. No, sir. We have gotten it to a point where all questions will rest on just about three general propositions.

Mr. CRUMPACKER. Would it not be better if Congress decided to increase the rates of tariff, to simply increase the rates provided in the Dingley law than to enact a lot of new provisions?

Mr. MEYERCORD. They are not new provisions. There are very few changes, and if you submit this suggested amendment to the law division of the customs bureau I venture to say that they will report that every suggestion that we have made tends to clarify the atmosphere on paragraph 400.

Mr. CRUMPACKER. I have no further questions.

The CHAIRMAN. There are 49 names of gentlemen on the list to be heard to-day. Mr. Meyercord has presented his case very fully and given facts very fully covering the whole case, and I want to know if

you gentlemen can not select one or two others of the delegation to make the oral argument in addition to what Mr. Meyercord has said and then content yourselves with filing briefs as to the balance?

Mr. BLANEY. I was going to say, with the idea of saving your time and the committee's time, that I have made some suggested changes in a brief which I will file with the committee so as to save your time, and my remarks will not exceed five minutes.

The CHAIRMAN. The difficulty is that you will talk for ten minutes and then the committee will ask you questions for an hour on something that is in your brief.

Mr. BLANEY. I will not read my brief, but I will submit it and it can be taken up at the leisure of the committee.

**STATEMENT OF FRANK J. BLANEY, REPRESENTING FORBES
LITHOGRAPH MANUFACTURING CO., BOSTON, MASS.**

SATURDAY, *November 21, 1908.*

Mr. BLANEY. Mr. Chairman and gentlemen of the committee, I appear on behalf of the Forbes Lithograph Manufacturing Company, of Boston, Mass., a large concern. It is not a member of the National Association, as is Mr. Meyercord, but we indorse in every particular the brief he has submitted, with a few minor changes which we believe would be clearer.

This imported work is not used very largely on manufactured products. Imported work is used principally as advertising. It is not work where if there were a little increase in the price it would make any material difference to the manufacturer in the cost of his product, and if the statement shall be made that the imported product is brought into this country because the American lithographer can not produce it as good as it is done abroad, I will submit these samples (exhibiting samples) of our commercial work in contradiction.

We ask most earnestly that in making this law the old paragraph 400 shall be ignored entirely, so far as its present provisions are concerned, since they are so radically wrong. For instance, under the present provision a show card, 16 by 24, on paper eight one-thousandths of 1 inch in thickness, should bear a certain rate. If you go up to just 10 pounds more on the same size sheet you get a still different rate, a rate of 8 cents a pound. If you go still further to 16 by 26, thereby having a square-inch area of over four hundred, you will get another different rate. It applies from a specific rate of 20 cents on paper not exceeding eight one-thousandths of an inch in thickness to an ad valorem rate, and it has been practically impossible to get a fair valuation on the importations while the ad valorem rate remains, and the briefs that have been submitted by Mr. Meyercord and the one I shall file with you seek to make it so clear that there will be no question as to the interpretation of the custom officials.

The CHAIRMAN. Do you import all your material?

Mr. BLANEY. We import part of the ink and all of the bronze and metal leaf that are used in printing.

The CHAIRMAN. What percentage do you import?

Mr. BLANEY. We import all the inks and metal leaf that are used in printing.

This is a very widespread industry. There are 350 establishments, and the competition would keep down any arbitrary advance in price to the manufacturers. There is no trust in the business, and all we ask, Mr. Chairman, is a sufficient protection that will cover the difference between the wages paid abroad and the wages paid in this country, plus a reasonable profit.

BRIEF SUBMITTED FOR THE FORBES LITHOGRAPH MANUFACTURING COMPANY, BY FRANK J. BLANEY, DIRECTOR, RELATIVE TO LITHOGRAPHIC PRINTS.

BOSTON, MASS., November 20, 1908.

TO HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: The Forbes Lithograph Manufacturing Company, of Boston, lithographers, established at that point, respectfully present the following recommendations as an amendment to the schedule proposed on lithographic material (paragraph 400) by the tariff committee of the National Association of Employing Lithographers.

We ask that section 400 of the 1897 tariff be amended to read as follows:

Proposed amendment to paragraph 400.

Lithographic prints from stone, zinc, aluminum, or other material, bound or unbound (except cigar labels, flaps, bands, or other small labels), not elsewhere specified, or any article made up in chief value of lithographic prints:

	Per pound.
On paper or other material not exceeding ten one-thousandths inch in thickness-----	\$0.30
If embossed or die cut-----	.33
If both embossed and die cut-----	.36
Exceeding ten one-thousandths inch and not exceeding twenty one-thousandths inch in thickness-----	.25
If embossed or die cut-----	.27
If both embossed and die cut-----	.29
On cardboard or other material exceeding twenty one-thousandths inch in thickness-----	.15
If embossed or die cut-----	.16
If both embossed and die cut-----	.17
Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material:	
Labels and flaps, exceeding 10 square inches, if printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing-----	.30
Small labels and bands, less than 10 square inches, printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing-----	.60
Labels or flaps, exceeding 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing-----	.40
Small labels and bands, less than 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing-----	.80

	Per pound.
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	\$0.50
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	.75
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	1.00
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	1.50
For any embossed label, flap, or band add.....	.10

The reasons for our dissenting from the recommendations of the tariff committee referred to are as follows:

On the item of "Paper or other material" they recommend eight one-thousandths inch in thickness as the dividing point. This is not a logical point at which to make the difference in thickness, for the reason that the same class of material—that is, hangers, calendars, etc.—are printed on paper 60, 70, 80, 90, and 100 pounds to the ream of 500 sheets, size 22 by 28. The tariff committee of the employers' association took this arbitrary division from the tariff now in force, and this is entirely wrong, as will be seen from the following facts:

For an importation of 100,000 show cards or hangers, size 16 by 24, lithographed on stock eight one-thousandths inch in thickness, which is 88 pounds to the ream of 500 sheets, basis 22 by 28, the weight on the shipment would be 11,000 pounds, and at the rate recommended by the committee—30 cents per pound—the duty on the importation would be \$3,300, whereas if stock nine one-thousandths of an inch in thickness were used, weighing 100 pounds to the ream of 500 sheets, size 22 by 28, it would then pass to the rate suggested by the committee—of 20 cents per pound—thus making the weight of the shipment of 100,000 hangers, 16 by 24, 12,400 pounds; and at the 20-cent per pound rate specified by the committee for this thickness it would make the revenue \$2,480, as against \$3,300 on the lighter stock, thus saving the importer \$820 duty for a show card made on a thicker stock, which would be more desirable for his purpose, and the increase he would have to pay for the increase in cost of stock, owing to heavier weight, would be at the rate of 6 cents per pound—\$84—and the increased freight would not be over \$6, so that the increase in the cost on account of the heavier stock would not exceed \$90, which would thus give a net saving of \$730 by reason of having the hangers on a heavier stock; and this, of course, would be a corresponding loss to the Government on revenues.

The division we have suggested is ten one-thousandths of an inch, and instead of dropping from 30 to 20 cents per pound (as suggested by the tariff committee referred to) we recommend the rate we have named above, 25 cents per pound, which is a drop of 5 cents, owing to the increased thickness.

In connection with the item under the heading of "Lithographed labels, flaps, and bands," we take occasion to include small labels not exceeding 10 square inches, and the reason for this is that the same policy which properly prevails in providing a suitable rate per pound on cigar bands, owing to the small size and the large number to a pound, should dictate that any label, no matter for what purpose it may be used, should receive the same protection as the cigar band. In explanation of this and to illustrate our contention we attach hereto a sheet marked "A," on which we pasted impressions of dies used on labels for perfumery bottles and other small articles, to show size to which labels are cut. On the same sheet we have attached cigar bands, showing that the cigar band is in many cases larger than the small labels used for perfumery and other articles. Owing to the inadequate protection afforded the American lithographers on these small labels, a large quantity are imported, and foreign houses dealing almost exclusively in this branch of business maintain agencies here. On 100,000 labels, size 2½ by 4, the weight would be 185 pounds if printed on stock basis 50 pounds to the ream of 500 sheets, size 22 by 28—and this is the heaviest-weight paper that is used for this purpose—and in many cases a lighter paper is used. One hundred thousand such labels made in America, if in 10 printings of a grade usually used for this work, would be sold at approximately \$3.50 per thousand, or \$350 for the 100,000, whereas at the rate of wages shown to prevail abroad, as given in detail by the tariff committee of the National Association of Lithographers, even the rate of tariff suggested by them would not represent the full difference between the cost of production here and abroad.

With the changes suggested above, we heartily indorse the recommendations of the tariff committee referred to, but believe in incorporating the following clause as a section under this heading of "Lithographic imports:"

"Lithographs cased with other products: No box, case, or other package containing any importation to this country, not included in this paragraph, shall contain any lithographic prints from stone, zinc, aluminum, or other material, or other items or goods listed in this section."

The purpose of this is to prevent foreign exporters or manufacturers from including 1, 2, 3, or other small number of show cards or other lithographed or advertising matter in the cases or packages containing the product they are sending to this country to sell. As foreign importations of certain goods amount in the aggregate to a large number of cases, the inclusion of show cards, lithographs, etc., in the case or package containing the commodity not only is a source of loss to the lithographic industry of the United States, but also is a very large loss of revenue to the Government, and the above paragraph, if adopted, would cause the importer to bring his lithographed or other advertising matter into the country in separate cases, thus causing a duty to be levied on same, with a corresponding amount of revenue to the Government.



(Submitted by The Forbes Lithograph Manufacturing Company, Boston, Mass., to show that small labels for any purpose should have same pound rate as cigar bands, on account of size.)

Legend.

We recommend that the following be incorporated into the new law:
Each and every label, band, wrapper, show card, or other lithographic print from stone, zinc, aluminum, or other material, shall bear on the face of same,

printed in legible letters in English, the legend "Printed in ——," the name of the country of origin to follow the words "Printed in."

Maximum and minimum.

Should the committee in its wisdom incorporate the principle of the "maximum and minimum tariff," we earnestly pray that the foregoing rates shall be adopted as the minimum rates, and that the maximum rates shall be 20 per cent in excess thereof on each and every item.

Lithographic industry in the United States.

We have refrained from entering into a general discussion of the merits of the matter, believing same to be covered by the brief submitted by the tariff committee referred to, and would only add as a conclusion that the lithographic industry opens up a very large opportunity for American art, inasmuch as the different establishments are constantly buying the works of many noted artists in this country, and the young artists especially are to a considerable extent dependent upon the trade for their support and encouragement.

Respectfully submitted.

THE FORBES LITHOGRAPH MANUFACTURING Co.,
By FRANK J. BLANEY,
A Director of the Company.

**STATEMENT OF OTTO PALM, OF NEW YORK CITY, RELATIVE TO
DUTIES ON DECALCOMANIA TRANSFERS.**

SATURDAY, *November 21, 1908.*

Mr. PALM. If the committee will permit, I would like to say a few words in reply to the arguments or statements that were made by Mr. Meyercord on decalcomanias. Of course, I think it is a mistake on our part to occupy the attention of this committee on such a small matter.

Decalcomania is a very small item going into the lithograph paragraph. Decalcomania is not an article that is used indiscriminately as other lithographic prints are, because a lithographic print when it comes to this country is simply sold as a lithographic print, as a postal card, visiting card, New Year's card, Christmas card, or chromos or calendars. Decalcomania is something entirely different. Decalcomania as it is imported or made here is not perfect in itself; it is simply an article that goes into the manufacture of other articles, without which decalcomania is of no use whatever. For instance, the pottery industry in the United States consumes about one-half of the decalcomania. Now, if you want to foster the industry of pottery, it is necessary to bring the decalcomania into this country and manufacture it here as low as possible in order to compete with the pottery that is imported from foreign countries. Of course pottery is not the only item on which the decalcomania is used. There are a number of other items on which it is used, but the pottery industry is particularly interested in this provision. As far as we are concerned, I think we all agree that we are satisfied to let the duty on decalcomania remain as it is now. We do not ask for any reduction or any increase.

Mr. UNDERWOOD. Please explain how you use it in pottery?

Mr. PALM. Here is a lithograph that is printed on decalcomania paper, or, in other words, transferring paper. [Exhibiting.] Cer-

tain colors are printed on this transfer paper. The paper is then sold to the potters and they transfer the colors from the transfer paper to the different articles of pottery requiring decoration. The pottery is then fired once more. Without the decalcomania, the pottery industry in America could not exist to-day.

The CHAIRMAN. It would have to be done by hand?

Mr. PALM. Yes, sir.

The CHAIRMAN. Have you a specimen there where it has been transferred?

Mr. PALM. There is the material right on the pottery. [Exhibiting.] That is transferred.

We contend that the potter in America can not exist without decalcomania. He must have decalcomania, otherwise he is not in it. If you want to foster and help the pottery industry of America, this committee should put decalcomania on the free list instead of increasing the duty, although we do not ask that. We are satisfied as it is to-day.

The imports of decalcomania into this country do not exceed \$400,000. It is a mere bagatelle. I have been amazed at the statements that have been made. It is like Colonel Sellers's "There are millions in it." Decalcomania is a little item, and the potter uses more than any other manufacturer in the world. The imports into this country of decalcomania amount to about \$400,000 a year. The consumption here is in the neighborhood of between \$600,000 and \$800,000, just a small matter. We have been in business for a number of years. We could not compete by importing the decalcomania with the selling prices here, and consequently we had to open a factory, and we are running factories, and a number of others are also running factories. The item of decalcomania is so small that it does not cut any ice, and if you make any change in the duty you will simply hamper and jeopardize the manufacturers of America.

The CHAIRMAN. I think you have stated your point.

Mr. PALM. Yes, sir. If you put a prohibitive duty on decalcomania, you would simply give employment to about 400 people more and, on the other hand, you would probably knock out 5,000 people in the pottery business and several hundred thousand people in some of the other branches, if you want to go that far.

Mr. UNDERWOOD. What is the rate of duty now?

Mr. PALM. Under paragraph 400 it was 20 cents a pound. The duty has been changed. Decalcomania has been kicked about like a football. It has been 35 per cent, 25 per cent, and 20 per cent.

Mr. UNDERWOOD. What is it now?

Mr. PALM. The duty on decalcomania has been placed by one of the courts of Philadelphia, under paragraph 398, at 20 per cent ad valorem and 3 cents a pound.

The CHAIRMAN. We have access to those decisions.

Mr. UNDERWOOD. What does it amount to to-day, the 20 per cent ad valorem and the 3 cents a pound duty?

Mr. PALM. It depends on what kind of goods you import. If the goods are very expensive goods it would amount to more than 20 cents per pound. If the goods are cheaper it would not amount to 20 cents per pound. That is under the clause which is 20 per cent ad valorem.

Mr. UNDERWOOD. Is the rate 20 per cent on everything with the 3 cents added?

Mr. PALM. The rate is 20 per cent and 3 cents per pound, under section 398. Previous to that decision it was under section 400 at 20 cents per pound.

Mr. UNDERWOOD. You say that the ad valorem rate is about 20 per cent?

Mr. PALM. The ad valorem rate?

Mr. UNDERWOOD. Yes, sir.

Mr. PALM. Yes, sir. Now they have changed it to 20 per cent and 3 cents per pound.

Mr. UNDERWOOD. What is the rate of duty you are paying on this stuff when it comes into the country?

Mr. PALM. Twenty per cent and 3 cents a pound under the new ruling under paragraph 398.

Mr. UNDERWOOD. What does that amount to as an ad valorem rate?

Mr. PALM. As an ad valorem rate?

Mr. UNDERWOOD. Yes, sir.

Mr. PALM. The ad valorem rate is 20 per cent. The 3 cents a pound does not amount to much; it is the 20 per cent.

Mr. UNDERWOOD. You say that about half of the product is made in this country and about one-half imported?

Mr. PALM. Yes, sir.

Mr. UNDERWOOD. How long has that been the condition?

Mr. PALM. Well, during the last four or five years, since several of these factories have established themselves and we have established ourselves.

Mr. UNDERWOOD. Has the business steadied down to a condition where one-half of the product is produced in this country and the other half imported?

Mr. PALM. Yes, sir.

Mr. BONYNGE. Where is your factory?

Mr. PALM. In Cincinnati.

Mr. BONYNGE. How large a place have you?

Mr. PALM. It is a pretty good-sized place.

Mr. BONYNGE. Is yours one of the large ones or one of the small ones?

Mr. PALM. Ours is one of the larger ones. There are only three or four others.

STATEMENT OF JOHN G. DUFFY, OF NEW YORK CITY, RELATIVE TO CIGAR LABELS, FLAPS, AND BANDS.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. Mr. Duffy, do you want to be heard on cigar labels?

Mr. DUFFY. Yes, sir; on the labels, flaps, and bands.

The CHAIRMAN. Proceed.

Mr. DUFFY. Very well.

The CHAIRMAN. Can you not file a brief statement?

Mr. DUFFY. Yes, sir. There [indicating] is the brief, and I will be as brief as possible.

We desire to state, first, in answer to what has been said to the committee, that it is not true, at least of cigar labels, flaps, and bands, that they are not exported. We have with us here a foreign manufacturer of cigar labels, flaps, and bands who testifies that they meet a very sharp competition abroad from the American lithographer. It is also a fact that there has not been a single year under the Dingley tariff when there was imported into this country \$200,000 worth of this item of lithographic prints. It is also a fact that the tariff of 1894 did not treat any more indulgently lithographic prints than they were treated in the tariff act of 1897. The cigar bands were thus treated in the tariff act of 1894; they were made dutiable under a number of colors, the lowest rate, 20 cents a pound, being applicable to 10 colors or less. The act of 1897 did not change the rate, but it did change the classification by saying "eight colors" or "less than eight colors."

Now, we think we have some standing before this committee on the proposition that it would be an advantage to allow the importation of cigar labels for the use of cigar manufacturers to be increased. Except for the bands, the cigar labels and flaps have not increased proportionately to the normal increase of business under this Dingley act. We represent a gentleman, Mr. Louis T. Wagner, who is the largest importer. It is a very small industry, the importing of cigar labels, flaps, and bands. There are only four or five firms engaged in it. Mr. Wagner, after twenty years devoted to building up the business, is now the largest importer.

The CHAIRMAN. What do you say the imports were?

Mr. DUFFY. Not over \$200,000 in value.

The CHAIRMAN. Of domestic production is it much larger?

Mr. LOUIS C. WAGNER. Considerably so. Nine-tenths of the cigar labels are produced in this country and only about one-tenth imported.

The CHAIRMAN. You have a pretty good protection on cigars?

Mr. WAGNER. I know nothing about the protection on cigars.

The CHAIRMAN. I did not know what you considered good.

Mr. GAINES. He said he is not a cigar maker. He is an importer of labels.

The CHAIRMAN. We will hear you briefly on this. You say it is not a very important matter?

Mr. DUFFY. It is important to our clients. I think I may point out here also, in answer to what has been stated, that the present rate of duty on cigar labels, as you will find on page 4 of our brief, is from 44 per cent up to 73 per cent, while just immediately above that you will see that the ad valorem equivalent of the other lithographic print duties runs to 27 per cent on the average. There is a clear injustice there. And now I want to come to the particular feature about cigar labels.

This is a cigar label [submitting specimens]. These things are generally about half paper.

The CHAIRMAN. We have seen them.

Mr. DUFFY. Yes. The paper costs about 8 cents a pound, and they put on that blank paper duties of from 20 to 50 cents a pound. We propose in the act to make a separate provision for labels and flaps, and a just provision, not grouping with them the bands. The bands are completely covered with lithographic work, and have to be

cut to shape besides. The label is usually more than half paper and not more than half lithography. We propose these rates, following the phraseology of the law exactly: "Lithographic cigar labels and flaps, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels and flaps printed in the whole or in part in metal leaf, ten cents per pound; if printed in eight or more colors, but not printed in whole or in part in metal leaf, fifteen cents per pound; if printed in whole or in part in metal leaf, thirty cents per pound. Cigar bands, if printed in colors and bronze, fifteen cents per pound; if printed in colors and metal leaf, forty cents per pound."

The CHAIRMAN. How much does one of those labels cost on a box of cigars?

Mr. WAGNER. It depends entirely on the number of pieces.

The CHAIRMAN. I mean, from the lowest to the highest?

Mr. WAGNER. If a set of four pieces is considered, which is an inside and an outside label and a flap and tag, the cost is about 4½ cents a box, sometimes more.

The CHAIRMAN. You may proceed, Mr. Duffy.

Mr. DUFFY. We make the same classification on cigar labels printed in less than eight colors, bronze printing to be counted as two colors, but not including labels and flaps printed in whole or in part in metal leaf, ten cents a pound. This is on page 8 of our brief. But if printed in eight or more colors, but not printed in whole or in part in metal leaf, fifteen cents a pound. If printed in whole or in part in metal leaf, thirty cents per pound. Cigar bands, if printed in colors and bronze, fifteen cents per pound; if printed in colors and metal leaf, forty cents per pound.

The CHAIRMAN. You need not read your brief. That will be filed. We will read that.

Mr. DUFFY. I trust the committee will.

The CHAIRMAN. Now, if you have any other matters to state outside, please state them.

Mr. DUFFY. We just desire to file some samples.

The CHAIRMAN. To the same effect?

Mr. DUFFY. Yes.

STATEMENT OF LOUIS C. WAGNER, NEW YORK CITY, ON THE SUBJECT OF CIGAR LABELS AND DUTIES THEREON.

SATURDAY, *November 21, 1908.*

Mr. WAGNER. I beg to submit, Mr. Chairman, samples of the labels made in Germany and samples from some designs copied from the German and made in this country; made in this country because you can no longer import them because of the existing high rate of duty. These samples will show that the labels are the same in workmanship in every respect. For instance, I submit here a sample of a label called "Alexander Humboldt." This is it, right here. [Submits sample.]

The CHAIRMAN. Do you ask to have it put on the free list?

Mr. WAGNER. No, sir; I am a protectionist. I believe in protection, but I do not believe in prohibitive rates. I want a decrease in the rate because I think I am justified in asking for it. "Alexander

Humboldt" costs in Germany \$13.50 a thousand sets for an edition of 50,000 sets. That is the cost in Germany, and including the duty, it will make the cost \$23.40. The same design, sample F, which is composed of the same number of pieces—in fact one additional sheet, if we had made that additional back strip originally—costs \$15 in Germany, and with the duty paid they cost \$25.65, and they are being sold and printed here for \$16.15 per thousand sets.

Now, if the importers had furnished this additional back strip, the cost on the other side, including the duty, would be \$25.65, and without the duty \$15; but that is sold right here to the trade for \$16.15.

Here is another, "La Elegancia." That consists of three pieces, and the foreign cost of 50,000 sets is \$9 per thousand. The duty added makes it \$13.80. The foreign cost of the flap, which is the third piece, is \$3.50, and the duty included makes the total cost of \$5.90. In other words, the German cost of these pieces is \$12.50, and with the duty added, \$19.60. The same design on this box [indicating] is sold by the domestic lithographer to the trade at less than \$10 per 1,000 sets against a foreign cost of \$12.50, or, with duty added, \$19.60.

The CHAIRMAN. Have you that all written out?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. Kindly file it with your brief. We have not time for that.

Mr. WAGNER. All right.

Mr. UNDERWOOD. You say you are a protectionist, but not a monopolist?

Mr. WAGNER. No. I say I am a protectionist, but I do not believe in prohibitive rates.

Mr. UNDERWOOD. That is monopoly.

Mr. WAGNER. We contend that from the time we get the first edition of labels from abroad we can not get orders for subsequent editions, because the designs are being copied in this country and sold for less than we can import them for. We go to the expense of making costly sketches and from these the lithography on stone is made by experts, while in copying the imported design here from a printed label there is no expense for sketches, and the lithography from printed copies is usually made by apprentices at a cost of only one-half that if made from sketches.

Mr. DALZELL. You claim that the duty is prohibitive?

Mr. WAGNER. Yes; that the duty is prohibitive so far as reprints go, but not for the first edition.

Mr. DALZELL. You want it reduced so that the German and the American can come into competition with each other?

Mr. WAGNER. That I ask for a reduction to enable us to import duplicate editions of every design originally our own but being copied in domestic work and sold to the trade below the cost of German goods, and not because we want to compete with domestic work. That is not at all possible under existing duties and even without any duty at all, larger editions will be excluded anyway.

Mr. UNDERWOOD. What do you want the duty reduced to?

Mr. WAGNER. The 20-cent rate to 10 cents and the 30-cent rate to 15 cents, and those at 50 cents to 30 cents.

Mr. UNDERWOOD. You think that would be fair competition?

Mr. WAGNER. These rates would still be more than ample protection to domestic industry for small lots and yet excessively high for larger lots.

My predecessor speaks of bronze printing as being counted as three colors. The commercial term for bronze printing is one and one-half colors. There is no such thing as three colors at all.

The CHAIRMAN. That is all, I think.

Is there any other gentleman who can present anything new on this subject that has not already been said?

Mr. WAGNER. Shall I leave these samples?

The CHAIRMAN. File your brief there.

Mr. WAGNER. Just one moment. It was said a while ago by my predecessor that there were no cigar labels exported to Europe. I have here some samples of the American Lithographic Company showing their agent in Holland, another one showing their agent in London, and another one showing their agent in Hamburg. They do export their cigar labels right into England and Germany in competition with those made in those countries.

BRIEF SUBMITTED IN BEHALF OF KAPPLER & MERRILLAT AND OTHERS RELATIVE TO CIGAR LABELS.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In the matter of the revision of paragraph 400 of the tariff act of 1897, so far as said paragraph applies to cigar labels, flaps, and bands.

BRIEF FOR IMPORTERS.

Cigar labels, flaps, and bands are produced by ordinary lithographic processes. Labels and flaps are interchangeable names for prints attached to any part of a cigar box. Bands are small lithographs wrapped around cigars.

Prior to the tariff act of 1894 no distinction was made between this class of merchandise and other lithographic prints. In that act (paragraph 308) separate provision was made for cigar labels, flaps, and bands at rates much higher than those prescribed for lithographic prints. This distinction was retained in paragraph 400 of the tariff act of 1897 and even a more unfair differential in rates was created.

An abstract of the provisions of both acts follows:

Act of 1894.

Lithographic prints not exceeding .008 of an inch
per pound 20 cents.
exceeding .008 of an inch but not
exceeding .020 of an inch, and ex-
ceeding 35 square inches cutting
size
per pound 8 cents.

Act of 1897.

Lithographic prints not exceed-
ing .008 of an inch
per pound 20 cents.
exceeding .008 of an inch but not
exceeding .020 of an inch, and ex-
ceeding 35 square inches but not
exceeding 400 square inches cut-
ting size
per pound 8 cents.
exceeding 400 square inches cut-
ting size
35 per cent.

Act of 1894—Continued.

not exceeding 35 square inches cutting size
per pound 5 cents.

exceeding .020 of an inch
per pound 6 cents.

Cigar labels and bands, less than 10 colors
per pound 20 cents.

10 or more colors, or in bronze printing
per pound 30 cents.

printed wholly or partly in metal leaf
per pound 40 cents.

Act of 1897—Continued.

not exceeding 35 square inches cutting size
per pound 5 cents.

exceeding .020 of an inch
per pound 6 cents.

Cigar labels, flaps, and bands less than 8 colors (bronze printing to be counted as 2 colors)
per pound 20 cents.

printed entirely in bronze printing
per pound 15 cents.

printed in 8 or more colors
per pound 30 cents.

printed wholly or in part in metal leaf
per pound 50 cents.

Except for the addition of a provision for prints exceeding 400 square inches cutting size, the tariff act of 1897 reenacted the rates prescribed for lithographic prints in the act of 1894.

Cigar labels and bands were much differently dealt with. The line of classification was changed from ten colors to eight, increasing the duty on a large line that had been admitted at 20 cents per pound to 30 cents, an increase of 50 per cent. Goods printed wholly or in part in metal leaf were made to pay 50 cents instead of 40 cents per pound—25 per cent increase.

Mr. Louis C. Wagner, who appears before this committee now and who was here in 1897, testifies that this unfair distinction represents neither the views of the House nor of the Senate of that time, nor of either of the committees who had the Dingley bill in charge. As originally passed by both Houses the bill eliminated the distinction, but it was returned from conference in its present form. Being a measure of great importance it was enacted without further delay.

The subjoined table, referring to samples submitted, shows the operation of paragraph 400 of the present act on these two classes of lithographic prints:

Lithographic prints other than cigar labels.

Samples.	Cost in Germany per 1,000.	Weight per 1,000.	Duty per pound.	Total duty per 1,000.	Ad valorem equivalent.
		<i>Pounds.</i>	<i>Cents.</i>		<i>Per cent.</i>
A and B.....	\$48.00	130	8	\$10.40	22
C.....	30.00	122	6	7.32	24½
D.....	12.75	62½	6	3.75	29½

Cigar labels.

Samples.	Cost in Germany per 1,000 sets.	Weight per 1,000.	Duty per pound.	Total duty per 1,000.	Ad valorem equivalent.
Alexander Humboldt set E. 50M sets of five pieces to set.	\$13.50	<i>Pounds.</i> 33	<i>Cents.</i> 30	\$9.90	<i>Per cent.</i> 73
La Elegancia set G. 50M sets of two pieces to set.	9.90	16	30	4.80	53
Flap A. M. C. 50M pieces.	3.50	12	20	2.40	69
Copies H. 50M sets, two pieces to set.	9.00	16	30	4.80	53
Copies K. Leila. 12M sets, two pieces to set.	11.50	17	30	5.10	44
Copies L. Havana American. 50M sets, five pieces to set.	21.00	33	50	16.50	79

Our proofs show:

(1) That cigar labels (small editions) produced in this country are sold to the trade for almost the cost of foreign goods, without duties added.

Example: Samples K, "Leila." The German cost for duplicate prints is \$11.50 per 1,000 sets; duty added, cost \$16.60. A domestic firm is now making a first edition of these labels, including outlay for lithography and embossing die, and selling the same at \$16.50, agreeing to furnish subsequent editions at \$12.50, against the foreign cost for like subsequent editions which, with duty added, is \$16.60.

(2) If cigar labels were free of duty the larger editions, comprising the most profitable part of the trade, could not be imported and sold here without loss as low as like goods can be profitably sold by domestic lithographers.

Examples.—"La Elegancia," samples G, three pieces: Foreign cost for 50M, insides and outsides, \$9 per 1,000; duty, \$4.80; total, \$13.80. Foreign cost for flaps "A. M. C.," \$3.50; duty, \$2.40; total, \$5.90. Total German cost for set, \$12.50; duty, \$19.70.

This same design will be found on and inside of cigar box submitted, made in New York, copied from the imported and sold by the maker at not more than \$10 per 1,000 sets, including the extra end label or color mark.

Recapitulation.—Foreign cost for three pieces, \$12.50, with duty, \$19.70, against the selling price of not over \$10 for domestic work of four pieces.

There are submitted samples of cigar labels originally made for Mr. Wagner in Germany and samples of the exact labels copied later by lithographers in New York. "Alexander Humboldt" set, collection E, five pieces to the set, made abroad in 50M sets, at \$13.50 per 1,000 sets; adding duty makes the actual cost \$23.40.

The same designs, samples F, are domestic work copied from the imported. This set has six pieces, an additional long back strip, and the manufacturers' selling price to the trade is \$16.15 per 1,000 sets of six pieces. If the importers had furnished this additional back strip the German cost would be \$15, or, with duty added, \$25.65, against the selling price of \$16.15 for domestic work.

Samples H, foreign work, cost \$10; with duty added, \$14.80. Samples J, domestic work, copied from the imported goods, is sold at less than \$10.

The loose samples of Mi Favorita and La Gira labels submitted are German work. The inside label Mi Favorita and the set La Gira are printed in metal leaf. The same designs which appear on

and inside of cigar box and covers are domestic work, also printed in metal leaf and copied from the imported. These samples demonstrate that metal-leaf work is produced in America with the same facility and excellence as abroad, and the testimony will show that these specimens can no longer be imported in competition with domestic work.

The present duty of 50 cents per pound on this class of label averages 73 per cent ad valorem.

The foregoing data are drawn from the testimony of Mr. Wagner, whose business is importing and selling cigar labels.

We direct especial attention to the testimony of Mr. Jacob Laux, of Chas. Stutz Co., purchasers of American goods as well, which we summarize.

Sample No. 1, originally made in Germany and bought here at \$27.50 per M sets, was afterwards reproduced here at \$17.50 per M.

Sample No. 2, sold in Germany, including duty, at \$22.50 per M sets; reproduced here at \$13.50 per M.

Sample No. 3 was made here and sold to Chas. Stutz Company in 200 M lots, ins and outs, at \$5.40 per M. The very best price made on this set abroad in same quantities was \$8 per M; if duty were added, the cost would be \$12.80 per M.

Sample No. 4 was bought in May, 1901, from domestic lithographers by Charles Stutz Co., in an edition of 50 M (ins, outs, and flaps), which was reproduced from an imported design, at \$12.85 per M for the three pieces. This was a reproduction of the La Elegancia set and flap "A. M. C." referred to in the testimony of Mr. Wagner, the total German cost, plus duty, being \$19.70 per M.

The testimony shows:

That the samples offered are typical of the whole line.

That the importation of cigar labels, flaps, and bands is confined to not over four or five firms, of which the witnesses represent the most important.

That in no single year under the present act have the importations totaled in value \$200,000.

It needs no argument to demonstrate that here is what might be an important source of revenue cut off by the prohibition rates of the present act.

At the same time, the importing firms, one of which, after twenty years of effort, has constructed a business occupied solely with these lines, are being threatened with ultimate extinction.

It is also shown that American lithographers, besides possessing a practical monopoly of the trade in cigar labels on this side, have for many years invaded the foreign markets, particularly Germany, where imported labels are produced.

The lithography and printing of cigar labels, it is shown, have made such great advances in the last twelve years that the present rates, if at any time justifiable, are now clearly exorbitant.

Furthermore, German labor in this industry, it appears, is much slower than American, 4,000 sheets of paper constituting a day's run there against 6,000 to 7,000 sheets here in the same space of time.

Another difficulty the importers labor under is presented by the domestic imitations of their original designs, saving the American lithographer the expense of an original painting or sketch, and the work of the artist-lithographer who draws such design on stone. The

testimony shows the great saving effected by copying a design from the printed label.

The high specific duties forbid the foreign label being printed on the same weight of paper as used in the domestic goods, which show the embossing to better advantage after the label is pasted on the box by reason of the thicker stock.

More particularly referring to *cigar bands*, it is shown that these goods are made by domestic lithographers and sold to the trade at practically the same prices as they are sold for in Germany for export, excluding duty.

It is submitted that the provisions of paragraph 400 of the tariff act of 1897, relating to cigar labels, flaps, and bands should be revised as follows:

Lithographic cigar labels and flaps, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than eight colors (bronze printing to be counted as two colors), but not including labels and flaps printed in whole or in part in metal leaf, 10 cents per pound; if printed in eight or more colors, but not printed in whole or in part in metal leaf, 15 cents per pound; if printed in whole or in part in metal leaf, 30 cents per pound. Cigar bands, if printed in colors and bronze, 15 cents per pound; if printed in colors and metal leaf, 40 cents per pound.

The provision of paragraph 400, calling for bronze printing only, is purposely omitted, there being no such class of goods imported.

As the samples submitted in evidence show, about one-half the space of a label or flap is blank paper.

The value of such paper, it is shown, runs about 8 cents per pound, for which paper, under the present provision, the same duty is exacted as if the whole were covered by a design, as in the case of ordinary lithographs.

A separate provision is therefore suggested for cigar bands, which are entirely covered with printing and are, moreover, cut to shape.

The testimony offered fully supports the revision asked and shows that the rates suggested to this committee are entirely in accord with ample protection to American industry.

Dated, Washington, November 21, 1908.

KAPPLER & MERRILLAT,
Washington, D. C.

KAMMERLOHR & DUFFY,
New York.

LOUIS C. WAGNER & Co.,
New York.

CHARLES STUTZ Co.,
New York.

AFFIDAVITS RELATIVE TO CIGAR LABELS SUBMITTED BY JOHN G. DUFFY AND LOUIS C. WAGNER.

SATURDAY, *November 21, 1908.*

CITY AND COUNTY OF NEW YORK, *State of New York*, ss:

Jacob Laux, being duly sworn, says: I am a member of the Charles Stutz Company, of New York; the business of said company is the manufacture of cigar boxes and the sale thereof, together with cigar labels and flaps, to the trade. I have read the brief submitted to the committee on the 21st instant and do declare that the figures stated therein with reference to specimen labels sub-

mitted to the committee, marked Sample No. 1, No. 2, No. 3, and No. 4, are correct and true within my knowledge; that said specimens were obtained by me in the ordinary course of trade and that the prices set forth were the actual prices paid by us in ordinary course of business; that our company purchases domestic labels as well as the imported ones, and that we find that the domestic article is and has been for some years crowding the imported labels out of this market. So much is this true that the importation of cigar labels is now carried on by not over four or five firms, whereas there has been a great increase in their consumption within recent years.

I was present at the hearing of the committee on the 21st instant and heard the statement of George R. Meyercord, the first gentleman heard that day. The congestion of business before the committee prohibited my having a hearing, and I desire now to contradict certain statements of Mr. Meyercord. He said that in some instances the rates he proposed were double the present rates, but that this would not be so in others. With only three exceptions, the rates proposed by him on cigar labels, flaps, and bands would be double, treble, or quadruple the present duties. He proposed an additional duty of 10 cents per pound on all goods showing an embossing. In ninety-nine cases out of one hundred domestic as well as imported labels are embossed, and every cigar band, without exception, is embossed.

Many labels are imported printed in five colors and bronze, the bronze printing under the present tariff counting as two colors, though the actual commercial value of such printing has never been considered more than one and one-half colors. This class of labels is now classified as printed in seven colors, duty at 20 cents per pound. Under Mr. Meyercord's schedule it would be considered eight colors and, with the additional duty for embossing, dutiable at 50 cents per pound.

Cigar bands printed in five colors and bronze and embossed, dutiable at present at 20 cents per pound, would pay 90 cents per pound according to Mr. Meyercord. It is so evident that Mr. Meyercord's entire schedule is outrageously high that I forbear going through the list of rates and classifications proposed by him on cigar labels, flaps, and bands.

Referring to the statement of Mr. Meyercord that European manufacturers have taken the largest part of the market from domestic lithographers, I have to state that it is my experience that cigar bands, as well as labels and flaps, are produced and sold by domestic manufacturers at about the same price as similar goods would cost us in Germany.

I do not believe the statement of Mr. Meyercord, in answer to Mr. Crum-packer's question, that an importer of these goods "has a better footing by 25 per cent" than the domestic manufacturer. As I have stated, domestic work is produced and sold to the trade at the same prices and in many cases lower than the foreign cost of like goods. Besides, the importation of cigar labels in the last ten or twelve years has not increased, but has rather decreased, so that Mr. Meyercord can not be referring to this class of work when he makes the statement that imports have increased 1,000 per cent under the Dingley Act.

In conclusion, Mr. Meyercord admits that the Wilson-Gorman Act allowed the American lithographers reasonable protection. As the present rates in the Dingley Act are higher on cigar labels, flaps, and bands than they were in the Wilson-Gorman Act, any advance now would immediately destroy the entire importing business in this line.

JACOB LAUX.

Sworn to before me this 30th day of November, 1908.

[SEAL.]

PETER J. HALPIN,

Notary Public, No. 265, N. Y. County.

CITY AND COUNTY OF NEW YORK, *State of New York*, ss:

Louis C. Wagger, being duly sworn, says: I am the Louis C. Wagner mentioned in the brief for importers of cigar labels, flaps, and bands. I have carefully examined the figures in the tabulation and do declare of my own knowledge that the same are correct and true; that said figures represent the actual selling prices in Germany of the labels and prints referred to. I have also examined the comparison of cost and selling prices here and in Germany between the domestic and imported labels referred to in said brief as Samples K, G, E, F, and H, or otherwise described by their particular names, e. g., "Mi Favor-

ita," and do declare that the same, as actually current in the market, are correctly set forth in said brief, and further that these labels represent the whole line of such merchandise as now dealt in. I am the largest importer of cigar labels, flaps, and bands. Beside myself there are at most four other firms engaged in this business, in which under the Dingley tariff act the importations have in no single year equaled \$200,000 value.

I unqualifiedly deny the statement of Mr. Meyercord so far as the same relates to cigar labels and flaps, which statement reads:

"Mr. MEYERCORD. You must understand, Mr. Chairman, that there is a large part of this business that is original orders, quick delivery, duplicates, with only six months' time given. It is the duplicate business, or the staple end of the game, that the importer is now getting the better of the American manufacturer."

The situation in my trade is precisely the reverse of what Mr. Meyercord alleges. Orders for duplicate editions are made here almost entirely, being copied from the imported designs. This is because of the present excessive duties.

LOUIS C. WAGNER.

Sworn to before me this 30th day of November, 1908.

[SEAL,]

CHARLES C. SHIELDS,
Notary Public.

CITY AND COUNTY OF NEW YORK,
State of New York, ss:

Hugo Brüning, being duly sworn, says: I am a member of the firm of Heinrich & August Brüning, manufacturers of cigar labels, flaps, and bands, whose place of business is at Hanau, Germany. I happen to be at this time making a tour of the United States and Canada seeking to obtain orders. I have met Louis C. Wagner and Jacob Laux, of this city, who have acquainted me with the pending revision of the tariff, and I desire to make a brief statement under oath, which I was prepared to do on the 21st instant before the committee at Washington but, because of the lack of time at the committee's disposal, I could not be heard.

It is a fact that foreign manufacturers find it very difficult to sell in this country any cigar labels and flaps other than first editions; these we are able to sell in some measure, for the reason that we present novel designs which make a strong appeal to the trade. Once our first edition is produced here the American lithographer easily copies it, and is able to sell subsequent editions of the same design well under our figures. It is rare that we can market in this country an edition exceeding 10,000 sets, whereas editions of 50,000 form a very large proportion of the sales made here. Abroad the foreign lithographer is meeting active competition from American goods which are put out there at prices lower than I find quoted here in New York by the same manufacturers, and even lower in many cases than we are able to sell at. The duties on such work in continental countries are generally so trivial as not substantially to figure in the cost of marketing the goods.

With regard to the conditions in German factories (where all imported cigar labels, flaps, and brands are made), I desire to state, speaking from my experience: The workmen there are not as quick as American workmen; their usual day's run is between 3,500 and 4,000 sheets, but never over 4,000; they work eight and one-half hours every day except Saturday, when the time is seven and one-half hours. In the United States a day's run is from 6,000 to 7,000 sheets.

In answer to some of the statements I heard Mr. Meyercord make before the committee, I declare: Wages of lithographic workers in Germany are not lower than those prevailing elsewhere on the Continent; they are as follows: Lithographic artists, 32 to 45 marks per week (eight hours per day and seven hours on Saturday); press printers, 27 to 40 marks per week; feeders, 17 marks per week average. There are no free artists' schools for lithographers maintained in Germany, as alleged by Mr. Meyercord. Only the evening schools, such as are common in this country, are maintained by the state without charge. The labor unions have a strong organization in Germany and have succeeded in many factories in limiting the number of apprentices to be employed, which has and will continue to have as a natural result the steady growth of wages in this industry. If the differences between wages here and

abroad alleged by Mr. Meyercord actually existed that fact would long since have been evidenced by substantial emigration to this country of German lithographers. I know that no such emigration has occurred.

HUGO BRÜNING.

SWORN to before me this 28th day of November, 1908.

[SEAL.]

CHARLES C. SHIELDS,
Notary Public.

STATEMENT OF I. WOLF, JR., OF PHILADELPHIA, RELATIVE TO DUTIES ON LITHOGRAPHIC PRINTS.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. What do you wish to talk about, Mr. Wolf?

Mr. WOLF. I just want to make one or two remarks in reference to the importation and manufacture of lithographic prints in this country and abroad. We are one of the largest producers, I believe, of American lithographic goods in this country, and at the same time the largest importers of foreign goods. The question of increasing the business has been largely on account of postal cards in the last few years—that is, the large increase in the lithographic business in the last few years has been a question of postal cards, and we are importing them in very large quantities, but we find that now within the last year the product in America is becoming very large, and we can not with the foreign goods compete, as against the American goods. In other words, we are buying goods in Europe which cost us 8 marks, or \$1.94, a thousand in lots, and we can buy the same goods produced in this country for \$1.65, and the lithographers here give equally good work as we get abroad. The duty on postal cards is 5 cents a pound, and they weigh about 10 pounds to the thousand, and that would be 50 cents a thousand. In other words, the goods that cost us 8 marks in Germany, and figuring the duty at 50 cents, would make the imported goods stand us \$2.44.

We can submit to you gentlemen estimates and samples of both the foreign and American production, and I think we are fully protected in the American market by the duty now existing.

Mr. BONYNGE. Do you want any change made in the duty?

Mr. WOLF. No, sir; we do not want it reduced.

Mr. BONYNGE. You do not want it reduced?

Mr. WOLF. We will take a reduction, but we do not ask for it. The printers are fully protected, and we think the present mode is a very just mode of assessing the duty. When the duty was at the Dingley rate a number of foreign manufacturers would fix the price so that it was difficult to arrive at the value. It was very difficult to get at the proper value, and the American lithographers at the time the last bill was passed met and agreed upon this bill; we agreed upon this bill ourselves, and agreed that it was the most fair arrangement that could be made, so that the United States Government could collect the same rate of duty from everybody, and not give the foreign manufacturers any advantage, so far as the rate of duty was concerned.

Mr. HILL. Are your goods admitted free now to Germany?

Mr. WOLF. Yes.

Mr. BONYNGE. Do you send any of your goods to Germany?

Mr. WOLF. Comparatively little.

Mr. HILL. France does, does she not?

Mr. WOLF. France sends some to Germany.

Mr. HILL. And they go in free?

Mr. WOLF. Yes.

Mr. GAINES. Do we send any to France and Germany?

Mr. WOLF. The exportation is very little. The French have not gone into the art work in that line. The class of goods imported from Germany to America are lithographic prints, which are comparatively art reproductions, and also things used for advertising purposes. The American market up to the present time has occupied itself largely with lithographic prints for advertising purposes. They are going largely into calendars and advertisements, which go into foreign countries.

Mr. HILL. What countries do you export to?

Mr. WOLF. To England and to Germany.

THE ROSE COMPANY, PHILADELPHIA, PA., ASKS INCREASED DUTY ON POST CARDS, CALENDARS, AND PICTURES.

PHILADELPHIA, PA., *November 25, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

DEAR SIR: We beg to submit to you the following, relative to the duty on post cards, calendars, and pictures:

When the present tariff was established there was no post card and very little domestic calendar industry in this country, therefore no tariff was arranged to protect it. Since that time the business has developed enormously, and millions of cards are now being manufactured every month. Far greater quantities of cards are being imported than are manufactured here, however, and for obvious reasons. Our cost for labor is far in excess of the European cost, and European manufacturers have the advantage of hundreds of thousands of old plates that they are utilizing on cards shipped to this country.

European manufacturers of post cards, pictures, and calendars openly state that American manufacturers have made great progress within the past few years, and are strong competitors, but that they are safe so far as the better class of work is concerned, because the cost of American labor will not permit the production of the higher class of work at prices to compete with the foreign production. This is manifestly true, because the duty of 5 cents per pound is absurd. A thousand post cards weigh about 8 pounds, and the duty of 5 cents per pound is very little protection on a cheap card, and on a high-priced article the duty is absolutely no protection whatever.

If American manufacturers and publishers were given fair protection, it would mean tremendous strides toward the betterment of the industry. It would be a great encouragement to thousands of artists, engravers, printers, pressmen, and to manufacturers of cardboard and paper.

Work produced during the past year by many of the American publishers proves beyond question that so far as quality of work is concerned there will be no difficulty whatever in producing it if rea-

sonable protection is assured. There is no reason why the tariff should not be raised. This class of work is not a necessity, but a luxury. If the prices were slightly increased to the consumer, it would work no hardship to anyone, but, as a matter of fact, there would be no increase in the retail selling prices, and very little, if any, in the wholesale prices.

During the past year, owing to the business depression in Europe, post cards, calendars, and pictures have been thrown into this country, millions at a time, at prices so low that American manufacturers could not possibly produce them at the price. A few American jobbers have been the gainers by this, and foreign manufacturers and mechanics have been enormously benefited, but thousands of American artisans have suffered and have been thrown out of employment.

We feel that in the interest of the advancement of art, in the improvement of methods and workmanship, and in the interest of the many thousands of people now employed in this industry, and the many thousands more who will be employed if the change is made, this matter should be given a favorable consideration.

We ask for a duty of not less than 50 per cent on printed, engraved, or lithographed pictures, calendars, and post cards.

Yours, very truly,

THE ROSE COMPANY.
H. M. ROSE.

**SAN FRANCISCO MAKERS OF POST CARDS ADVOCATE A DUTY
OF ONE-FOURTH OF ONE CENT PER CARD.**

SAN FRANCISCO, CAL., *November 28, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned manufacturers of picture postal cards hereby petition your committee that in the revision of the Dingley tariff protection be given to the manufacture of picture postal cards in the United States by imposing on all imported picture postal cards a duty of one-fourth of 1 cent per card.

Some forty odd years ago the publishing of picture postal cards started in Europe in a small way and grew slowly for the succeeding twenty years or more. Thereafter this industry made tremendous strides, so that now some of the foreign factories are as large as our woolen mills, some of them employing as many as 5,000 workmen. The official estimate of the number of souvenir postal cards passing through the British post-offices last year was 500,000,000, and the value placed on these cards was estimated at \$5,000,000.

In the United States picture postal cards became a fad first about fifteen years ago. They have grown in favor rapidly, until to-day we probably use more picture postal cards than any other country. It is estimated that as much as \$200,000 a day is spent for these cards in the United States. Unfortunately, however, only a very small percentage of these cards is made in this country at the present time. We imported from Germany alone during the year 1907, 725,560,000 cards, which is more than half the total export from Germany. Owing to the big lead obtained by foreign manufacturers, American

manufacturers made slow progress at first, but by degrees they have been able to increase their business in spite of foreign competition. Being nearer the market, knowing the correct coloring of local views, and having other small advantages, it was possible for the American manufacturer to increase the size of his runs. By making large editions it was possible to improve the work and reduce the prices; but every time the American manufacturer lowered his prices the foreign manufacturer cut under him, until now the foreign manufacturer makes a much lower price to American importers than that at which he sells at home. The greatly increased use of picture postal cards has been the main factor in enabling the American manufacturer to progress at all, as the demand appears to be greater than the supply. There, however, appears to be no good reason why every card that is used in America should not be manufactured here, and this can be done if the American manufacturer is given reasonable protection. A few years ago picture postal cards were on sale in about 100 stores and shops in the United States; to-day they may be had in 80,000 different places.

With protection the American manufacturer could not only make scenic postal cards, to the manufacture of which he is now practically confined, but could also manufacture art, novelty, and special day cards. The demand for cards is tremendous, as we have already shown, and with American manufacturers enabled to supply this demand employment would be given to thousands of employees at good wages, with reasonable hours, doing artistic and congenial work that would make the employees not only prosperous but happy and contented. Such protection would work no hardship on anyone excepting the foreign manufacturer and would prevent the sending of millions of dollars out of the country every year. It is not the purpose of the American manufacturer to raise the price of picture postal cards, but it is to enable him to meet with foreign competition that protection is asked.

The principal item entering into the cost of picture postal cards is wages. In the United States the manufacturers of these cards pay their employees four and five times the amount paid to men of the same relative capacities in Europe, and pay their employees as many dollars per day as the manufacturers in Japan pay cents. Japan has recently commenced manufacturing picture postal cards in a large way, and competition from that source will soon be so keen and fostered by such favorable conditions to the Japanese manufacturer in the lowness of their wages there that the American manufacturer without protection can not hope to compete successfully. In foreign countries the working day is 10 hours or longer, while in America it is 8 hours, and the American manufacturer, in addition, pays time and a half for overtime and gives double pay for Sundays and holidays. Another element entering into the cost of picture postal cards is the price of materials, which is much higher in America than in foreign countries.

At the present time picture postal cards have no distinct classification; the result is that no uniform duty is charged on them at the various ports of entry. The custom-house inspectors vary the charge in different ports, some passing picture postal cards as printed matter at 25 cents ad valorem, others as lithographed cards at 5 cents per pound, and a few others at still higher rates under various classifications. Picture postal cards should have a separate and dis-

tinct classification of their own, so that the rate of duty thereon could be uniform. This duty might be figured by the pound or by an ad valorem tax or by a fixed amount per card. The first two methods would doubtless make it necessary to grade the quality of the work, making a lower rate on printed cards, an intermediate rate on cards that were partly printed and partly lithographed, and a higher rate on straight lithographed work. A tax of a fixed amount on each card appears to be the most satisfactory tax, as it eliminates all question as to the exact process by which the cards were made, whether printed, lithographed, or made by both processes, and would thus make it impossible to deceive inspectors.

This method also has the advantage of being the method already adopted in the Dingley tariff with reference to playing cards, which pay a duty of 10 cents per deck; each deck contains 52 cards, so that this rate is almost exactly one-fifth of 1 cent per card. Picture postal cards could easily bear a rate of one-quarter of 1 cent per card if playing cards bear a rate of one-fifth of 1 cent a card. The result of protecting playing cards has been seen in the great development of factories making playing cards in the United States and the increased employment of workmen in these factories. The same result would follow a protection given to picture postal cards.

The Government would be justified in making the rate on picture postal cards higher than the rate on playing cards, because the Government itself derives a return from the use of postal cards. Under the present rates of postage the Government receives an income of 32 cents per pound from domestic letters, while postal cards pay a revenue to the Government of over \$1 per pound.

The phrase "picture postal cards" has been used throughout this brief, as it is a phrase that clearly covers and describes the sort of cards for which protection has been asked. The technical name for these cards as established by law and international agreement is "post cards," which distinguished the picture postals from the ordinary postal cards printed by the Government.

Respectfully submitted.

EDW. H. MITCHELL.
BRITTON & REY.
SCHMIDT LITHOGRAPH CO.
THE UNION LITHOGRAPH CO.,
B. S. HUBBARD, *President*.
GALLOWAY LITHOGRAPHING CO.,
WM. HAGEN.
LOUIS ROESCH COMPANY,
LOUIS ROESCH, *President*.

THE LITHOGRAPHERS' INTERNATIONAL PROTECTIVE AND BENEFICIAL ASSOCIATION ASKS TARIFF PROTECTION.

JERSEY CITY, N. J., *November 28, 1908.*

HON. SERENO E. PAYNE, M. C.,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I am aware that your time is very limited; nevertheless, as I represent an organization the members of which will be

very much affected by any mistakes made or by an unjust revision of the tariff, I take the liberty of addressing these few lines to you.

The very principle of a protective tariff is for the purpose of protecting the investment of American capital and to permit such wages to be paid as will allow our wage-earners to live up to the American standard of living. And whensoever this issue has been placed before the American people for a decision it has been sustained by an overwhelming majority.

It appears to me that those who are at the present shouting loudest for a revision of the tariff should draw aside the mask so as to show their true colors as advocates of free trade. To-day we find our country flooded with foreign lithographs, which is not due to any overcharges or monopoly of the American lithographer, but which is due to the difference in the methods of living between the American and German wage-earner.

His wants are fewer, and consequently his earnings satisfy his wants. Have him make America his home, and his wants increase. He looks to be better clothed, his home is brightened with the custom of American homes, his increased wants require better wages, and it is this in turn that keeps the wheels of machinery going.

Our country owes its greatness only to the fact that the wage-earner has been able to get something more than a mere existence, and to change those conditions means a defeat of the party that is responsible for the same.

I will not on this occasion touch upon the figures. They can be obtained by your committee. It is enough to say that the hundreds of thousands of dollars worth of lithographs that are brought into our country should be done here by our workmen, who in turn will spend their earnings for American manufactured goods.

Hoping this will receive your attention, I remain,

Very truly, yours,

FRANK GEHRING,

General President Lithographers' International Protective and Beneficial Association of the United States and Canada.

Letters in similar vein to the above, asking additional protection for post cards, calendars, sample cards, and the like, were received from the following: Chilton Printing Company, Philadelphia, Pa.; Eugene A. Behr, 29 Mercer street, New York City; J. C. Marble & Son, Mangum, Okla

GARTNER & BENDER, CHICAGO, ILL., ASK A DUTY OF THIRTY-FIVE CENTS PER POUND ON POST CARDS.

CHICAGO, *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are informed that some action will be taken in the next session of Congress on the tariff, and that the matter of the duty on post cards will be taken up. We are publishers of souvenir post cards and are of course interested in this matter very much. Our greatest competition is European-made cards.

We find that the protection offered American publishers of souvenir post cards is not sufficient, mainly because European labor is considerably cheaper than American labor, and the duty of 5 cents per pound is not sufficient protection for American publishers to overcome the difference in the labor. The industry in this country is still in its infancy and should be encouraged. European competition is becoming keener, because foreigners now realize the possibilities of the American market.

For the past two seasons we have attempted, in competition with European makers, to manufacture what is known as "season's goods"—that is, Christmas, New Year, valentine, and Easter souvenir post cards. This class of goods is now being offered to us by foreigners at such prices that it is not profitable for us any longer to manufacture them. This will necessarily lead to the discharge of a certain number of the employees now in the engraving and the printing departments. We believe this condition prevails also among other color printers and lithographers. All first-class color printers and lithographers will probably take up publishing of souvenir post cards if these conditions are bettered and they are protected from foreign competition, and thus a great many thousand people will be benefited.

We sincerely trust that a favorable tariff will be obtained. A 5-cent per pound duty is ridiculous. A rate of 35 cents per pound would be desirable and proper protection for domestic manufacturers.

Yours, respectfully,

GARTNER & BENDER.

THE CRESCENT EMBOSSING COMPANY, PLAINFIELD, N. J., ASKS MORE PROTECTION FOR CALENDARS AND POST CARDS.

PLAINFIELD, N. J., *November 30, 1908.*

HON. S. E. PAYNE, M. C.,
Washington, D. C.

DEAR SIR: As color printers and embossers, we are interested in the tariff on calendars, post cards, etc. When the present tariff was enacted this business amounted to practically nothing in this country, but it has since grown to very large proportions in spite of the fact that German manufacturers have been dumping large quantities of their stock at sacrifice prices on the American market. This has especially been the case during the last twelve months on account of general business depression everywhere, and it has also been especially hard on the American manufacturers during that time.

With the return of business prosperity now setting in, the manufacture of post cards, pictures, and calendars in this country can be developed wonderfully, if foreign goods are made to pay a reasonable duty. The present duty on post cards is only 5 cents per pound, which is practically nothing on high-priced cards, as it amounts to but about 35 cents to 40 cents per 1,000, and it seems a shame that the post cards representing views of all American cities should be made almost entirely in Germany, as they are at present. We do not feel that the American manufacturers are going out of business if the tariff is not made more protective, but we do feel that a reasonable increase in the tariff, amounting to 25 cents to 35 cents per pound,

would result in a wonderful development of the industry in this country.

Very truly, yours,

CRESCENT EMBOSSEING CO.,
FRED C. LOUNSBURY, *President.*

GEORGE R. MEYERCORD, CHICAGO, ILL., FILES SUPPLEMENTAL
STATEMENT RELATIVE TO LABOR IN FOREIGN LITHOGRAPH-
ING ESTABLISHMENTS.

CHICAGO, *December 1, 1908.*

WILLIAM K. PAYNE,

Clerk Committee on Ways and Means, Washington, D. C.

DEAR SIR: On Saturday, November 21, the chairman asked me to file some statistics as to where we got our prices on labor shown in the brief.

We inclose herewith two original letters, one from the firm of G. Lowensohn, a lithographer in Furth, Bavaria, South Germany; also a letter from Segitz & Neidhardt, who quoted the rate of wages paid by his customer, Richard Fuchs, a lithographer in Berlin. I also inclose translated copies of both letters.

Comparison of these wages with the schedule paid by the National Association of Employing Lithographers will show the rate to be exactly one-fourth, as we claim. I may state that I will probably secure a copy of the agreement between the employers association and the union in Germany. Failing in that, I will probably secure a printed copy of the official scale of either the employers or the unions in Germany.

I further desire to make this offer: The Ways and Means Committee can, at their pleasure, send a special agent to any member of the National Association of Employing Lithographers, who will throw open his books for an investigation as to wages paid and the percentage of gross sales they bear, and to arrive at an average the special agent is perfectly at liberty to go into a dozen or more firms belonging to our association and investigate anything he wishes, and thus corroborate our statements. We will throw wide open the books of any member of our association. The special agent can pick at random whichever firms he wishes.

I also inclose copy of the official publication of our association, giving shop rules and quoting wage statistics.

The chairman asks us to file by dollars, not by quantities, the percentage compared to the whole amount of the various items entering into the manufacture. I quote this list below:

	Percentage of total cost of pro- duction.	Duty under present tariff.	Amount in dollars of total cost of production.
	<i>Per cent.</i>		
Wages.....	41		\$7,175,000
Paper (surface coated).....	29½	\$0.555	5,162,500
Color.....	3	.30	525,000
Bronze powders and metal leaf.....	1½	.23½- .909	282,500
All other materials.....	16	.20- .45	2,800,000
Insurance, rent, and power.....	7		1,225,000
Superintendence.....	2		350,000
			17,500,000

Trusting this information is satisfactory and what the chairman wishes, I am,

Yours, very truly,

GEO. R. MEYERCORD,
THE MEYERCORD Co.,
Decalcomania Transfers.

EXHIBIT A.

FURTH (BAYERN), *September 1, 1908.*

Mr. CARL NEIDHARD,
Care Segitz & Neidhard.

In answer to your letter, I am pleased to give you herewith the wages paid to our lithographic help.

The minimum wages paid after the expiration of the apprenticeship of the lithographic artists as well as for the lithographic printers and transferrers in Germany are 19 marks, or equal to \$4.75 per week. In general, the lithographic artists are paid, in accordance to ability, from 22 to 33 marks, or from \$5.50 to \$8.25 per week. Lithographic printers are paid directly after the time of their apprenticeship 19 marks, or \$4.75 per week, and later on, in accordance with their ability, 22 to 33 marks, or \$5.50 to \$8.25 per week; lithographic transferrers from 25 to 30 marks, or from \$6.25 to \$7.50 per week. The help for sticking up transfer impressions and for finishing up the transfer from 25 to 33 marks, or \$6.25 to \$8.25 per week.

A regular scale of wages does not exist with us, for the reason, as explained above, the rate of wages is in accordance with the ability of the help in the different departments.

With kindest regards,

G. LOWENSOHN.

EXHIBIT B.

SEPTEMBER 5, 1908.

Mr. FRANK A. STECHER, *Rochester, N. Y.*

DEAR MR. STECHER: I have just received from one of my customers, Mr. Richard Fuchs, a large lithographic establishment in Berlin, Germany, the following information as to the scale of wages paid to the German lithographic workmen:

	Per week.	
	Marks.	Dollars.
Lithographic artists, one year after expiration of apprenticeship.....	21	5.25
Average workmen.....	25	6.25
Better class of workmen.....	30-35	7.50-8.75
Highest class of workmen or foremen.....	50 or more.	12.50
Lithographic pressmen and transferrers:		
Pressmen.....	30-40	7.50-10.00
Provers.....	25-35	6.25-8.75
For sticking up transfers.....	24-30	6.00-7.50
Transferrers.....	25-35	6.25-8.75
Foremen in printing room.....	40 or more.	10 or more.

We find the average number of hours of work to be the same as in the United States, eight hours for the artists, and nine for the printers and transferrers. In comparing the wages of the lithographic work-

men in Germany with those that are being paid in the United States, we notice that the average for artists, printers, and transferrers is 30 marks, or equal to \$7.50, while that paid in the United States is \$25 per week, or 340 per cent higher than in Germany.

Yours, truly,

SEGITZ & NEIDHARDT,
Fuerth, Bavaria.

EXHIBIT C.

SHOP RULES OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, AS AMENDED MAY 10, 1907.

2 A. *Foremen*.—The foremen employed in the shops shall at no time be in any manner affiliated with any labor union whatsoever, but shall be nonunion men in the strictest sense of the term.

1. No journeyman shall be employed, after the adoption of these rules, unless he signs the antistrike contract. [The board of directors ordered, May 10, 1907, that each workman signing an antistrike contract shall receive the protection contract.]

2. *Time*.—The hours of work of commercial artists, engravers, and designers shall be forty-eight hours per week, excepting in shops where forty-seven and one-half hours have been the rule, in which cases the houses shall have the privilege of continuing these hours; all other lithographic departments, fifty-three hours per week.

Overtime is any time other than the regular working hours of the establishment, even though the employee may not have worked the full regular time of the week in question, except when the regular time lost was due to the voluntary action of the employee. It shall be paid for at the rate of time and one-half. Legal holidays and Sunday work shall be paid for at the rate of double time.

All employees must be at their machines or benches ready to work at the starting signal and remain there until the stopping signal.

3. *Pressmen*.—Pressmen shall run two presses when required. In such case he shall receive extra pay, which shall be 40 per cent of the minimum scale price of the extra press which he shall run.

4. Pressmen, feeders, and tenders must do any work required to be done about the press in order to get it running.

When presses are not running, feeders and tenders must do any work required of them.

5. *Transferrers and provers*.—Journeyman transferrers and provers shall work with such help as the employer may provide.

6. *Rotation in employment*.—Journeyman may be employed to do either transferring or proving or running a press from time to time as may be required, but no man is to be paid less than the scale for the kind of work that he may be doing, nor shall his regular wages be reduced on account of such rotation of employment.

7. *Bonuses*.—Bonuses or premiums may be paid at the discretion of the employer only to employees who have been continuously employed for one year in the establishment paying the bonus, but no bonuses shall be used to determine a man's rate of wages.

8. *Piece and contract work*.—Piece work shall be allowed in the designing, art, and engraving departments. Contract work may be done also; but where a contractor in the employ of the members engages men under him, he must agree to conform to all association rules, as if he were a member of this association, provided that all piece-work and contract men shall have an established rate of wages.

9. *Apprentices*.—Operation suspended until further order of the board of directors, in accordance with recommendation made at annual meeting National Association of Employing Lithographers, May 8, 1907, to the effect that the exact ratio of apprentices be fixed by the board of directors and be put in operation at such time as the board shall determine.

After the annual meeting of May, 1907, apprentices shall be as follows (these ratios not to be exceeded):

One apprentice transferrer to each three journeymen or major fraction thereof.

One apprentice prover to each three journeymen or major fraction thereof.

One apprentice engraver or artist to each four journeymen or major fraction thereof.

One apprentice pressman to each four journeymen or major fraction thereof.

Provided, however, that one apprentice shall be employed in each department in each shop.

In any shop on above date where the apprentice ratio exceeds the above no further apprentices shall be employed until the ratio is reduced to the above.

Apprenticeship term.—For designers, artists, and engravers, five years; for provers, transferers, and pressmen, four years.

It is recommended that every apprentice, other than for designer, artist, or engraver, first serve a probationary term as feeder for six months, except the graduates of the Winona Trade School.

The apprenticeship term of graduates of the Winona Trade School shall in all departments be two years.

It is recommended that the following apprentice scale of wages be adopted throughout the country, but each group may determine upon a scale for itself:

For apprentice designers, artists, and engravers:

	Per week.
First six months.....	\$3
Second six months.....	4
Third six months.....	5
Fourth six months.....	6
Fifth six months.....	7
Sixth six months.....	8
Seventh six months.....	9
Eighth six months.....	10
Ninth six months.....	12
Tenth six months.....	14

For apprentice provers, transferers, or pressmen:

	Per week.
First six months.....	\$4
Second six months.....	5
Third six months.....	6
Fourth six months.....	7
Fifth six months.....	8
Sixth six months.....	9
Seventh six months.....	10
Eighth six months.....	12

(This entire section in reference to apprentices is suspended pending action of the board of directors, in accordance with the notice printed at the beginning of this section.)

10. *Scale of wages.*—The following minimum scale of wages is hereby established for journeymen:

	Per week.
For proving and transfer departments.....	\$20
Artists.....	20
Commercial engravers.....	20
Map and mechanical engravers.....	15
In the printing department:	
For Nos. 1, 2, and 3 stone presses.....	20
For Nos. 3½-4½.....	22
For Nos. 5-5½.....	25
For one-color rotary.....	25
For two-color rotary.....	27
For three-color rotary.....	30

Feeders and stone grinders.—Groups may establish their own minimum scale of feeders' and stone-grinders' wages.

Feeders shall be at the press ten minutes before starting time in order to oil up, place the rollers in the press, etc., and shall remain fifteen minutes after the stopping time in order to thoroughly "wash up."

For this extra twenty-five minutes per day they shall be paid \$1 extra per week, or at overtime rate.

Houses, if they prefer, may employ oilers or cleaners to do this work.

Groups shall have the privilege of modifying the method of feeders' work and time to suit their local requirements, but they should be uniform in each group.

THE ROSE COMPANY, OF PHILADELPHIA, PA., SUGGESTS A FIFTY PER CENT DUTY ON PICTURE POST CARDS.

PHILADELPHIA, PA., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to supplement our letter of the 25th ultimo, as follows:

The post cards that are now being imported under a duty of 25 per cent should be included in the same classification as other post cards.

Holiday cards, such as Christmas, New Year's, Thanksgiving, etc., whether post cards or not, should come under the same classification.

We beg to refer you to the report of Vice-Consul James L. A. Burrell, of Magdeburg, Germany.

According to the Statistisches Jahrbuch für das Deutsche Reich, the value of picture post cards exported from Germany to the United States during 1907 was 13,190,000 marks (\$3,139,220), as opposed to 4,080,000 marks (\$971,040) in 1906. The total value of the post card export of Germany to all countries is given as 25,835,000 marks (\$6,148,730) for 1907, and as 11,628,000 marks (\$2,767,464) for 1906.

According to this report, during the year 1907, in round figures, \$2,600,000 worth of post cards were imported from Germany alone in one year at an average of \$4 per thousand, which is as nearly correct as any estimate can be. The duty on these cards on a basis of 8 pounds at 5 cents per pound or 40 cents per thousand, would total \$260,000, and the average cost to the importer was \$4.40 per thousand, or \$2,860,000.

If a duty of 50 per cent were levied and only \$520,000 worth of cards were imported, the United States Government would receive a revenue fully as large as it did receive during the time specified. It is certain that no matter what duty is levied some cards will be imported on account of originality of design, novelty in make-up, or some other extremely attractive feature, and we think the above estimate is a very fair one.

On the above basis, over \$2,000,000 worth of cards would have to be manufactured in this country to supply the deficiency in importation from Germany alone. The make-up of cost in post cards is as follows:

	Per cent.
Stock, cardboard.....	10
Inks, etc.....	5
Labor for making plates, drawings, presswork, cutting, putting up, etc	85
Total.....	100

You can readily see from this what a tremendous boom a high tariff on these goods would be for the laboring men.

Trusting you will take this into consideration, we are,

Yours, very truly,

THE ROSE COMPANY.

**VIRGIL LAMONT JOHNSON, GERMANTOWN, PA., STATES THAT
AMERICAN POST CARDS ARE INFERIOR.**

22 WESTVIEW AVENUE, GERMANTOWN, PA.,
December 1, 1908.

HON. SERENO E. PAYNE,
Chairman of Ways and Means Committee,
Washington, D. C.

DEAR SIR: I notice that some postal-card publishers have appeared before your committee and asked for an increase in tariff on postal cards. I wish to say that I am a large purchaser of postal cards, but owing to the inferior quality in this country I am forced to order all my cards from Germany. If you can find any of the publishers who can furnish as good a product as the foreigners you will do me a favor by placing him in communication with me.

Yours, respectfully,

VIRGIL L. JOHNSON.

**PALM, FECHTELER & CO., NEW YORK, RECOMMEND SPECIFIC
DUTIES FOR DECALCOMANIA TRANSFERS.**

NEW YORK, December 2, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Palm, Fichteler & Co., of New York, manufacturers and importers of decalcomania, established here, respectfully present the following brief for consideration.

Decalcomania is divided into two classes, as follows:

Cold decalcomania, such as used for ornamenting, decorating, putting on trade marks, lettering, etc., on farm machinery, wagons, sewing machines, typewriters, and general merchandise.

Ceramic decalcomania, such as used solely by manufacturers of porcelain, china, glass, and enameled ware.

The present duty levied under the decision of the Philadelphia courts, viz, 20 per cent ad valorem and 3 cents per pound, is not a fair duty, because if goods are honestly entered the cheaper grade goods and the higher grade goods are the only two really affected; it raises the cost of the cheaper grade and the higher grade, and the medium grade—of which by far the greatest quantity is used and imported—is not affected in this way, but this line is even a little cheaper to import. For that reason the duty is not fairly distributed over all grades.

The duty as formerly levied, before the Philadelphia decision, viz, 20 cents per pound, is the fairest duty (providing no stripped goods are imported in ceramic transfers) as it averages 35 per cent, and this is adequate for all purposes.

Stripped goods, and by this we mean goods that have been manufactured on duplex paper at the factories abroad and after the work is finished the thin paper is stripped from the heavy and the thin only imported, in such cases the duty instead of netting 35 per cent nets about 5 per cent to the Government; consequently it would be fair for all importers if it were forbidden to import decalcomania

stripped, and then in that case the average duty would be on this class of goods 35 per cent, figuring the duty at 20 cents per pound.

A specific duty is by all means the fairest for all concerned, as it would do away with undervaluations which in this line could easily be done. The reason is, that the cost of manufacture is never the same in any two factories manufacturing this line of goods. As we represent the largest number and most important factories of Europe, and are manufacturers ourselves in this country on the largest scale, we can demonstrate this fact upon request.

Domestic manufacturers of decalcomania. This industry was started in this country in 1866 by the firm of Pfeil & Weiss, Philadelphia. In 1868 Wells & Hope, Philadelphia, and Tuchfaber & Co., Cincinnati, Ohio. Then in 1888 Pfeil & Golz, Camden, N. J., and since 1893 the following manufacturers have been established in this country and have been successful:

American Decalcomania Company, which is now the American Decalcomania Works, Weehawken, N. J., owned by us and which is a large industry and growing every year.

Meyercord Company, Chicago, Ill., which is a large industry and started in a very modest way, and has grown to its present proportions under existing conditions.

National Decalcomania Company, Philadelphia, Pa.

Armour Lithographing Company, Pittsburg, Pa.

U. S. Decalcomania Company, Chicago, Ill., which concern has been reorganized and is now manufacturing under the name of "The Decalcomania Company."

Karle Lithographing Company, Rochester, N. Y.

Wolf & Co., Philadelphia, Pa.

Palm Brothers Company, Cincinnati, Ohio.

In addition to this there are many others that are in this industry but not of great importance.

This list of names will show you that all of these manufacturers have established themselves in this country and are growing from year to year under the present conditions.

Increase of duty.—This would affect the pottery industry in this country more than any others, as it would increase the cost of the ceramic decalcomania to them, and, as the ceramic decalcomania has been the means of bringing the American pottery up to its present high standard because the decalcomania as furnished to them is the same quality, style, design, etc., as used by the foreign potters; therefore, decalcomania is a raw material and absolutely necessary in this particular branch of American industry.

Ceramic transfers as made in this country are of a very mediocre quality, and no domestic manufacturer of decalcomania in the ceramic line has as yet been able to produce decalcomania in the lowest, medium, or high-grade goods anything that equals the foreign manufacture; so, any increase of duty on these goods would not benefit the domestic manufacturer and would only increase the cost of this article to the user in this country.

We would also state that decalcomania, though made by the lithograph process, is not a lithograph in the full sense of the word, and would recommend that a separate paragraph be devoted to this one particular branch, so as to avoid complications such as have arisen in

the past, and by this we refer now to the decision of the Philadelphia court, under which rule the new duty is being levied and this decision is being now fought out in the courts.

For the above reasons we respectfully recommend as follows:

First. A specific duty for decalcomania.

Second. The duty to be 20 cents per pound.

Third. That no stripped goods be permitted to be imported, and, if it is permitted to import stripped goods, that in that case these goods to pay a duty equal to what the difference would be on regular duplex paper, and this would then mean that the duty would be \$1 per pound.

Fourth. That decalcomania be placed under a separate paragraph, and entirely free from the schedule of lithographic material.

Very respectfully submitted.

PALM, FECHTELER & Co.,
By S. MOSLEN,
Managing Partner.

THE DETROIT (MICH.) PUBLISHING COMPANY ASKS A CONSIDERABLE INCREASE IN DUTY ON POST CARDS.

DETROIT, MICH., *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: We have a factory located at Detroit, Mich., and respectfully ask an increase in the tariff imposed upon souvenir post cards imported into this country. We ask it because of ruinous competition due to foreign importations of this article.

HISTORY OF THE TRADE.

As it bears upon the present situation, we allude briefly to the history of the trade. The souvenir post-card trade of the United States is of a recent development. Prior to 1898 the total cards used were negligible and the importations of no moment. Our company was the first to develop the business here on a large scale, commencing in 1898. It was not until four or five years later that the trade attained a real magnitude. Since then the consumption has grown every year, and from three or four companies publishing these cards originally the number has increased to over one hundred companies. There are some manufacturers of cards within the United States, but most publishing houses have their cards made abroad. Also, several of the foreign manufacturers maintain agencies here both for taking orders and for distribution of their stock designs. Other foreign houses send travelers over to take orders to be manufactured abroad.

Foreign cards are made in a variety of processes—three-color, half tone, lithography, gravure, and collotype. The trade uses more and more the foreign lithographed card, principally because the duty on that card is negligible.

Millions of these foreign-made cards are imported, and the number used, as compared with the domestic-made cards, is constantly increas-

ing. The Treasury Department is unable to give the number imported, on account of their not being separately classed. The writer knows no way by which exact figures can be presented to your committee. Certain it is, however, that an overwhelming proportion are of foreign manufacture. Most of the German-made cards bear the German imprint, and an examination of the sources of distribution will show on an average four German cards alone to one of domestic manufacture. During the last five years there has been a constantly increasing ratio of the use of the foreign card compared with the domestic card. Again and again customers buy abroad who say they prefer to buy at home, but can not afford the prices American makers must ask.

COST OF MANUFACTURE.

The cost of making the home card is very much in excess of the cost of the foreign card. Several items contribute, but labor is the greatest factor. It is conservative to say that the average labor employed on this industry abroad is paid one-third that of labor in the United States for equivalent work. Here is an illustration: A German lithographic pressman engaged in this work will receive from \$7.50 to \$12 per week, as against the American pressman, who receives \$22 to \$35 per week. A draftsman will receive from \$6 to \$10, as against \$20 to \$35 here. There are, of course, men in both vocations here and abroad who are receiving both more and less than the above rates, but these figures are for equivalent grades, with the American rates, if anything, understated. In large cities of the United States the rates are still higher in proportion as the quality of work increases. For unskilled work, women are often employed in capacities which are unusual in the United States and at equal discrepancies.

There is a great variation in the cost of this product, dependent upon the quality of work and size of edition. Any schedules of cost, therefore, which do not go fully into these two factors are sure to be misleading, and such schedules could not be properly presented within a letter. Averaging the range of these conditions, which are very wide, we believe that the cost allotted to an imported card under the conditions most commonly occurring will vary from one-third to two-fifths of the cost of the equivalent American card. As indicating something of the range of the product, cards are sold all the way from \$1.50 per thousand to \$50 per thousand.

PRESENT COST OF IMPORTATION.

Cards made by engraving or gravure are assessed 25 per cent duty, but cards made by lithography are assessed 5 cents per pound. This means an import duty of not more than 50 cents per thousand cards, which is no restriction whatever, considering the enormous difference in manufacturing cost. The low duty results from this fact. They are imported as lithographic cards under paragraph 400 and under the specifications of "not exceeding twenty-thousandths of an inch in thickness and not exceeding 35 square inches, cutting size, in dimensions." To show the absurdity of the schedule, the same cards if imported in the sheet before cutting up would pay 35 per cent duty, but because they are cut up before importation (thus completing the manufacture) they fall under the 5 cents per pound rate. It is impor-

tant to note that the schedule was made before the existence of the souvenir-card business in this country. They are imported, therefore, under a rate designed to cover another article. We are not sure enough to state what it was designed for, but we think it probable it was intended to cover a form of lithographic label and not the pictorial work now known as a souvenir mailing card. Certainly at the time of the adoption of this tariff the trade did not exist and American houses were not engaged in such manufacture. The trade has been a development of the last eight years.

RESULTS OF SUCH IMPORTATION.

As above stated, we are one of the first American makers of these cards, and therefore feel competent to speak with assurance about the trade. It was difficult to get the American educated to the use of the card, but when its merits were realized the growth of the business was extremely rapid. As soon as a real market was created here at the cost of the home manufacturer, the foreign companies invaded the field, and that invasion has constantly progressed until they are dominant in the trade. The foreign manufacturer has a much larger field at home than the United States, and he considers surplus orders he takes for the American market as so much insurance against dull business in his home market and as tending to cut down his "overhead" expense. He will take orders in this market at less than his cost, or at barely cost, in order to reduce his home expense. In short, we are used as a dumping ground for the foreign makers. During the last five years there has been a continual decrease in the price of these goods, due to increased importations. The business we are able to hold at home is due to special considerations having no relation to the cost of the article, and even then we are compelled to make rates which can not be continuously endured.

REMEDY.

In order to give the American manufacturer an equal chance with the foreign manufacturer it is absolutely necessary to have a very considerable increase in the import duty. Without this he will be forced to give up the business. As to the form that import duty should take, we respectfully ask the following: We believe there should be a specific tax per card in addition to an ad valorem duty, the same as exists in the present tariff on playing cards. In that case there is a specific duty of 10 cents per pack of cards plus 20 per cent. In the case of the souvenir mailing card we think there should be a specific duty of not less than one-fourth cent per card (\$2.50 per thousand cards) plus the highest percentage rate applied to other prints of the same medium in any size. Illustration: Suppose that in the amended tariff the highest rate of duty upon lithographs in large size is 50 per cent. A lithographed card would then be imported upon payment of \$2.50 per thousand cards plus 50 per cent upon the assessed value. If the card were an engraved card, then it would be imported at the percentage for engravings plus \$2.50 per thousand. Quite apart from this subject, we believe the rates on lithographs should be greatly increased, but as figures on that matter will be given you separately we confine ourselves here solely to the question of souvenir mailing cards.

We will be glad to give further details if desired and also give further support to the above statements.

All of which is respectfully submitted.

DETROIT PUBLISHING COMPANY.

W. A. LIVINGSTONE, *Manager*.

THE GRAY LITHOGRAPH COMPANY, NEW YORK CITY, ASKS PROTECTION FROM FOREIGN-MADE POST CARDS.

NEW YORK, *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The tremendous increase in imports of post cards, calendars, etc., in the last few years, combined with the lack of work for the workmen in this country who produce similar material, proves conclusively that the millions of dollars invested in the lithographic plants in this country and the thousands of employees in the lithographic line in this country are being sacrificed, all for the benefit of the foreign lithographers whose product is turned out on a scale of wages that will average about one-third of the wages which have been paid to the workmen employed in the lithographic plants in the United States.

The ingenuity and skill of the lithographic manager and employer are such that with proper protection he can quickly put the thousands of workmen in the lithographic line to work who are now idle, and do so without the hardship of cutting their wages down while food products, etc., are going upward in their cost.

A new and very important line in the lithographic industry—the manufacturing of post cards—would add millions of dollars in work every year to the lithographic plants of this country, and the American taste and style would be preferred to the foreign product. The American product will be purchased provided the foreign product is not allowed to be put into this market at the very low rate at which it is now delivered here, as against the rate made necessary for the American product by reason of the rate of wages now paid to workmen in this country.

While many of the workmen in Europe receive from \$5 to \$8 per week in wages, the workmen doing the same class of work in the United States receive from \$18 to \$25 per week.

This rate of wages is only in keeping with the wages paid to workmen of the same general intelligence and ability employed in other lines of trade. There is every reason, therefore, why the wages of workmen in the lithographic line should not work downward.

It is absolutely necessary, therefore, to have a strong protective tariff on all lithographic product, particularly calendars, post cards, show cards, etc., to enable the lithographic employer to properly use the large plants already erected in this country and to properly employ at living rates of wages the large number of employees who can be given steady employment in this important branch of industry in the United States.

We beg, therefore, of you to consider the matter most carefully and adjust the tariff with a view to properly protecting the American workmen and the American employers in the lithographic line.

Yours, very truly,

THE GRAY LITHOGRAPH COMPANY,
O. D. GRAY, *President.*

THE FORBES LITHOGRAPH MANUFACTURING COMPANY, BOSTON, MASS., SUBMITS SUPPLEMENTAL BRIEF RELATIVE TO LITHOGRAPHIC PRINTS.

BOSTON, MASS., *December 2, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

SIR: The Forbes Lithograph Manufacturing Company, of Boston, begs to file this brief as an addition to the brief submitted by it at the hearing held before the Ways and Means Committee November 21, 1908.

WAGES IN GERMANY.

The chairman asked that any information as to wages in Germany be filed with the committee. The following is a copy of letter from Mr. Gustav Herrmann, dated Nürnberg, June 30, 1908. Mr. Herrmann is a manufacturer of bronze powder at Nürnberg and comes in contact with the lithographic industry in that country. Copy of his letter follows:

NÜRNBERG, *June 30, 1908.*

MESSRS. THE FORBES LITHOGRAPH MANUFACTURING COMPANY,
Boston.

GENTLEMEN: Your favor of the 13th instant to hand. I beg to say I tried with various firms here like E. Nister, Mayer's Kunstanstalt, like the largest transfer picture manufacturer C. A. Pocher, to get the information you want.

I am very sorry to say every one of them refused to give such information, although I am on friendly terms with them. All the German lithographic firms came to a mutual understanding to inform nobody any more about the details of their business.

As I saw there was no use to push that side any more, I went to the headquarters of the social-democratic party here, trusting that the employees would give me the information which was refused by the employers. I am pleased to say that I can serve you with the following details received quite openly by the president of the social-democratic workmen's department for wages, who happens to have been a working lithographer himself before he took that position of national economy (Nationalökonomie).

Lithograph stipple artists, lithograph crayon artists, lithograph engravers, trans-ferrers, lithograph pressmen, zinc or aluminum pressmen on rotary presses are all simply classed as lithographers without any distinction as to their specialty of work.

The minimum wages for them after they have served their apprenticeship (which lasts four years) is 18 marks per week all over Germany. There is a supplementary allowance from 1 to 5 marks, depending upon how a German town is rated for its expenses of living (Teuerungszulage). For example: The minimum wage in Nürnberg is 18 marks plus 1 mark—19 marks in all—as living is cheaper than in Berlin, where the minimum wages are 18 marks plus 6 marks—24 marks in all.

The average wages for a lithographer are about 30 marks per week. Some highly skilled lithographers earn as much as 45 marks per week.

The arrangement with foremen in the lithographic department varies. As a rule lithographic foremen are paid from 60 marks to 80 marks per week.

There is no standard in wages for foremen. You may judge yourselves, if I tell you, for instance, that Nister has a superintendent in the lithographic department whose name is Prof. Ludwig Kühn, a man who is practically a well-known portrait

painter of a fairly great reputation for painting other subjects, too. Professor Kühn is not limited at all to any number of hours of working in the factory. He may come and go as it pleases him, and I believe he is paid about 8,000 marks a year simply for supervising the artistic part of lithography.

All over Germany the lithographers work eight hours a day; the printers nine hours a day.

Stone polishers, stone grinders or polishers, zinc or aluminum-plate polishers are not considered as skilled laborers. Therefore they are paid by special agreement varying in each town and often in each workshop.

The minimum wage for those is in Nürnberg 3.10 marks a day; that means 18.60 marks per week (girls get 1.70 marks a day in Nürnberg; that means 10.20 marks a week).

The social-democratic party issues every year a book showing the details of wages. The last information concerning lithographic work did appear in 1905 edition. The things have changed since.

If there will be another book issued this year showing anything about your trade, I shall be pleased to send you one, as you understand the German language.

If I can serve you with any more information or in any other way, please dispose of my service.

Yours, most respectfully,

GUSTAV HERRMANN.

P. S.—Nearly 90 per cent of the lithographers in Germany belong to an organized union. While serving four years' apprenticeship the apprentice may get a few marks a week as pocket money during the first year. That pocket money may rise to 8 or 10 marks per week during the third or fourth year. Nothing definite is settled about that. A smart, intelligent apprentice may earn at the finish 10 marks, whereas a less pushing fellow may not get 8 marks a week.

The original of this letter we have attached to this brief.

In connection with obtaining this information, we attach hereto a clipping from the Boston Daily Advertiser, November 30, 1908, which is dated Berlin, November 29, and explains the difficulty of obtaining from manufacturers in Germany the wages paid in that country. We, however, vouch entirely for Mr. Herrmann, and are confident that the information contained in his letter attached hereto is correct. This shows, as you will note, the average wages for lithographers to be about 30 marks per week, or \$7.13, whereas in our own establishment the average wages of sketch artists, lithographic artists drawing on stone, transferrers, and printers is at least four times this amount. This letter of Mr. Herrmann's was sent to us in response to one we wrote him asking that he secure information as to the prevailing rates of wages in Germany.

It will also be seen by reference to Mr. Herrmann's letter that the apprentice serves four years, receiving, possibly, a few marks per week as pocket money during the first year and getting 8 to 10 marks, or \$1.90 to \$2.38, per week during the third or fourth year. Apprentices would get in this country as an average for the four years' service at least ten times this amount.

We also give below copy of letter received from Mr. Charles Hellmuth, dated New York City, July 27:

[Charles Hellmuth, lithographers, printing inks, and dry goods, New York office and factory, 154-158 West Eighteenth street.]

NEW YORK, July 27, 1908.

THE FORBES LITHOGRAPH MANUFACTURING COMPANY,

Boston, Mass.

GENTLEMEN: Referring to your favor of June 13, we have obtained the scale of wages and time of working in Germany, and submit same as follows:

BERLIN.

	Marks per month.
Lithograph stipple artist..... 8-hour day..	100-170
Lithograph crayon artist..... do.....	100-170
Lithograph engraver..... do.....	100-170

		Marks per week.
Transferrers.....	9-hour day..	25-30
Transferrers, first class.....	do.....	33-36
Pressmen.....	do.....	33
Pressmen on zinc or aluminum, rotary.....	do.....	36-40
Stone grinders and polishers of zinc or aluminum.....	do.....	16-18

STUTT GART.

		Marks per week.
Lithograph stipple artist.....	9-hour day..	14
Lithograph crayon artist.....	8-hour day..	30
Lithograph engraver.....	do.....	30
Transferers.....	9-hour day..	28
Stone polisher of aluminum or zinc.....	do.....	21
Pressmen on stone or zinc and aluminum, rotary.....	do.....	30

Nine hours appears to be the prevailing working time except for artists.

Hoping this information will be of use to you, we remain,

Yours, very truly,

CHARLES HELLMUTH.

This corroborates in all essential details Mr. Hermann's letter, referred to. Original letter is attached.

The German lithographer also has the advantage of cheaper rents and nearness to the source of supply for various raw material, such as lithographic stones (all of which come from Bavaria), colors, bronze, and metal leaf.

The German lithographer also has an important advantage owing to the facilities, supported by the various state and municipal governments, of technical and trade schools, which serve constantly to supply a large source from which to secure employees in the lithographic trade.

The statement was made at the hearing on November 21 that the printing presses abroad run 4,000 sheets of paper per day, as against 6,000 to 7,000 sheets of paper per day in the United States. This is not a fact at the present time. The foreign lithographers get practically the same product as a lithographer in this country. The American lithographer also has an important item of expense owing to the dampness of the atmosphere in this country, with which the German lithographer does not have to contend. The dampness causes variation in the paper from day to day while the work is in progress of printing, causing misregister of the colors, and is an item of large expense to the American lithographer by reason of the loss in product.

Whether a piece of paper imported is entirely covered by lithographic matter or part of same is blank makes practically no difference in the cost of production. Any statement made to the contrary is made with the full knowledge that it is misleading and intended to mislead the committee. A sheet of paper a certain size goes through the press, and whether it be covered in part or entirely with lithographic matter makes practically no difference as regards the cost of production, except the small additional cost of ink used.

In reply to the question of why Germans do not come to this country to secure the higher wages, would state that a large number of employees in American lithograph establishments are Germans. There would be a large increase in this number were it not for the fact that the alien labor contract law prevents any contract or promise of a

position to be made while the laborer is abroad. The uncertainty of conditions here prevents many foreign workmen taking the chances of securing quick employment on their arrival. Also, the cost of living is much higher in this country, and it is to protect the American workingman and to enable him to continue his present standard of living that it is necessary to have the increased rates of duty asked for, and which will amount to only the difference in cost of labor here and abroad plus a reasonable profit for the manufacturer.

WHO WOULD SUFFER BY AN INCREASE IN RATES?

At the hearing on the 21st of November the question was asked, "What effect would the increased rates asked for have on the American manufacturer who uses lithographic products?"

The matter of decalcomania transfers will be covered, we believe, by the tariff committee of the National Association of Employing Lithographers, and with the exception of decalcomania transfers practically all the lithographic material imported is used as pictures or postcards or as advertising material. Much the larger proportion imported is used for advertising purposes. The increase in rates asked for will have practically no effect on the cost of the material to the buyer of same. The number of establishments in this country engaged in the manufacture of lithographic prints (nearly 350), and all under separate and distinct management, will serve to prevent any undue raising of prices. The principal reason that there would be no material increase in cost to the user is that at present the foreign lithographer does not ship and invoice the material to the American purchaser direct, except in comparatively rare cases. Foreign lithographs are imported by the branch houses of foreign manufacturers maintained in this country, or importing houses dealing in this class of work almost entirely, and it is the foreign manufacturer or his branch house that now obtains the benefit—not the American user or buyer—for the foreign lithographs are sold to the American buyer at a price only slightly less than American lithographs. On account of the time necessary to get foreign goods, the American manufacturer imports but very little in the way of labels, wrappers, tickets, or other lithographed material entering directly into the manufacturing cost of his product.

THE MATTER OF CIGAR BANDS AND SMALL LABELS.

In re statement of Mr. John G. Duffy, appearing for Louis C. Wagner & Co., of New York, and Charles Stutz Company, of New York.

The matter of cigar bands, we think, will be taken up in detail by the tariff committee of the National Association of Employing Lithographers, and we, therefore, shall refer only to the small labels not exceeding 10 square inches, referred to in our brief filed with the committee on November 21. In our brief we asked for a duty on labels, flaps, bands, and small labels, as follows:

	Per pound.
Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material:	
Labels and flaps, exceeding 10 square inches, if printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	\$0.30

Lithographic labels, flaps, and bands, etc.—Continued.	Per pound.
Small labels and bands, less than 10 square inches, printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	\$0.60
Labels or flaps, exceeding 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	.40
Small labels and bands, less than 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	.80
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	.50
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	.75
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	1.00
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	1.50
For any embossed label, flap or band, add.....	.10

Mr. Duffy suggested a rate of 15 cents per pound for cigar bands printed in colors and bronze.

This would be wholly inadequate for the reason that the label or band is so small and so many are required to make the weight of 1 pound. The label we referred to in our brief, size 2½ by 4, would weigh, for 100,000, about 185 pounds, if printed on stock 22 by 28, 50 pounds, the heaviest paper used for the purpose of labels for perfumery and other articles. At the rate recommended by Mr. Duffy, 15 cents per pound, this would give a duty on 100,000 labels of \$27.75. One hundred thousand labels made in this country would cost, approximately, \$350. If made in Germany, the same label would cost laid down in New York, including freight and duty paid, not exceeding \$200.

Most of these labels, instead of being printed on paper basis 22 by 28, 50 pounds, are, however, printed on paper basis 22 by 28, 35 pounds to the ream of 500 sheets. This would make the weight of 100,000 labels about 130 pounds, and at 15 cents per pound the duty would be only \$19.50.

It is, therefore, absolutely essential in order to give the American lithographer a fair chance in the home market that rates not less than we have recommended shall be adopted.

RECIPROCITY.

We beg that no provision shall be made that will provide for reciprocity in lithograph products between the United States and any European country, for there is no opportunity of exporting to England, France, Italy, or Germany lithographic products in amount of any consequence.

SCHEDULE.

It was asked at the hearing of November 21 that in view of the many court decisions that had been secured as to the interpretation of section 400, as applied to lithographic prints, "Would it not be better, if Congress decided to increase the rate of tariff, to simply increase the rates provided in the Dingley law than to enact a lot of new provisions?"

In reply we beg to state that the schedule we have proposed is entirely on a specific basis, and the same is the case on the schedule

submitted by the National Association of Employing Lithographers, and we believe that the provisions suggested are so clear that it will be unnecessary to resort to courts for interpretation.

LITHOGRAPHS CLASSED WITH OTHER PRODUCTS.

We again beg to urge the incorporation in the new tariff of the following clause as a section under this heading of "Lithographic imports:"

Lithographs cased with other products.—No box, case, or other package containing any importation to this country, not included in this paragraph, shall contain any lithographic print from stone, zinc, or aluminum, or other material, or other items or goods listed in this section.

The purpose of this is to prevent foreign importers or manufacturers from including 1, 2, 3, or other small number of show cards or other lithographed or advertising matter in the cases or packages containing the product they are sending to this country to sell. As foreign importations of certain goods amount in the aggregate to a large number of cases, the inclusion of show cards, lithographs, etc., in the case or package containing the commodity, not only is a source of loss to the lithographic industry of the United States, but also is a very large loss of revenue to the Government, and the above paragraph, if adopted, would cause the importer to bring his lithographed or other advertising matter into the country in separate cases, thus causing a duty to be levied on same, with a corresponding amount of revenue to the Government.

LEGEND.

We recommend that the following be incorporated into the new law:

Each and every label, band, wrapper, show card or other lithographic print from stone, zinc, aluminum or other material, shall bear on the face of same, printed in legible letters, in English, the legend "Printed in ——," the name of the country of origin to follow the words, "Printed in."

MAXIMUM AND MINIMUM.

Should the committee in its wisdom incorporate the principle of the "maximum and minimum tariff," we earnestly pray that the rates submitted in our brief of November 21, 1908, shall be adopted as the minimum rates, and that the maximum rates shall be 20 per cent in excess thereof on each and every item.

We attach hereto copy of our brief of November 21, also copy of the brief of the tariff committee of the National Association of Employing Lithographers, referred to.

Respectfully, yours,

THE FORBES LITHOGRAPH MANUFACTURING CO.
FRANK J. BLANEY.

**CHARLES W. HARRISON, TRENTON, N. J., WRITES RELATIVE TO
CERAMIC DECALCOMANIA TRANSFERS.**TRENTON, N. J., *December 3, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Having been engaged in the importation and sale of decalcomania transfers for decorating china and earthenware for the last ten years, I beg leave to lay before you in a few words some facts connected with these goods. It appears to me that an attempt has been made to impress the committee of which you are the head with the importance of the domestic manufactures of the same by confusing them with general lithography.

The total amount of the ceramic transfers imported does not, as far as my information goes, exceed \$400,000 per annum, and the value of those made in this country about \$100,000.

These goods differ from general lithographic goods in that they are not in themselves a finished article or used as such, but are used solely in the decorating of crockery, and to a very small extent in decorating glass. Nearly all of the pottery ware made in this country is now decorated with these transfers.

Everyone who knows anything of the pottery industry in this country is alive to the fact that the American potters, who have already a hard struggle to hold their own, would find their difficulties vastly increased if their supply of imported decorations were shut off or even seriously restricted, and that they simply could not compete with the imported ware if forced to rely on the decorations of domestic manufacture.

The latter are, in fact, confined entirely, or almost entirely, to copies of the imported patterns. I can myself, if desired, lay before the committee of which you are the head a sheet produced by the factory in England whose goods I handle, and a sheet printed by a factory in this country, which is an exact copy of same and which is sold here at several cents a sheet less than the price at which I can sell the original, which makes it difficult to see upon what ground an appeal is made for further protection.

In view of all the facts, I beg, sir, to respectfully suggest that the interests of the pottery manufacturers demand that no further difficulties be placed in the way of their obtaining the best decorations that can be obtained, and that the least disturbance would be caused to this important industry by fixing the duty at the rate that was levied from 1897 until the early part of the present year, when by a decision, procured without the knowledge of myself and other importers and without our side of the question being heard, the goods were removed from clause 400, which imposed a specific duty of 20 cents per pound weight, to clause 398, which imposes an ad valorem duty of 20 per cent and 3 cents per pound weight. This duty we are now paying under protest, but I submit, sir, that in view of the peculiar nature of these goods and the difficulty of fixing upon each sheet an equitable valuation, that a specific duty is the most equitable and the most easily levied and the least easily evaded, and therefore the most desirable.

Since, however, it is notorious that the intention of the framers of the act of 1897 has been evaded and that large numbers of sheets have been imported at about a fourth of the duty which they should have paid by the simple expedient of stripping the sheets from the white backing on which they are printed, I submit, sir, that sheets which have been stripped from their backing should be subject to four times the amount of the specific duty levied on the complete or duplex sheets, which would result in all sheets of the same size paying the same rate of duty.

Trusting, sir, that the status of these goods may be defined in a way that will prevent a repetition of the uncertainty that has so hampered business in the past,

Yours, very respectfully,

CHAS. W. HARRISON.

**THE ARMOR LITHOGRAPHING COMPANY, OF PITTSBURG, PA.,
WRITES RELATIVE TO DECALCOMANIA TRANSFERS.**

PITTSBURG, PA., *December 10, 1908.*

HON. JOHN DALZELL, M. C.,
*Member of Ways and Means Committee,
Washington, D. C.*

DEAR SIR: We are interested in the revision of the present tariff law so far as it applies to lithographic decalcomania prints, for the reason that we do not consider it equitable, and because it is not properly classified, and in a number of cases it is very difficult for the officers of our Government to be able to clearly ascertain and determine with any degree of certainty as to what class the different articles and materials properly belong.

Decalcomania is a transfer printed on either simplex or duplex paper. It is then transferred from this paper to stone, china, pottery, and glass, furniture, machinery, etc., and consists of three distinct classes.

First. Cold decalcomania, wholly or partly covered by metal leaf.

Second. Cold decalcomania, not covered by metal leaf.

Third. Ceramic decalcomania, printed in mineral colors for china and glass.

These three should be separated and treated separately in the tariff schedule for customs classification.

We are especially interested in the ceramic decalcomania prints, which under the present tariff law are imported into our country as surface-coated paper wholly or partly covered with metal or its solution, which under paragraph No. 398 is dutiable at rate of 3 cents per pound and 20 per cent ad valorem.

Duplex paper.—Ceramic decalcomania prints are all printed on duplex paper. This paper is composed of two sheets of paper. The coated sheet upon which the printing is done is a sheet of very thin tissue paper. The other sheet, or the back sheet, is much heavier paper and is only for service during the process of printing or lithographing on the thin tissue sheet, as the sheet of the heavy paper stiffens and strengthens the thin tissue sheet. The two sheets of paper are not placed together permanently, but can be easily separated after the printing is completed on the thin tissue sheet, after which it

is removed from the heavier sheet. The thin or tissue sheet is alone made use of in transferring the prints, the thinness of this paper permitting the design to readily conform itself to the shape of the article to be decorated.

By reason of the numerous patents and processes which are owned and controlled by the paper manufacturers of Europe, duplex paper has not and will never be successfully manufactured in this country; and since it is absolutely necessary to use duplex paper in the manufacture of ceramic decalcomania, we are compelled to import this paper from Europe and pay a duty of 35 per cent ad valorem upon the same.

We are also compelled to import nearly all the mineral colors which are used in the manufacture of ceramic decalcomania, and on these colors we are also obliged to pay a duty of 30 per cent ad valorem.

The mineral colors and the duplex paper are both manufactured in Germany, and the German manufacturer of decalcomania has therefore the advantage in purchasing both these materials in his home market, thus having no tariff duty or transportation charges to pay on the same.

The German manufacturers are our principal competitors, who, instead of shipping the decalcomania prints into this country as they are originally produced on duplex paper, separate the two sheets of paper, and while they retain the heavy or back sheet they only ship to this country the thin or tissue sheet upon which the metallic colors are printed. This thin or tissue sheet of paper approximately weighs only about 20 or 25 pounds per 1,000 sheets, whereas the duplex paper, including both the tissue sheet and the heavier back sheet, approximately weighs from 115 to 120 pounds for every 1,000 sheets; thus by stripping and separating the thin from the heavier sheet there is a direct saving on the duty alone that is paid by the German manufacturer on from 90 to 100 pounds on every 1,000 sheets.

It is a well-known fact that the German manufacturers of lithographic prints ship and export such prints into this country and sell them below the market price of this same class of prints in Germany, and in many cases invoice the same to their own branch offices and houses in this country at less than the market price in Germany.

Many of the designs and prints for ceramic decalcomania are originally made for use in the German market, and their surplus of same is shipped by them into this country.

It is a common practice that the cost and expense of designing and drawing on stone in Germany is not calculated and included in the cost of prints of those which are shipped into this country, the aforesaid cost only being calculated and added to the cost of such prints which are sold in Germany and other European markets.

The wages for labor paid by German manufacturers are very much lower than similar class of labor is paid for in this country, as the following comparison will show:

Lithographic artists in Germany get from 32 to 36 marks, or \$8 to \$9 per week.
 Steam-press printers in Germany get from 20 to 32 marks, or \$5 to \$8 per week.
 Press feeders (female) in Germany get from \$3 to \$4 per week.
 Transfer printers in Germany get from 22 to 35 marks, or \$5.50 to \$8 per week.
 Lithographic artists in this country get from \$22 to \$45 per week.
 Steam-press printers in this country get from \$22 to \$35 per week.
 Press feeders in this country get from \$10 to \$17 per week.
 Transfer printers in this country get from \$22 to \$35 per week.

We would respectfully call your attention to a brief filed with your committee by a committee from the National Association of Employing Lithographers, which in a brief way makes a comparison between the American and European productions and the amendments to paragraphs 398 and 400 as suggested and recommended by them. which in our opinion would be equitable and proper for the protection of the decalcomania industry of this country.

In conclusion permit us to say that we have endeavored to make our explanation as brief and concise as possible, and hope it will materially aid and assist you in determining the fairness and equity of our claim and contention on the question of the revision of the present tariff law so far as it relates to "ceramic decalcomania."

Hoping you will give this matter your most thoughtful consideration, and after doing so that you may see your way clear to give the same your earnest support, we are,

Yours, very respectfully,

ARMOR LITHOGRAPHING COMPANY (LIMITED),
JOHN WILHELM, Jr., *Secretary and Treasurer.*

STATEMENT MADE BY JAMES ARTMAN, MARKET AND FORTY-NINTH STREETS, PHILADELPHIA, PA., RELATIVE TO COLORED VIEW POST CARDS.

THURSDAY, *December 17, 1908.*

(The witness was duly sworn by the chairman.)

The CHAIRMAN. This subject has been pretty well covered. Have you a brief or could you file a brief covering what you want to say?

Mr. ARTMAN. No, sir; I haven't got any brief.

The CHAIRMAN. How much time do you want?

Mr. ARTMAN. Five minutes.

The CHAIRMAN. You may have five minutes.

Mr. ARTMAN. Mr. Rose spoke to you this morning on post cards. He represented the fancy post cards. We represent the colored-view post card.

I want to supplement what Mr. Rose said about post cards.

The fact of the matter is that the colored view cards are pretty nearly all printed in Germany. In fact about 90 per cent of them are printed in Germany and of the 700,000,000 or 800,000,000 post cards that were imported in 1907, 75 per cent were colored view cards—about 600,000,000. That represents a business of about \$15,000,000, and only about—well, I guess \$1,000,000 worth of post cards are printed in this country.

We have been trying to get a foothold in that business for the last two years. Our experience has been that we can only sell to those people who can not wait for postal cards to come from Germany or do not know that they can get them cheaper from Germany.

The Germans can land post cards in this country for \$9 per thousand, and in lots of 2,000 they can deliver them for \$7.25, and in lots of 3,000 they can deliver them for \$4.75, and in lots of 5,000 they can deliver them here for \$3.50.

The lowest we can produce them for in this country is \$18 for the first thousand, \$10 for a 2,000 lot, \$7 when they come in lots of 3,000, and \$4.50 for 5,000 lots.

One of the points that I want to make is that the duty on lithographic matter being 5 cents a pound is unjust, because the small quantities pay only about 2 or 3 per cent duty, whereas large quantities come up to 15 or 20 per cent duty.

The point I want to make is, where the hand labor enters into the cost the difference is very much greater than where they are produced by machinery.

The first cost of a post card is engraving, and that is where the labor enters into it. In the small editions is where the great differences are, in lots from one to five thousand, and that is where the bulk of the sales are made.

There are only a few places in the country where they can use an edition of over 5,000 cards. Such places as Washington, New York, Chicago, and Niagara Falls will use a large edition, but nine out of ten localities will use smaller editions—editions of from 3,000 to 5,000 cards—and there is where we do not get a show.

The lithographing is very similar to printing. Lithograph cards pay a duty of 5 cents. Printed cards pay a duty of 25 per cent, and it takes an expert to tell the difference between the two. Even experts sometimes are unable to tell the difference, and it is not a just thing to put a different duty on lithographing from that on printing.

Another point is that cardboard pays a duty of 25 per cent. Lithographic stones, engraved, pay a duty of 25 per cent. Printing plates, engraved, pay a duty of 45 per cent. In other words, all the things that enter into the manufacture of post cards pay a duty of from 25 to 45 per cent, whereas post cards themselves pay 5 cents a pound, which averages from 4 to 15 per cent, according to the quantity.

Mr. CLARK. How would it strike you to cut down the tariff on the ingredients?

Mr. ARTMAN. As far as we are concerned, it would strike us all right; that is to say, if we could buy our engraving abroad and bring it here and our cardboard abroad and bring it here we would be satisfied; we think we could compete. But the cardboard manufacturer would not be satisfied nor the other manufacturer—

Mr. CLARK. I am not asking you what he wants, but what you want. It comes to the same thing in the end, whether we cut down somewhere or raise somewhere, does it not?

Mr. ARTMAN. Taking the duty off cardboard and engravings would only help us on the large editions, which are the exception. On the small editions, which comprise the great bulk of the business, we could not compete with the foreign cards, even though we should bring cardboard and engravings in free. On 1,000 editions our cost is double theirs, including duty, and on 2,000 and 3,000 editions it is 50 per cent greater than theirs, including duty, and on 5,000 it is 30 per cent greater. The 25 per cent reduction on cardboard would not amount to much, as the cost of cardboard is a small part of the total cost of small editions. To reduce the duty on photo-engravings or to put them on the free list would be of very doubtful assistance to us on account of the delays in bringing these from abroad, and to put them on the free list would be disastrous to American photo-engravers. We do not believe it is the intention of your committee to protect one industry at the expense of another, and therefore we do not suppose the reduction on duty of cardboard and photo-engravings will be con-

sidered. Almost all color-view post cards are now brought in as lithographed matter at the 5-cents-a-pound duty. Five cents a pound means 35 cents a thousand on a 1,000 lot; this is less than 4 per cent. On a 2,000 lot it amounts to 70 cents—about 5 per cent; on a 3,000 lot it amounts to \$1.05—about 8 per cent; and on 5,000, \$1.75, or 10 per cent. Thus the small editions, which should have the most protection, have had the least protection. Therefore, a duty based on weight is a very poor one for protection purposes, and the ad valorem duty is much better. While a 50 per cent duty on colored view cards would afford us protection on editions of 5,000 and over, it would not hold us on the small editions, and we therefore urge that, if possible, a higher duty be placed on small editions, say 75 per cent, which would give us a chance on all editions except the very smallest ones, and with the increased production we might find it possible to compete on the smallest quantities as well.

STATEMENT MADE TO COMMITTEE BY MATTHEW WOLL RELATIVE TO PHOTO-ENGRAVING AND POST CARDS.

THURSDAY, *December 17, 1908.*

The witness was duly sworn by the chairman.

Mr. WOLL. Mr. Chairman, I want to talk in regard to the photo-engravers.

The CHAIRMAN. I understand you want about ten minutes.

Mr. WOLL. Yes, ten minutes will be sufficient time to plead my case.

I appear here in behalf of the photo-engravers and in the interest of the workers.

This post-card proposition which has been spoken of to the committee is one which seriously affects the workman of the photo-engraving craft. The photo-engraving craft is a very new craft; it has not been very long in existence, about twenty years or less than that since it has been of commercial value in this country.

In our early period we had no foreign competition to speak of, but since the development of the craft, the skill of the members, we have realized that there is a great deal of competition from the foreign shores, particularly in the post-card and in the calendar work.

That has been due to the development of the craft, and it has not been until in recent years that we have come to our legislators to seek remedial legislation to protect the American workmen.

Now, in the post-card trade and the calendar trade, the photo-engravers are affected particularly, inasmuch as the post card and calendar trade is a business which has been used heretofore to fill in the idle time of those engaged in that work. In other words, the photo-engravers have nothing to sell but their skill. They can not accumulate any stock in trade, and, as the nature of the business is, it is confined largely to making photo-engravings for advertising purposes. Advertising as a rule is usually done in two seasons of the year, that is, this is work that comes periodically once or twice a year. Our busy seasons are in the fall and in the spring. During the

winter time and during the summer time we are very slack in our work.

Now, those times have always been taken up with this post-card work and this other illustrating work, which has given our men employment during the entire year. But now, with the competition from Europe, we find that even that work has left us. That is the post-card work. Under the conditions that exist now they can produce that work abroad much cheaper than we can here, and therefore it has thrown many of our men out of employment during those seasons of the year.

Not only is the post-card work affected disadvantageously in this matter, but that also refers to the calendar work that we formerly did.

We are not only suffering on account of the idleness of our men, caused by the things I have stated, but we also find that our men are affected in another way. Calendar work is of a high class, it is artistic work, and it is a great disadvantage to our workmen to be deprived of that high character of work. The calendar work is, as I have said, artistic work, and we feel that inasmuch as it is our aim to have as high an ideal as possible, to have a high standard of work and to come up to that standard as far as possible, we want to be given the inducement that we find in this calendar work and other work like that. That sort of work increases our skill, and unless we can get that work we can not in any other way well acquire that high grade of skill. We can not get it simply by reading books and studying; we can only get it by doing the actual work.

Therefore, we think we need some protection from the legislature in that matter.

In the post card and calendar work is where we need protection. We do not ask protection on the other kinds of work—the catalogue work, or the periodical work, or the magazine work. In work of that kind the conditions themselves give us protection, because the immediate demand for that kind of work will not permit it to be sent out to foreign countries to be done. But as to post card work, which is merely like what we might call stock in trade, that can be sent to foreign countries and done over there, and in that way our workmen are deprived of employment at a time of year when they would especially like to have it.

I do not care to consume any more of the time of the committee unless there are some questions. I understand that a gentleman was here this morning, and he stated the case of the publishers from the publishers' viewpoint.

Mr. LONGWORTH. What do you ask?

Mr. WOLL. That our protection be higher, that a higher duty be placed on this printed matter. If the committee wants any statistical information on this I will be very glad to furnish it.

I was passing through the city here, and I was glad to take this opportunity to appear before you and speak for my craftsmen. Those are the facts. We feel particularly that this work, which has always been done by engravers, is a sort of filling-in work, to keep our men employed continually; is work that it is very desirable for us to continue to have. We have now been deprived of that work. Also, as I have said, because it fixes the price which, once fixed, is going to affect the other work.

As for the calendar work, the same tendency is noticeable there. That work is not work that has to be done in such a hurry. They can wait months for it. Because they can wait that length of time for it, they send to the foreign importers to have that work done. Naturally we feel that we ought to do that work, not only to keep our men employed, but also to give us the opportunity of bettering our craft.

The laws of this country, I understand, are meant to develop the artistic instincts of the people; and, as I have said, in no way can our high standard of work be kept up so well as by doing this most artistic work; we can not accomplish the same thing by studying, or in any other way.

If we have a chance to do this work I am sure that we will gain more than by merely having other people make those cards and we simply observing them.

I think that practically concludes our case, the case of the photo-engravers. We are not asking any protection to build up any industry, but we do ask protection to maintain the industry that we have already built up in the last few years.

Unless we get what we ask we will have serious competition. It will make it hard for the employers, as well as for the workmen, for this reason: In the photo-engraving trade the cost of production is largely the cost of labor. Recently a committee was appointed to determine the actual price of production. This committee reported that between 60 and 70 per cent of the cost in photo-engraving is the cost of labor. You can readily see how we are affected by this proposition. It means a great deal to the members of our craft.

Mr. GAINES. What wages do you make?

Mr. WOLL. The photo-engravers' wages range from \$18 to \$30 a week.

Mr. LONGWORTH. And what do the Germans get?

Mr. WOLL. In marks, almost the same figures.

Mr. LONGWORTH. That would be about four times as much as you get, then?

Mr. WOLL. Yes; if you consider that they get the same figure in marks. We feel that with the training that is required to produce photo-engraving and the conditions under which we must work—because we are a sort of artistic craft—we feel that the wages are not any too high, and it surely will not relieve us or give us an opportunity to better the craft by cutting down the wages, which we have now, and compelling us to separate the craft still more and practically do away with the artistic part of it.

If there are any questions as to the photo-engravers, I will be glad to try to answer them.

STATEMENT OF H. M. ROSE, THE ROSE COMPANY, 606 SANSOME STREET, PHILADELPHIA, PA., RELATIVE TO CALENDARS, PICTURES, AND POST CARDS.

THURSDAY, *December 17, 1908.*

Mr. Rose was duly sworn by the acting chairman, Mr. Dalzell.

Mr. ROSE. Mr. Chairman and gentlemen, I intended to call your attention to the difference in the hours of labor of employment here and in foreign countries, and the difference in the scale of wages.

Mr. UNDERWOOD. Before you proceed, will you please tell us whom you represent?

Mr. ROSE. The Rose Company, of Philadelphia, publishers and printers of calendars, pictures, and post cards. I find that the committee has been rather fully informed as to the difference in wages for printers and pressmen in this country and Europe, so I will simply say that the United States Government in its own printing shop has established wages and hours of labor which are very difficult for us to follow, while at the same time the market in our class of goods has been thrown open to foreign countries, with practically no duty whatever; countries where the rate of wages is from one-quarter to one-third the rate paid by us.

I am stopping at one of your principal hotels. I went to the news stand this morning on the way up here, and I find that the only post cards of the United States Capitol, the White House, and all of the views of Washington, are made in Germany. We imported from Germany alone in 1907 nearly 800,000,000 cards.

Now the cost of making those cards—speaking of post cards, although we manufacture the other lines, and they all come or should come under one general heading—the initial cost of a set of post cards, usually eight designs, which is the popular number, for drawings, and designs, and plates, is from \$300 to \$500. Of this fully 95 per cent is the cost of labor. The only material used is a little copper and wood on which the plates are made. Following that, the cost of the cardboard is about 75 cents per thousand; ink 25 cents a thousand, labor \$1.50 a thousand. On the number of post cards imported from Germany alone in 1907, the wages that we would have had to pay would have amounted to about \$1,200,000, or work for a year for 2,000 men and women at the rate of \$12 a week. In addition to that there would be about half a million dollars for plates, practically all of which was labor; and then about \$800,000 for cardboard and ink. The amount of labor on that I am not familiar with. We want to pay the wages that we are paying now, and we want to increase them. The publishers of books, and the other printers are going to do it on the 1st of January, and we can not do it.

Mr. DALZELL. You have given us the American wages; can you give us the corresponding cost abroad?

Mr. ROSE. I have in my pocket a brief presented to you by the American Typothetæ, which gives that exactly. I will read it to you if you want me to do so.

Mr. DALZELL. No; that is already in the hearing.

Mr. ROSE. I can not give you any different information than that.

Mr. DALZELL. Do you indorse these statements?

Mr. ROSE. Yes.

There is one other thing that I want to say to you, referring to these two cards that I brought here this morning. The cost of a set of plates before putting them on the press at all in this country is \$12.50. Those foreign cards will be sold, delivered in America, duty paid, card-board, printed, plates and all, for from \$9 to \$10.

Mr. CRUMPACKER. What do you charge for them?

Mr. ROSE. Two for 5 cents.

Mr. CRUMPACKER. You can not sell these at that price. They would be sold anywhere for a nickel apiece?

Mr. ROSE. No; not at all. The idea is this: A set of plates like this costs us \$12.50. The printing would cost about \$2. These people sell the cards, delivered in this country complete, freight and duty paid, for \$9 and \$10 a thousand; that is, in small quantity. In large quantities they will sell them as low as \$3 a thousand.

Mr. CRUMPACKER. What can you sell them for and make a reasonable profit on the production.

Mr. ROSE. In lots of 5,000 we could sell those at \$4 a thousand.

Mr. CRUMPACKER. And they sell them at \$9?

Mr. ROSE. No; they sell 1,000 at \$9, and that is what kills us.

Mr. CRUMPACKER. What can they sell them for in 5,000 lots?

Mr. ROSE. About \$3 or \$3.50. The idea of the thing is this: Nobody would buy those in 5,000 lots if they can buy 1,000.

Mr. CRUMPACKER. I suppose they are sold to wholesalers in large lots at low prices, and they send them around to the retailers, do they not?

Mr. ROSE. No, sir.

Mr. CRUMPACKER. Do you sell directly to the retailer?

Mr. ROSE. We do not sell on this class of goods, but these people do. We could not produce a thousand cards like this for less than \$18 or \$20.

Mr. CRUMPACKER. Of course, if you produced 1,000; but when you make a print of that kind you would print nine or ten thousand, would you not?

Mr. ROSE. No; we do not because those people will sell 1,000, consequently the American buyer will not buy larger quantities from us.

Mr. CRUMPACKER. But a city like this would probably take a thousand, and we have a great many cities of this size.

Mr. ROSE. But that does not help us. It is the quantity of this one card, it is not the general number.

Mr. CRUMPACKER. Do you mean to say that a thousand of this one card would supply the United States?

Mr. ROSE. No; that is not the method of manufacture. These goods are made to order, and the view cards of Washington will sell in Washington.

Mr. DALZELL. I do not understand that you are complaining of the German cards that represent American cities, but post cards generally?

Mr. ROSE. Generally, yes. But following this one subject, while I am at it, I had occasion to investigate the price paid for labor on plates in Germany as compared with America. They pay their

artists from 18 to 35 marks per week; 35 marks is about the pay for the best men they have over there. We pay for the same class of labor from \$15 to \$35 per week. There the etchers receive from 24 marks to 30 marks a week, while ours receive from \$24 to \$30 a week; in other words, we are paying more than four times as much for labor as they are, and it is absolutely impossible for us to compete with them.

Mr. DALZELL. The duty now is 5 cents a pound.

Mr. ROSE. Five cents a pound; yes.

Mr. DALZELL. What do you suggest the duty ought to be?

Mr. ROSE. The duty on these cards ought to be not less than 50 to 75 per cent ad valorem, or 35 cents per pound.

Mr. UNDERWOOD. Does that make a prohibitive duty?

Mr. ROSE. Not at all; no, sir. Thirty-five cents per pound would amount to \$2.80 a thousand cards.

Mr. UNDERWOOD. You say that they can lay a thousand cards down for \$9?

Mr. ROSE. Yes.

Mr. UNDERWOOD. What can you produce them for?

Mr. ROSE. Eighteen to twenty dollars.

Mr. UNDERWOOD. With \$2 a thousand, you would not be any better off than you are now?

Mr. ROSE. It would be \$2.80 a thousand, and that would make quite a big difference.

Mr. UNDERWOOD. \$11.80 as compared to \$18 cost in this country? That is a strong argument for a revenue duty, I must admit, but for a protective duty I do not see where you would come in.

Mr. ROSE. We would come in in this way, and particularly on the other style of cards. I am more interested in other cards than I am in these. We do not publish these at all. We publish Christmas cards, holiday cards, general greeting cards, and art cards. In cards of that kind, where we print the stock, it would be a very fine protection.

Mr. GAINES. On the cards kept in stock, the duty would protect you, would it not?

Mr. ROSE. Very much; it would be a fine protection.

Mr. UNDERWOOD. On the cards kept in stock now, what is the volume of business in this country?

Mr. ROSE. Well, I suppose there are made in this country several million dollars' worth.

Mr. UNDERWOOD. What are the importations on cards kept in stock?

Mr. ROSE. It is very difficult for me to answer that, because post cards come in as post cards, without any classification at all.

Mr. UNDERWOOD. What is the total importation of this class of cards, post cards and all?

Mr. ROSE. All post cards from Germany alone, in 1907, were 755,000,000 and some odd thousand.

Mr. UNDERWOOD. In dollars and cents, what was it?

Mr. ROSE. I do not know, but I can tell you about what it would be.

Mr. UNDERWOOD. About what?

Mr. ROSE. About six or seven million dollars, I should say. That is only an estimate, you understand.

Mr. UNDERWOOD. What percentage of that are postal cards; can you make an estimate?

Mr. ROSE. All postal cards; nothing but postal cards.

Mr. UNDERWOOD. That does not include the cost of the stock cards then at all; you have no information as to the amount of cards that come in in stock?

Mr. ROSE. Those are what we call stock cards. There is another class of cards—if you would like, I can show you the class of cards to which I refer.

Mr. GAINES. Let us see them so that we may understand it.

Mr. HILL. Just a moment. How much does a thousand of this class of cards weigh [showing German view card]?

Mr. ROSE. From 7 to 15 pounds.

Mr. DALZELL. I see, Mr. Rose, that when post cards were before us before complaint was made that there was no uniformity of duty at the various custom-houses. At some places they came in at 5 cents a pounds as printed matter, others as lithographed cards at 25 per cent ad valorem, and at other places still higher rates under various classifications. What do you know about that?

Mr. ROSE. I know that some come in at 5 cents a pound.

Mr. DALZELL. Where have you had experience upon that?

Mr. ROSE. Through importers of certain cards.

Mr. DALZELL. At what port?

Mr. ROSE. Philadelphia.

Mr. DALZELL. Is it 5 cents per pound there?

Mr. ROSE. Five cents a pound there, as a rule; yes.

Mr. CRUMPACKER. Is there any distinction made between the cards? I see some of these contain mottoes.

Mr. ROSE. Yes.

Mr. CRUMPACKER. Are those admitted as printed matter?

Mr. ROSE. They all come in as post cards; everything as a post card.

Mr. DALZELL. There is no such classification in the tariff law as a "post card?"

Mr. ROSE. Or as lithographed matter. These are the ordinary two-for-5-cents post cards, so called [handing samples of cards to members of the committee].

Mr. McCALL. They do not come in as works of art?

Mr. ROSE. No; I do not think they do. Here is another class of card. Here is a card that comes in at 5 cents a pound also. These are what we call air-brush cards [handing cards to members of the committee].

Mr. DALZELL. Is this a foreign card [indicating]?

Mr. ROSE. That is made in my shop—all made in my place.

Now, you asked me what I know about the tariff. There is a hand-made card [indicating], and it comes in, I suppose, under the head of manufactures of silk, and supposed to pay a duty of 50 per cent. On Tuesday of this week I was in New York and I showed that card [indicating] to an importing house. He told me that he, at certain prices, imported similar cards. I asked him how it was possible for him to import those cards at that price at a duty of 50 per cent. He said that he got them through the post-office in small lots and did not have to pay duty. Of course, I do not know how he did it, but it seems that he did.

Mr. GAINES. What is your duty on cards similar to that? [Showing lithographed card.]

Mr. ROSE. Five cents a pound.

Mr. GAINES. How many in a pound?

Mr. ROSE. From 7 to 8 pounds a thousand.

Mr. GAINES. What do they sell for?

Mr. ROSE. Two for 5 cents for the card that I showed you. These are the handmade cards.

Mr. CRUMPACKER. Was any duty paid on these cards that came through the mails?

Mr. ROSE. He told me that he didn't have to pay the 50 per cent duty. What he did pay I do not know.

Mr. HILL. What is the duty on that [indicating]?

Mr. ROSE. If properly classified, that is supposed to come in under the 50-cent duty as silk goods.

Mr. CRUMPACKER. Is this one of the kind that came in through the mails without duty [indicating]?

Mr. ROSE. Without duty, I suppose.

Now, as to these handmade cards, they ought not to come in under 75 per cent duty. That is practically all labor, every bit of it, and that is the class of labor, the particular class, that certainly ought to have protection more than any other class. Men can take care of themselves, but that labor certainly should be taken care of.

Mr. LONGWORTH. Is this card mailed [indicating] as it is?

Mr. ROSE. No; those are put in a little box, with the words "post cards" labeled on the box. They are called post cards, but they are not post, they are greeting cards.

Mr. HILL. Did I understand you to say that you imported 800,000 last year?

Mr. ROSE. Oh, no; I did not import 2,000.

Now, this is another class of work [handing samples of cards to members of the committee]. That comes in under the same heading.

Mr. DALZELL. This is not a post card. Does this pay the same duty as a post card?

Mr. ROSE. It pays 5 cents a pound.

Mr. DALZELL. I do not see why it should. Is it printed matter?

Mr. ROSE. Lithographed matter. As a matter of fact, that particular thing is an air-brush card. It is all hand work, but they let them come in as lithographed matter.

Now, here is a sample of the calendar work [showing].

Mr. BONYNGE. Does this come in under the same duty, this card that I have?

Mr. ROSE. Five cents a pound. That, however, comes in at 25 per cent duty. [Showing a printed calendar.]

Mr. FORDNEY. What particular port does that come in?

Mr. ROSE. Through any port or the appraiser, I suppose.

Mr. FORDNEY. But pardon me, I do not think you understand. Do you mean to say that one appraiser would admit that at 5 cents a pound and another will charge 25 per cent ad valorem?

Mr. ROSE. They seem to do it. There seems to be some doubt as to what is lithographed and what is printed; but most of that stuff in New York comes in at 5 cents a pound.

Mr. HILL. They can not come in at 5 cents a pound under the law now?

Mr. FORDNEY. But he says that they do.

Mr. LONGWORTH. What is that called [indicating]?

Mr. ROSE. That is hand worked. That would come in either as lithographed matter or as printed matter at a duty of 25 per cent, and we can not compete with a 25 per cent duty.

Mr. HILL. The 25 per cent duty is limited to not to exceed 35 square inches, while that is a good deal more.

Mr. ROSE. Then what rate would they come in on?

Mr. HILL. I have not discovered that yet, but I think they would come in at 8 cents.

Mr. DALZELL. Could you make a description of these various things that would differentiate them so that proper duties could be put on?

Mr. ROSE. Certainly, yes; for instance, if that card [indicating] came in at 8 cents, it would not have any protection whatever.

Mr. DALZELL. I understand, but will you file with the committee such a description of these various things as would enable us to differentiate them in the tariff bill?

Mr. ROSE. I will do that, although probably they will all come in under one heading.

Mr. HILL. The question as to whether it is 8 cents or 35 cents ad valorem is dependent upon the thickness of the paper, and I have no knowledge of what the thickness of this paper is, whether it is one one-thousandth or twenty one-thousandths of an inch.

Mr. ROSE. I can not tell you myself. I can give you an idea of what we have to contend with in the way of labor. Here is something that I bought right here in Washington [indicating]. We pay for a set of paintings like that from \$15 to \$25 apiece. That is artists' work. We buy them in Germany from \$2 to \$3 apiece. If there is any industry on earth that ought to be protected, it seems to me that anything that adds so much to art and the education of the American public is entitled to consideration.

If we have this market, or at least the share of it that we are entitled to, there would be ten times as many artists and designers here as there are now. The United States Government certainly would not be any loser by marking this tariff what I claim it should be, because there will always be more or less cards imported on account of novelty of design, irrespective of price. The dealer would not have to pay any more and the consumer will not have to pay any more for the cards. There are popular prices at which the consumer buys post cards—two for 5 cents, 1-cent cards, the 5-cent card, and a few at higher prices. There are established prices to the jobbers and established prices to the retail dealers for this class of cards.

There is an initial cost of from \$300 to \$500 for drawing and making the original plate. If we print 1 card or 1,000,000 this initial cost of preparation is the same. If we print a smaller quantity the proportion of cost is larger than if we print a larger quantity. Nobody will be hurt by this duty, except the foreign laborers and manufacturers and the importers, of whom there are about 25 to 50 in this country. The importers do nothing except to sell goods. They only have a few clerks and salesmen. They are of no help to industry or labor. They go around the country and say that they can take orders cheaper than our home manufacturers can make the goods. Unfortunately that is true, and we can not deny it.

Unfortunately it is true, also, that there is only one place in America where the American manufacturer is protected, and that is in Canada. We have 33 per cent better duties in Canada as against the Germans, and, as a consequence of that, Canada is a better market than the United States itself.

I want to call attention to this [showing sheet of cards] and to say that if a duty is made on post cards, it should include post cards that are impored in sheets, ready to print.

Mr. DALZELL. Is this specifically named in the tariff bill?

Mr. ROSE. Yes, sir.

IMPORTERS OF LITHOGRAPHIC PRINTS URGE RETENTION OF METHOD AND FORM OF THE DINGLEY ACT.

NEW YORK, *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On behalf of the leading importers of lithographic prints of the United States, I beg to submit the following brief with reference to the duties to be provided in the proposed new tariff act for this class of goods now covered by paragraph 400 of the existing law. Specifically, this brief is intended as an answer to the request made by the National Association of Employing Lithographers, through the chairman of their tariff committee, Mr. George R. Meyercord, presented to the committee on November 21, 1898, and reported in Tariff Hearings.

The parties whom I represent are the firms of Messrs. E. P. Dutton & Co., Raphael Tuck & Sons Company (Limited), International Art Publishing Company, W. Hagelberg & Co., Art Lithographic Publishing Company, Kaufmann & Strauss Company, of New York City, and Wolf & Co., of Philadelphia.

The American manufacturers, who admit that they now control five-sixths of the trade in this business—Mr. Meyercord admitted that the domestic production in 1905 was \$25,000,000 and the total importations about \$4,000,000—are certainly modest in their demands, for the increases they suggest would, as will be hereafter shown, make the duties on many of these articles 200 and 300 per cent ad valorem, and thus of course prohibitory. In this connection the following questions and answers are significant:

Mr. CRUMPACKER. You want the tariff high enough so as to practically compel them to buy American goods?

Mr. MEYERCORD. Give us free trade in our own home market; that is all we want and we will lick him.

Mr. CRUMPACKER. If you had the increase in the schedule of tariff you ask for, it would probably prohibit the importation of any foreign product, would it?

Mr. MEYERCORD. We want free trade in our home market; that is all we want. I am a free trader above the 51 per cent basis.

Mr. Meyercord begins by stating:

There have been numerous court decisions and great confusion as to paragraph 400. It is probably one of the most confusing paragraphs to be interpreted in the entire Dingley tariff act.

It would seem that if it had been confusing, and numerous court decisions had been made under it, that the confusion would have

been nearly, if not wholly, clarified. Mr. Meyercord's proposition is to introduce an entirely new and complex scale of duties, which would certainly make confusion worse confounded.

As a matter of fact there is no confusion about paragraph 400 excepting in Mr. Meyercord's imagination.

Prior to 1890 lithographic prints, like other printed matter, were dutiable at 25 per cent. The McKinley tariff act, which was considered a protective tariff, put all these goods on a basis of 35 per cent duty. When the Wilson tariff act was framed the paragraph corresponding with paragraph 400 (paragraph 308, act of 1894) was framed after a conference between the manufacturers and the importers held in Washington, and the draft was made under the supervision of General Appraiser Sharretts, an expert assisting the committee in the preparation of the bill.

There is little, if any, difference between the provisions of the Wilson bill and the provisions of the Dingley bill. These latter provisions were also the result of an agreement between the domestic manufacturers and the importers.

When Mr. Meyercord suggests there is great confusion in paragraphs which were twice agreed on by all conflicting interests, and which in the first instance were put in form by a tariff expert and a member of the Board of General Appraisers, he ought to cite some proof in support of his assertion.

In answer to a question of Mr. Crumpacker, Mr. Meyercord stated that the domestic manufacturers had larger protection under the Wilson-Gorman Act and that the rates were higher in that act than under the Dingley law. One has only to read paragraph 308 of the act of 1894 and paragraph 400 of the act of 1897 to see for himself, without being an expert, that Mr. Meyercord's statement is without foundation. Mr. Meyercord states that the manufacturers of lithographic prints in Germany sell goods in this country below the market price for the same goods in Germany, and in some cases bill goods to their own branch offices in this country at less than the market price there. As the duties on these goods are specific and the duty is in nowise affected by the value, there is no reason why the foreign manufacturers should undervalue their goods, and as to how the price they sell them here compares with the price at which they sell them in Germany, it is difficult to see how the Government is concerned with it.

The ground assigned by the American lithographers for the enormous increase of duties which they propose will not bear investigation, and we desire to submit the following reply to it:

(1) They say that the volume of importations is constantly increasing. This would furnish no ground for their application even if it were true. As they admit the importers have only about one-sixth of the business, there would be no occasion for alarm or drastic tariff legislation even if the importers' share was increasing to one-third or one-half, but as a matter of fact the statement is misleading.

The imports of Christmas cards, calendars, booklets, and novelties are not increasing, but are decreasing. There has been a very considerable increase of rate in the importations of post cards, because the craze for these articles, which ran its course in Europe and is now dying out, has been very great in this country, especially during the past year. The importations of post cards during the past year have

been \$3,000,000 worth, but the demand is decreasing; the popularity of these articles is on the wane, and it is a question only of time and apparently a very short time when the demand will drop off in this country, as it has already done in Europe.

(2) The argument based on labor cost is wholly misleading. The statements of Mr. Meyercord as to the cost of labor in Europe are very incorrect. Mr. Samuel Gabriel, of the firm of Raphael Tuck & Sons Company, who has been visiting Europe annually for over twenty years and knows the market conditions abroad most thoroughly, can testify that competent pen and crayon artists receive from 80 to 100 marks a week, and not from 32 to 36, as stated by Mr. Meyercord. Corresponding artists in this country earn from \$30 to 335 per week. It can be abundantly shown that Mr. Meyercord's figures for foreign labor should be at least 50 per cent higher. Mr. John Macrae, vice-president of Messrs. E. P. Dutton & Co., a firm of the highest standing, which has been in business for fifty years in the city of New York, states that the wages paid in the factory in Nuremberg, which supplies this firm with goods are from 30 to 100 per cent higher than Mr. Meyercord's estimates. Moreover, the American workman is so much quicker and more efficient than the foreign workman that he can do double the quantity of work in a given time.

Not only are the actual wages paid in Germany higher than as stated by Mr. Meyercord, but the owners of factories there have to pay certain insurance and hospital taxes, which further increase the actual cost of labor in the production. The correctness of our statements and the incorrectness of Mr. Meyercord's on this phase of the question are borne out by the fact that the importers are unable to compete with the domestic manufacturers on all but the highest class of goods; that the domestic manufacturers have five-sixths of the business, and finally by the fact that during the recent strike of lithographers in this city the employers made every effort to persuade European artists to come to America, offering them special inducements. These artists investigated the matter of relative wages in their own country and in this, and not a single one of them was induced to run away from the starvation wages abroad. The same was true of the transferrers and feeders.

(3) In this, as in many other cases, the American manufacturer is seeking to establish rates of duty which will be prohibitory of importation on goods that are not made here at all, and thus diminish the revenues without any corresponding benefit to themselves. Such goods as Christmas cards, fancy calendars for retail stationers and booksellers, Christmas booklets, valentines, and Easter booklets, cards, and novelties have never been successfully made in this country, and the American lithographers now propose rates of duty on them from 100 to 300 per cent higher than the present rate, which would largely, if not wholly, exclude their importation.

(4) The American lithographers propose that post cards shall in future be assessed as "material not exceeding eight one-thousandths of an inch at 30 cents a pound." The present rate of duty is 5 cents a pound, so they are asking to have it multiplied by six. One of my clients, Messrs. Raphael Tuck & Sons Company, are large importers of this class of goods. They cost, to make abroad, 8 marks, or \$2, per thousand. The weight is 12 pounds to the thousand. The present duty at 5 cents a pound is therefore 60 cents a thousand, or about

30 per cent. The proposed rate, being six times this, would be about 180 per cent. It would amount to \$3.60 a thousand. Now, it happens that the firm to which I have referred has a number of cards printed here by domestic lithographers. Two of these, the Niagara Lithographic Company and the American Lithographic Company, are members of the association represented by Mr. Meyercord. A third firm, the J. Ottmann Lithographing Company, are doing a large business in the United States. I append as Exhibit A post cards made by these domestic lithographers, with their bills for the same, which, as will be seen, are from \$1.25 to \$1.75 per thousand, so that without any regard to the foreign cost of these cards or the expense of getting them here, or any profit to be made on them here, the American lithographers are asking for a duty which is more than double the price at which they sell their own product. I can conceive of no more impressive proof of the outrageousness of their demands.

(5) The loss of business by the American lithographers is not caused by the cheapness of lithographic work abroad, as has already been shown. It is largely caused by the fact that lithographic goods are to an increasing extent displaced by goods which are not lithographed, but which are the product of the three and four color process of printing recently invented. Formerly all fine color work had to be done by the lithographic process. This is no longer the case. Fine goods are produced by this three and four color process, and these goods are making inroads on the business in lithographic prints, both abroad and in this country. No increase of duty on lithographic prints will protect the domestic manufacturer from this competition.

(6) The American lithographers propose to increase the duty on artistic calendars and Christmas cards from 5 to 8 cents a pound, according to thickness of cardboard, to 30 and 36 cents a pound. These articles are not and never have been made here. To increase the duties on them from 350 to 500 per cent means practically to prohibit their importation. They are bought by all classes of people at the Christmas season and have come to be looked on as one of the most attractive features of Christmas celebration. Why they should be utterly barred out at the behest of people who have nothing to gain by this act of vandalism it is difficult to imagine.

(7) Mr. Meyercord tells us that the increase of lithography in America amounts to just 25 per cent, as against an increase of 30 per cent in that of imported lithographic prints. In view of the fact that American lithographers, according to their figures, turn out annually 25,000,000, while the imported, including every conceivable sort of lithographic prints, amount, according to their own figures, to less than \$5,000,000, the increase in actual figures amounts to 25 per cent of \$25,000,000, equal to \$6,250,000, while 30 per cent of \$4,911,102 amounts to less than \$1,500,000. This increase of domestic business, (more than four times the increase of importations) was in spite of the unusual demand for post cards last year and of the enormous advance which three and four color printing has made in the United States.

In conclusion, I respectfully submit that the present form and method of the Dingley Act should be adhered to in any new act contemplated by the Ways and Means Committee. The Dingley lithographic schedule is the result of years of investigation, work, and compromise of the American lithographers, the importers of lithographic

goods, and of tariff experts. The specific rate of duty is preferable, because it avoids any possibility of undervaluation and removes any suspicion that might arise in the minds of the Government or of the American manufacturers that these goods are undervalued.

W. WICKHAM SMITH,
For Importers of Lithographic Prints.

**E. P. DUTTON & CO., NEW YORK CITY, URGE MAINTENANCE OF
PRESENT SCHEDULE FOR LITHOGRAPHIC PRINTS.**

NEW YORK, *December 18, 1908.*

HON. SERENO E. PAYNE,

Chairman of Ways and Means Committee, Washington, D. C.

DEAR SIR: We take the liberty of writing you regarding the statement made before your committee by Mr. George R. Meyercord, chairman of the tariff committee of the National Association of Employing Lithographers. Mr. Meyercord and his committee of American lithographers clearly intend, if given their way, to make the duty on lithographic prints prohibitive.

Believing that it is your intent to get such information as is available, and to prepare a tariff schedule that will be just and fair to all interests concerned, we appeal to you regarding this lithographic schedule.

The high standing of our house entitles our statements regarding this schedule to a hearing from you and your committee. Our individual imports of lithographic articles are those of the very highest order of workmanship. The lithographic goods imported by us are practically all souvenirs for Christmas, Valentine, Easter, and birthday remembrances. They consist of calendars, booklets, cards, and novelties. The class of goods imported by us are such as have never been made to any extent in this country, and it is not likely they will be made here.

If Mr. Meyercord's proposals should be incorporated in your coming revision of the tariff, it would increase the rates of goods imported by us from 40 per cent to 300 per cent. The duties would range from 45 per cent at the very minimum and range to 100 per cent. We estimate the average about 60 per cent ad valorem. You are doubtless aware of the history of import duties on lithographic materials.

Prior to the McKinley Act the lithographic goods were imported as printed matter, with a duty of 25 per cent. The McKinley bill separated the lithographic products and assessed a duty of 35 per cent ad valorem. The American manufacturers and the Government were continually feeling that certain importers of these products undervalued them.

When the Wilson bill came up for discussion there was a long and bitter struggle concerning the lithographic schedule. Finally Chairman Jones, at the request of Senator Gorman, notified both the importers and the American manufacturers that they must come together and harmonize on an equitable rate of duty, fair to the principal interests on both sides. The Wilson-Gorman tariff was the result, and the principal parties on both sides signed an agree-

ment in Washington, and their suggested schedule—with certain modifications—was finally passed by Congress.

When the Dingley tariff came up for discussion, many of the more prominent American manufacturers and importers had a conference in New York, and agreed after considerable discussion to request Mr. Dingley and the Ways and Means Committee to incorporate the Wilson tariff practically as it stood in the new Dingley tariff. This was practically done, with some modifications.

Later, however, there was considerable dissatisfaction, and the schedule was made and remade a number of times. After a good deal of hard feeling and bitterness and fighting on both sides, the principal interests of American manufacturers and importers met in Washington and signed an agreement to accept the present schedule—paragraphs 398 and 400—as practically satisfactory to the interests concerned. The American lithographers had a very strong influence, and practically had everything that Congress could possibly feel was just given them in the McKinley bill, the Wilson bill, and the Dingley bill. The agreement made and signed for the Dingley tariff, I am informed, is still in existence, in the hands of the Treasury Department in Washington or at the appraisers' stores in New York.

I take the liberty of giving you somewhat of the history of this lithographic schedule, to show you that the present schedule is the result of many years of work, dissension, and discussion by all parties concerned. The American lithographers are amply protected by the present schedule. In fact, in many instances the protection is overhigh.

Owing to the peculiar nature of the lithographic business, it is well-nigh impossible for the Government, or individuals, to know what the foreign value of these articles is. The question of originals, which varies so tremendously between artists, and the question of the difference between an edition of, say, 1,000 or 50,000, makes the determining of values well-nigh impossible from an *ad valorem* standpoint.

The specific rate of duty puts all importers on an equal basis. The question of size, thickness, and weights is paid for equally by all, and the American manufacturer knows just what the duties would be under certain conditions.

We can speak most positively that the lithographic imports of our house are less now than they were prior to the Dingley Act. We are informed by most of the other large importers of lithographic prints that their imports of lithographic prints has decreased rather than increased.

There has been a large volume of imports of picture post cards. We are told that something over \$2,000,000 per year, for several years, have been imported in this line alone. The picture post card business has been a great craze in Europe, but is now rapidly dying out. The picture post card business here has also been a craze, but has, in our judgment, reached its height, and we are importing practically no general view post cards and a limited number of Christmas, valentine, and Easter postals. We feel assured that the importation of picture post cards will materially decrease in the next few years. This post card business more than accounts for any increase in the lithographic schedule during the past few years.

The reason why certain American lithographers have felt dissatisfied with their net earnings in recent years is largely traceable to the rise of three and four color printing. Formerly all good color work had to be done by the lithographic process. Now some of the finest color work done is of the three and four color process. Pictures, illustrations for books, children's color books, toy books, post cards, and all kinds of color work are done, and done successfully, by the three and four color process. Even the most technical and difficult of the famous old masters' paintings have been and are reproduced by this three and four color process.

Mr. Meyercord and his associate members overstate the supposed amount of lithographs imported into the country, and they largely understate the actual wages paid to foreign, especially German, lithographers and labor connected with the lithographic trade.

The American lithographers are constantly reprinting the best of our designs, and using them in whole or in part in toto, practically stealing them from us without ever so much as "by your leave," and are able to produce these designs and sell them on the American market at prices less than we actually pay for the same articles landed in New York. This is proof positive that the present rate of duty is more than sufficient for protection.

As the present schedule is the result of years of work and compromise, as it now stands it is working in a fairly satisfactory way to the importers, and by Mr. Meyercord's own statements it is producing certainly all the protection that the American lithographers are entitled to.

We earnestly petition you that you maintain the present schedule, and if you feel it necessary to make certain changes to make those changes on the basis of the present schedule. Since the enactment of the Dingley tariff we, and all the importers, have had considerable difficulty in the working of the schedule. These various disputes have from time to time been taken into the courts and before the Board of General Appraisers, and have now practically all been decided, so that both the importers and the American lithographers know just the results of the working of the Dingley Act.

If you contemplate making any change in the Dingley Act, we earnestly hope you will give us an opportunity of presenting our case before you and your committee. There is one part of the Dingley Act—that part specially referring to books for children's use containing illuminated lithographic prints weighing under 16 ounces—that should be changed. These children's color books are manufactured principally in Germany, and are of the highest art color work. The present rate of 8 cents per pound is practically prohibitive, shutting out all but a few of the very highest order. We believe this duty should be reduced from 8 cents per pound to 5 cents per pound.

In conclusion, we emphasize again the fact that what Mr. Meyercord and his committee ask for is not protection but prohibition, and we assure you and the gentlemen of your committee that the rates asked for would prove prohibitive.

We refer to the schedule as specifically applying to lithographic prints, as we know nothing concerning the cigar labels, flaps, and bands and have no interest whatever in these items, or in any form of labels.

Thanking you in advance for the courtesy of receiving this protest,
we are,

Faithfully, yours,

E. P. DUTTON & Co.,
Importers.

**SUPPLEMENTAL BRIEF FILED BY THE NATIONAL ASSOCIATION
OF EMPLOYING LITHOGRAPHERS, CHICAGO, ILL., RELATIVE TO
LITHOGRAPHIC PRINTS.**

CHICAGO, ILL., *December 21, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: We present herewith the supplementary brief of the National Association of Employing Lithographers to make clearer some of the statements and answers made by our chairman, Mr. George R. Meyercord, as also to answer the briefs and statements of those opposed to our proposed substitute for paragraph 400.

Mr. Underwood asks:

What is the total production in the United States?

Mr. Meyercord answers:

About \$25,000,000.

While this \$25,000,000 is correctly stated, yet it is also a fact that the selling value of lithographic color work in this country, in which there is competition with German lithographers, is not more than \$12,000,000.

The Treasury Department statistics show that in the fiscal year 1908 there was imported under paragraph 400 lithographs to the value of \$4,911,102. In addition to which it is estimated that there was also imported under paragraphs 398, 403, and 407 lithographs to the value of over \$2,000,000.

It may therefore be stated that the total imports for the fiscal year 1908 amounted to at least \$7,000,000. Specific and ad valorem duties transformed to ad valorem equivalent would equal in round figures 20 per cent, while freight, insurance, selling expense and profit would certainly add at least 30 per cent more; therefore the comparison of the selling value in the United States of imported lithographic color work and domestic lithographic color work is as \$11,000,000 imported to \$12,000,000 produced in the United States.

Mr. Underwood again asks:

What do the exports amount to?

Mr. Meyercord answers:

I have not those figures, but I do not believe they amount to more than \$1,000,000.

The probabilities are (although we have not the exact figures) that they do not amount to more than \$150,000. A very considerable part of this is in advertising matter for American manufacturers to advertise their products abroad, and not for lithographic work for foreign consumption or manufacture.

The chairman asks:

What proportion of the domestic production is used by manufacturers?

Mr. Meyercord answers:

I venture to say they consume 90 per cent of it.

This answer should be amplified by stating that fully 60 per cent of all lithographic color work produced in the United States is used by the manufacturers for advertising purposes, and does not enter directly into the cost of their goods, nor are they compelled to use lithography; there are many other processes which they could use if they so desire; while another 20 per cent is for so-called art productions, leaving only 20 per cent of the entire product used by manufacturers as an item entering into costs of their goods.

(We file the following answers to brief and statement of Mr. John G. Duffy, representing Louis C. Wagner & Co., and Charles Stutz Company of New York, and to the statement of Mr. Louis C. Wagner, of New York, and to the statement of Mr. I. Wolf, of Philadelphia, made before the Ways and Means Committee of the House of Representatives, on the tariff hearings, on Saturday, November 21, 1908.)

Mr. Duffy states:

It is also a fact that there has not been a single year under the Dingley tariff when there was imported into this country \$200,000 worth of this item of lithographic prints [i. e., cigar labels, flaps, and bands].

The statistics of the custom-house at the port of New York alone will show for the fiscal year ended June 30, 1907, there were imports of lithographic cigar labels, flaps, and bands (at the very erroneous and misleading values given in the invoices of the importers) in an aggregate of \$342,834.80; and for 1908, under still lower invoice values and a year of great depression in business, \$337,016.04.

Mr. Duffy states that the duty ran from 4½ per cent to 73 per cent.

Again, the statistics of the custom-house at the port of New York will show for the fiscal year ended June 30, 1907, that the specific duty, transformed to ad valorem equivalent, ran from 17.88 per cent to 46.67 per cent, and the latter figure of 46.67 per cent was on importations to the value of exactly \$12, while the largest item in importations of cigar labels, flaps, and bands, "printed in less than eight colors, but not including metal leaf printing," amounted to \$216,746.80, which at the specific duty of 20 cents per pound transferred to its ad valorem equivalent, equaled 20.94 per cent. For the year 1908 the imports of cigar labels, flaps, and bands printed in less than eight colors amounted to \$206,771.50, which at the specific rate of duty, 20 cents per pound, transferred to its ad valorem equivalent, equaled 23.95 per cent. This seeming increase of ad valorem equivalent in 1908 is accounted for by the lower valuations in the invoices of the German exporters, for while the weight of lithographs in 1907 amounted to 226,886 pounds, in 1908 the weight amounted to 247,652 pounds. Under a specific duty, the lower the valuation the higher will be the ad valorem equivalent.

Mr. Duffy also states—

A set of cigar labels costs about 4½ cents a box, and sometimes more.

This is absolutely incorrect and misleading. The average cost of labels, flaps, and trimmings of a box is less than 40 cents on the average cost of \$40 per thousand cigars; therefore if the cigars were packed 50 in a box, the cost would be 2 cents per box.

In the brief by Mr. Duffy for Mr. Louis C. Wagner and others it is stated—

prior to the act of 1894 no distinction was made between this class of merchandise (i. e., cigar labels, flaps, and bands) and other lithographic prints.

This is true in part, for there were practically no importations of cigar bands in 1894, nor when the Dingley tariff act was enacted in 1897. If there had been any quantity of such merchandise imported, it would have been properly covered in the Dingley tariff act. We are now seeking to protect an industry in the United States for the production of this class of lithographic color work.

There has been some fear that giving the protection asked for by the lithographers of this country would work a hardship to the ultimate consumer. This is best answered by stating that the average cost to the cigar manufacturer for cigar bands is 3 cents for each box of 100 cigars. The manufacturers, because of competition with each other, have been compelled to use these cigar bands, so that each particular brand of cigar is identified by the band.

You will undoubtedly note that this brief of Mr. Wagner's was drawn up by two firms of attorneys who have absolutely no knowledge of the subject which they are discussing.

The brief for Louis C. Wagner & Co. and Charles Stutz & Co., of New York, was intended to be misleading; they state:

It is also known that the American lithographers, besides possessing a practical monopoly of the trade in cigar labels on this side, have for many years invaded the foreign markets, particularly Germany, where imported labels are produced.

Mr. Wagner states:

Just one moment. It was said a while ago by my predecessor that there were no cigar labels exported to Europe. I have here some samples of the American Lithographic Company showing their agent in Holland, another one showing their agent in London, and another one showing their agent in Hamburg. They do export their cigar labels right into England and Germany in competition with those made in those countries.

In answer we say that this lithographic establishment is the only one in the United States who within recent years has exported cigar labels to any extent. We have had access to their books and find the exports were as follows:

To Germany:		
1906, 12 months	\$559. 01	
1907, 12 months	370. 45	
1908, 11 months	273. 95	
		\$1, 203. 41
To England:		
1906, 12 months	995. 70	
1907, 12 months	1, 120. 79	
1908, 11 months	690. 46	
		2, 806. 95
To Holland:		
1906, 12 months	4, 345. 79	
1907, 12 months	3, 343. 36	
1908, 11 months	2, 891. 98	
		10, 581. 13

Contrast the exports during the year 1907, amounting to \$4,834.20, with the imports for the year 1907, amounting to \$342,834.80, and you will see how flagrantly misleading the brief for Wagner is, as also his statement.

In the brief for the National Association of Employing Lithographers they do not ask that the tariff should be so increased as to produce a reasonable profit. Owing to German competition, all the profits of the lithographic industry for the last fifteen years have gone into new machinery in an effort (so far futile), by the aid of that new and improved machinery, to meet the competition of Germany, where wages are from one-fifth to one-quarter of the wages paid in the United States.

ANSWER TO STATEMENTS OF MR. I. WOLF, OF PHILADELPHIA.

Mr. Wolf has not attempted any answer to our brief asking for a duty sufficient to protect our workmen in their scale of wages, which are four times the wages paid in Germany.

Mr. Wolf possibly had in mind that certain processes (not lithographic) used in producing postcards could compete with postcards made in Germany, but we positively know that it is absolutely impossible for any American lithographer to compete with Germany in producing lithographic postcards.

The statistics of the custom house at the port of New York will show that for the fiscal year 1907 (which is the latest records we have at our command) there were importations, under the clause of paragraph 400, covering postcards, in a value of over \$2,000,000, which at the specific duty of 5 cents per pound, transferred to its ad valorem equivalent, equals 15.89 per cent. As we have shown in our brief that wages are 41 per cent of the total cost of our product, it will be seen at once that Mr. Wolf is perfectly satisfied with a duty which pays 15.89 per cent ad valorem, while we show we require a differential of 31 per cent alone for the difference in wages between Germany and the United States.

DECALCOMANIA.

In the tariff hearings, Mr. Otto Palm states:

Decalcomania is something entirely different. Decalcomania as it is imported or made here is not perfect in itself. It is simply an article that goes into the manufacture of other articles.

This admission by Mr. Palm was the basis for the decalcomania contest before the board of appraisers and before the court at Philadelphia, and was the fundamental principle on which it was decided. In the brief of the National Association of Employing Lithographers it is our recommendation that they be separately classified.

Again, Mr. Palm states:

As far as we are concerned, I think we (meaning importers) all agree that we are satisfied to let the duty on decalcomania remain as it is now. We do not ask any reduction or any increase.

The above paragraph can not be construed as anything but meaning the supreme satisfaction with which the importers now view the duty on decalcomania. It shows that they have a great advantage.

Mr. Palm also states:

If you want to foster and help the pottery industry of America, this committee should put decalcomania on the free list instead of increasing the duty, although we do not ask that. We are satisfied as it is to-day.

In analyzing that statement from the standpoint of the domestic manufacturer, we state that the average decalcomania ornaments required for a complete 100-piece dinner set are about two sheets. Average American selling value, 15 cents per sheet. Total cost of decalcomania required for dinner set, 30 cents. An increase in the duty from the present to that suggested in our brief would amount to from 6 to 7 cents additional per dinner set, or about 1 per cent increase in factory cost to the potter.

Mr. Palm says:

The imports of decalcomania in this country do not exceed \$400,000.

He is correct when he states that this is the import value on the foreign invoices, but the article is one that is—you might almost use the term—peddled in small amounts. The selling expense closely approximates the factory cost. Fully 45 men make a living alone selling the article. Many offices are maintained. The domestic selling price of the imported decalcomania closely approximates \$800,000. The total sales of domestic manufacture probably equal the sales of imported decalcomania, but the domestic manufacture consists largely of decalcomania mounted on wood, iron, glass, leather, and the like. These additional processes bulk largely in the amount of the domestic sales. The actual sheets of imported decalcomania sold on the paper on which it is printed is more than double the domestic production. In other words, only one-third of this decalcomania is made in this country, fully two-thirds of it being imported.

In the brief submitted by the decalcomania importers the importers again confirm the view of the court that a decalcomania is a separate article of commerce bought and sold, and in their description show that it is a transfer picture.

The brief states "that it was only in 1900 the use of decalcomania became quite general with the potters."

The domestic manufacturers of decalcomania as early as 1897 sold decalcomania to the potteries, introducing the process. This can be readily demonstrated to the committee. The brunt of the cost of introduction of decalcomania process to the American pottery industry was borne by the domestic manufacturer, but the domestic manufacturer lost the entire grip on the trade through the absolute unfairness of the tariff laws and the manipulations of the importers.

The brief states the following:

With the growth and development of the pottery industry the importations grew readily, and for several years there was no question raised as to the propriety of classifying it as lithographic prints, under paragraph 400.

That is true, but ruin stared the American manufacturer in the face when a smart importer in New York conceived the idea of stripping the tissue paper from the heavier paper and shipping it under the weight of the tissue, thus reducing the duty to 2 per cent or 3 per cent ad valorem. This stripping process absolutely drove out of business nearly all of the decalcomania manufacturers of America, notably, the Pittsburg China Decalcomania Company, Pittsburg Pa.; the Scientific Manufacturing Company, Highland Park, Ill.; the United States Decalcomania Company, Chicago, Ill. (formerly of Green Bay, Wis.); Stang & Co., New York City. There were also others.

The Philadelphia court records will show the outrageous situation brought about through this evasion of the intent of paragraph 400.

Again, the brief states:

When decalcomania was first used by the potters, there was absolutely no manufacturer in this country.

This is an absolute untruth, as the printed hearings on the paper schedule of the Dingley law will show that domestic manufacturers were in existence at that time. Also, as previously stated, one American manufacturer was in the field in 1897 selling to the potters. To show the frightful harm done by the Dingley law, the books of the leading domestic decalcomania manufacturer will show that the firm did a business with the potteries four years ago of nearly \$200,000 sales, or an average of over \$15,000 monthly. That same firm's books will show less than one-twentieth of that amount of sales to the potteries last year.

Having read the testimony offered by those opposed to our proposed revision of sections 398, 400, there has not been advanced one good reason for neglecting to, in future, distribute among the workmen of this country the wages part of that 1,000 per cent of increase in importations, amounting during the brief period from 1897 to 1908 to over \$20,000,000. We ask your honorable committee to recommend such a revision as will cause this enormous sum of money to be paid to American labor, thus insuring that lithographs used in the United States shall be made in the United States. American workmen wish this, as do American manufacturers. They ask you to prevent ever-increasing millions of American money going to German manufacturers and workmen.

Facts previously submitted, that talk loudly, are—

Wages approximate \$1 in Germany to \$4 in the United States.

Importations under present law estimated at over \$7,000,000 in 1908; \$799,475 in 1897.

We specifically deny (1) that similar manufacturing is or can be as cheaply conducted in this country, or that the present tariff produces an equality; (2) that American lithographs reach foreign countries in appreciable quantities.

Germany, the home of the industry, favored by cheap wages, cheap living, government schools, sells in all countries; whereas we, with high-cost materials and wages, can sell solely in this country. Why permit Germans, as under the present law, to increase their United States trade by leaps and bounds? Why not give to us the trade of our country? Why not give that 41 per cent of cost, in wages, to those who live and labor in the United States?

Respectfully,

ROBERT M. DONALDSON,

HORACE REED,

GEORGE R. MEYERCORD, *Chairman,*

Tariff Committee National Association of Employing Lithographers.

HON. D. S. ALEXANDER, M. C., SUBMITS LETTER OF THE GRAPHIC ARTS CO., BUFFALO, N. Y., RELATIVE TO LITHOGRAPHS.

BUFFALO, N. Y., *December 21, 1908.*

HON. D. S. ALEXANDER, M. C.,
Washington, D. C.

DEAR SIR: We desire to call your attention to the imports of lithographs, which a careful computation shows during the past year to have been \$1,000,000 per month, and during this time the industry in this country has been at a standstill, or, in other words, paralyzed by foreign competition.

We believe that the tariff on imported lithographs should be raised fully 25 per cent, as we can not compete with foreign countries that pay for labor about one-third what we pay here.

It is now generally known that the Ways and Means Committee of the House has been holding meetings on this subject for some time past, and we desire that you represent us in this matter, and voice our sentiments.

Trusting you will give this matter your early and careful attention, we are

Yours, respectfully,

GRAPHIC ARTS COMPANY,
WM. D. WEINIG.

V. C. WARD, IMPORTER, NEW YORK CITY, THINKS PRESENT DUTIES ON LITHOGRAPHIC PRINTS PROHIBITIVE.

NEW YORK CITY, *December 22, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Having been an importer of German lithographic goods for twenty-five years, I herewith beg to present a few items for your consideration if any changes are contemplated in the schedules for tariff on such goods as now are listed under article 400.

I submit that the present schedule is practically prohibitive on all prints which are scheduled as over 35 square inches in dimensions; that the 5 cents per pound rate is the only part of schedule 400 that is supplying any considerable revenue; that the goods now coming in under that schedule were originated in Germany, and the demand for them built up entirely by the importers of German lithographic goods, whose former business had been ruined by the excessive duties called for by both the tariff laws of 1894 and 1897; their former business having been the importing of souvenir booklets, souvenir albums, and calendar views of scenic and resort localities. It having become impossible to import the old styles of souvenir goods, they invented the post-card idea and exploited them in every section of America where their souvenir books and calendars had formerly been sold.

I submit further that the only reason that it is at all possible to bring into America these post cards is because of the general depression that has chronically existed in the labor market now for a long time in German cities, which has enabled the manufacturers to hire employees at all but starvation wages.

I submit further that the present prohibitive tariff on lithographic goods has enabled the American lithographic workmen to exact the highest schedule of wages paid to any of the skilled laborers in America. (For statistics on this subject see the very able paper read before your committee on November 21 by Mr. George R. Meyercord, the representative of the National Association of Employing Lithographers.)

The American lithographers are asking for a 75 per cent tariff on imported goods that compete with them, which if allowed will only still further increase the already enormous scale of lithographers' wages in America at the expense of the great masses of the American people who are not engaged in the printing of pictures but who nevertheless enjoy the luxury of buying and owning pictures.

The American farmers are the ones who would be the greatest sufferers from any raise in the tariff on German goods, because German workmen have for a generation been neglecting the farms for the attractions of the trades in the cities, and if we destroy their market those workmen will be driven back again to the farms and thus produce again the grain, the meat, the wool, etc., that they are then no longer able to buy from our American farmers.

On November 16, in the German Reichstag, a speech was made by a Mr. M. Boehm, in which he showed that 500,000 German workmen were then out of employment and that in many localities those who were employed were working only on very short hours.

In the harbor of Hamburg, Germany, are now hundreds of idle ships that were formerly engaged in transporting the vast products of the factories of Germany to all of the world's markets.

If the wages that the German workman gets have really given him such an advantage over the commerce of the world why is it that such conditions exist there?

The lithographic business of the United States is no longer "an infant industry." With the claimed investments in the business of \$50,000,000 and with the highest known scale of wages paid to its workmen, its desire for the enormous increase in tariff schedules to a 75 per cent basis is simply a piece of arrogant effrontery.

In the year 1892, prior to the enactment of the present almost prohibitive tariff on lithographic goods, there were, in the city of Leipzig, Germany, over 1,000 lithographic presses—there are still more there to-day. I submit that for this country to enact prohibitive duties against German-made goods would do more damage than for us to bombard the German cities; and that the damage, though at first to be felt only by the German public, would inevitably soon fall reflexively upon the American farmers who now supply so large a portion of the food that the German workman must eat. Gentlemen, instead of increasing the tariff, if you need revenue, and if needing it, you expect to get any considerable portion of it from the class of goods that compete only with the highest priced labor in America, reduce the tariff on German-made goods that come in under paragraph 400, so that none will be scheduled at over 25 per cent ad valorem.

Before closing I would like to call your attention to one feature of the importing business which thus far in the arguments before your committee has been overlooked: American lithographic presses operate about three times as fast as German presses do, and they can,

in a given time, turn out about three times as much work as a German press, with the same number of laborers; also, quick delivery is the great obstacle in competition that the German can not overcome. The American buyer to-day likes to give his order one day and have his goods shipped the next day. He knows that it must be many weeks, if he sends his orders to Germany, before he can see his goods. These advantages, in favor of the American lithographer, are so great that even were it an infant industry it would need no protective duty.

Respectfully submitted.

V. C. WARD,
Agent for Emil Pinkau & Co., Leipzig.

EXHIBIT A.

COLUMBUS, OHIO, *December 11, 1908.*

Mr. V. C. WARD, *New York.*

DEAR SIR: Thanks for your letter of 10th. Samples will likely get in to-morrow. I will consider them. But I have some fine American samples, which are satisfactory, and much better than the Chicago sample sent you, at a very much lower price than you quote. Will want 100,000 of our buildings.

Yours, truly,

THE M. C. LILLEY & Co.,
Per JOS. PALLEN.

EXHIBIT B.

COLUMBUS, OHIO, *December 19, 1908.*

Mr. V. C. WARD, *New York, N. Y.*

DEAR SIR: We are returning sample postals by this mail. We thank you for your quotations. We are making up our drawing and expect to place order elsewhere at a less price than you quote for equal work.

Yours, very truly,

THE M. C. LILLEY & Co.,
PALLEN.

THE DETROIT PUBLISHING CO. SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO PICTORIAL POST CARDS.

DETROIT, *December 23, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

SIR: In accordance with your suggestion, I respectfully submit this memorandum supplementing letter of December 2.

The purpose of this brief is to make clearer important points alluded to, but not fully stated.

To avoid repetition, I recapitulate the facts already stated, giving you the necessary references. They are:

(a) This trade did not exist when the present schedule was made, being developed in the last ten years in this country.

(b) It was developed at the expense of home manufacturers and only reached serious volume five or six years ago.

(c) When we had created a market sufficient to make it valuable, it was invaded by foreign makers who have reaped nearly all the benefits of the trade without incurring the costs of creation.

(d) In spite of prices which have constantly fallen for six years, the proportion of trade absorbed by the foreigner has constantly increased until now it exceeds four-fifths of the total, and the American maker is in danger of being driven out altogether.

(e) The present duty is negligible, and in many cases is from one-third to one-seventh that of other articles printed in the same medium having no greater relative value and even a lesser percentage of labor cost.

The advantages the foreign manufacturer has are:

1. He pays wages not exceeding one-third the American rates, and more often less.

2. The cost of initial designs (which is apart from the manufacturing cost of the card itself) is one-fifth to one-quarter that of similar designs made here.

3. All his materials are lower.

4. Copyrights at considerable cost for maintenance are necessary in this country to prevent stealing of designs, which is an expense foreigners save because of different laws abroad.

5. The nature of the domestic trade and the fact that Americans have no foreign markets compel making very much smaller average editions in this country than abroad, thereby greatly increasing the cost per unit manufactured even if there were no other handicaps such as wages.

Details as to the above facts will be found in the statements of—
Mr. George R. Meyercord, November 21.

Campbell Art Company.

The Albertype Company.

San Francisco maker.

Detroit Publishing Company.

The Rose Company.

Forbes Lithograph Manufacturing Company.

The greatest difference in wages noted is conservatively stated and can be easily verified further if any doubt remains in the minds of your committee. Disregarding expense of initial designs, the percentage which labor and overhead cost bears to the total in this country is rarely under 50 per cent and on an average not under 75, and even runs as high as 95 per cent of the total on some work.

The foreign maker often appropriates our designs, and even where copyrights exist it is most difficult to get recourse.

See Exhibit A, which includes five German cards all by different publishers and all copied from photographs or designs produced and copyrighted by us at our expense and stolen by the makers.

On fancy cards, and even on views of travel, the cost of the initial design is a large factor and may even exceed the manufacturing cost. The very low rate at which designs are obtained abroad is not only due to the great difference in all wages pertaining to the graphic arts, but is still further increased by the large numbers of art students

abroad who support themselves at very low rates in order to obtain educational advantages.

Copyrights to protect designs have not been explained, but they are no small tax. It may be answered that the expense of registration is trivial, but that expense is very small compared with the cost of maintenance of a copyright which includes making sure that every copy issued has the proper imprint. The inspection and verification and other technicalities add a heavy burden. The foreign maker has his designs protected abroad by the law without registration and without "notice" or "imprint" requirements.

Enough stress has not been laid upon the enormous advantage the foreigner has by reason of his large average editions. When he only pays one-third our wages it is easy to see this advantage, but it becomes more obscure when we speak of size of editions. In the first place, the foreign maker has a very much larger market to draw from, because he may, and in fact does, manufacture for practically the whole world. We are limited to this country alone. On all designs, therefore, which have an international use he makes editions for all countries, aggregating the whole in one lot. Where different type is required, he merely alters it for that section of the edition. As this includes nearly all the "fancy cards," his advantage in that trade is overwhelming. To show the importance of edition we will take a type of card which can be manufactured (exclusive of the cost of the design) for \$15 per thousand in 1,000 editions. The same card in 5,000 editions would probably cost \$5 per thousand. The addition of the cost of the design still further increases the margin against the American maker.

Reference has been made to the fact that the domestic maker is being driven out of competitive business. To explain what we mean by this: Where a customer has his own subjects, it is clear that anyone may bid on the work, and the customer will take the lowest price. The foreign makers now have almost a monopoly of this business. If the American maker gets out designs of special merit and then incurs the expense of copyright and maintenance of copyright, he can preserve the business on those designs to himself, and it becomes in a measure noncompetitive, but he does it at an almost prohibitive handicap of adverse costs and at the risk of finding that some foreign house will copy the designs, altering them enough to escape technical infringement if they prove salable.

COST OF IMPORTATION.

Cards made by engraving or photogravure of photo-gelatin work pay a 25 per cent ad valorem duty. Because of the lower duty upon lithographed cards, which is practically nil, all cards which can be forced into this process are now imported in that state.

Lithographed cards come under paragraph 400 as lithographic prints exceeding eight-thousandths of an inch and not exceeding twenty-thousandths of an inch in thickness and not exceeding 35 square inches cutting size. They pay 5 cents per pound, which (according to the weight of the card) equals from 35 to 55 cents per thousand cards. Transportation from the factories abroad to New York varies from 20 to 30 cents per thousand, so that the total cost of duty and transportation is from 55 to 80 cents per thousand cards.

This is irrespective of the value. If this same work exceeded 400 square inches it would pay 35 per cent duty. As they are generally made in large sheets containing from 30 to 70 cards and these sheets are subsequently cut up, it will be seen that if they were imported before the manufacture is completed they would pay much more duty than they do in the finished condition. To show the further absurdity, one card imported may cost ten times that of another and yet the duty remains the same for all. Playing cards, in which the average percentage of labor cost is lower, pay a specific duty of \$1.92 per thousand plus a 20 per cent ad valorem, while the post cards pay rarely to exceed 50 cents per thousand specific duty alone.

WHAT THE NEW DUTY SHOULD BE

Your committee is asked by a number of interests to greatly increase the duties, and they indicate rates varying from 35 to 75 per cent ad valorem, and in other cases a specific duty, such as 35 cents per pound. All are agreed that cards should have a special class by themselves, irrespective of medium employed. We believe some specific duty is necessary, because this product is one peculiarly susceptible to even honest differences of opinion as to values, and also to intentional evasions on the part of makers. To illustrate: A foreign maker will print an edition of cards for England or Germany. In his first order he includes the cost of designs and plates. After delivery he figures the plates are on hand at no cost to himself. He then gives an American importer a subsequent edition or an excess from the first edition without any allowance for cost of designs or plate making, and the cards are valued accordingly for import purposes. This recourse is not open to the domestic maker, because costs are prohibitive so far as exporting is concerned. Consequently we are limited to the one market. While a specific duty is necessary, we do not believe it will be satisfactory alone. The reason is this: Cards are imported costing as high as \$40 per thousand. It is evident that if the specific duty were fixed at \$2.50 per thousand, what might be a satisfactory duty on a card costing \$3 is no protection at all on a card costing \$20. We strongly urge both a specific and an ad valorem duty, the same as now applied to decks of playing cards. They are imported under a specific duty of 10 cents per pack plus 20 per cent ad valorem (equivalent to \$1.92 per thousand cards plus 20 per cent). The suggested specific rate of \$2.50 per thousand on the post cards would be relatively a lower rate, and if there be added to that an ad valorem duty equal to the highest percentage rate applied to the processes employed in the article, we believe the result would not only be the most satisfactory in application, but the fairest that can be devised. It also permits fair importation.

It should be borne in mind that an initial specific duty providing some minimum is absolutely necessary in order to equalize the great difference in the average editions in this country and those abroad, and to equalize the great difference in cost of initial designs, and also to take care of the relative undervaluing, which is sure to occur in many cases by reason of designs and plates being already considered as paid for by previous editions. In fixing an ad valorem percentage, it should likewise be borne in mind that, in proportion to its value, the quality of work upon most pictorial cards is of a very high order, in-

volving very high percentages in labor, and that its class of workmanship and relative expense per area is generally equal in the average to the highest class of work done in the process. That is why we say the ad valorem duty added should be the same as that of the highest class pertaining to the medium used. Again, it should also be borne in mind in considering the minimum that there is difficulty at times in determining the medium used in the manufacture. This is especially the case where more than one medium is employed on the same card. Of course, we are aware this difficulty is a strong argument in favor of a specific tax only, and we would favor it alone but for the wide range of price of the product which makes a combination duty imperative to give fair protection. To show your committee some of the different mediums employed we send you Exhibit B of cards covering seven different processes.

It may be asked why the domestic manufacturer is not driven out of the business with the excessive disadvantages under which he labors. The answer is that on competitive business he is practically driven out now, and only on special designs which he controls or work requiring a quicker delivery than can be gotten abroad is he able to maintain his place. This is the smaller market, and unless he is given a fair share of the larger market he will in time be forced out altogether.

QUALITY OF DOMESTIC WORK.

It is stated that purchases are made abroad because the quality of the domestic work is not sufficiently good. Such statements are false, for there is as good work produced in this country as any abroad.

DEFINITION OF PICTORIAL POST CARDS.

Pictorial post cards should be defined to include all cards of similar size and character, whether having the post card imprint or not. Frequently part of an edition is printed with the mailing imprint and part in blank, using the surplus for "place" or "tally cards" and other purposes. If the definition of the article is not made very inclusive, then importers will bring it in without the mailing imprint under different classifications if your committee decide to establish a separate class for all mailing cards regardless of the process by which they are made, as in the case of playing cards.

All of which is respectfully submitted.

DETROIT PUBLISHING Co.,
W. A. LIVINGSTONE, *Mgr.*

THE ROSE CO., PHILADELPHIA, SUBMITS SUPPLEMENTAL BRIEF ASKING HIGHER DUTIES FOR LITHOGRAPHIC PRINTS.

PHILADELPHIA, PA., *December 24, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Following your request that I submit to you a schedule of classifications and desired rates of duty, with reasons for asking same, I beg to submit the following:

There should be no difference in duty between printed, lithographed, stamped, embossed, or engraved post cards, and there should be no

difference between printed, lithographed, stamped, embossed, or engraved calendars or pictures. The present duty of 5 cents per pound on lithographed work and 25 per cent ad valorem on printed matter of the same character is confusing, as none but an expert could judge the difference, and even the expert must employ powerful magnifying glasses. The result of this is shown in the fact that in some ports of entry 5 cents per pound is charged on post cards and at other ports 25 per cent ad valorem for the same goods.

SCHEDULE.

Engraved, printed, stamped, embossed, or lithographed post cards in sheets or single, or pictures that could be used as post cards by the printing of the address on post card side, weighing 8 pounds per 1,000 or more, 35 cents per pound, or an ad valorem duty of 50 to 75 per cent. (See Exhibits A1, A2, A3, B1, and B2.)

Engraved, printed, stamped, embossed, or lithographed post cards, in sheets or single pictures that could be used as post cards by the printing of post card side, weighing less than 8 pounds per thousand cards, 50 cents per pound, or 50 to 75 per cent ad valorem.

Post cards made of cardboard only, air brushed or hand painted, in sheets or single, whether printed with the post card or address side or not, 50 cents per pound, or 50 to 75 per cent ad valorem. (See Exhibit C.)

Post cards, hand made, with component parts of silk, satin, plush, celluloid, or similar materials, metal, feathers, or any foreign substance other than cardboard, 75 per cent ad valorem. (See Exhibit D.)

Holiday or season cards, gift cards, greeting cards, and booklets should come under the same duties as post cards and under the same relative classifications, for the reason that the only difference is shape, size, and the printing of the post card or address side. The materials, methods, labor employed, etc., are identical and the protection should also be the same. (See Exhibits E, F, G, H.)

Calendars and calendar backs, printed or engraved, embossed or stamped, or lithographed calendars or calendar backs or pictures suitable for the same purpose, 35 cents per pound if on cardboard, 60 cents per pound if on paper. Fourteen-point stock and heavier, according to Brown & Sharpe Manufacturing Company's paper gauge micrometer caliper, same to be the standard for cardboard; anything lighter to be classed as paper. (See Exhibits I, J, K, L.)

Air-brushed or hand-colored calendars or calendar backs, 50 cents per pound. (See Exhibit N.)

Hand-painted or hand-colored calendars or calendars of which the component parts or decorations are of materials other than paper or cardboard, 75 cents per pound. (See Exhibit O.)

I beg to submit herewith exhibits as follows:

EXHIBIT A.

Printed and lithographed post cards of the ordinary so-called view post-card styles, showing the difficulty in deciding whether the cards are lithographed or printed.

EXHIBIT A 1.^a

Showing printed card.

EXHIBIT A 2.^a

Showing lithographed card.

EXHIBIT A 3.^a

Post cards imported into Philadelphia within the past four months which the custom-house here declared not lithographed and therefore subject to 25 per cent ad valorem, and the manufacturer, as per letter attached, declares are lithographed.

EXHIBIT B.

Showing regular so-called stock post cards; that is, not made specially to order; B 1, showing lithographed cards; B 2, showing printed cards.

EXHIBIT C.

Air-brushed post cards.

EXHIBIT D.

Hand-made post card, the component parts of which are not exclusively cardboard.

EXHIBIT E.

Season card, not a post card.

EXHIBIT F.

Season booklet, printed or lithographed.

EXHIBIT G.

Season booklet, air-brushed.

EXHIBIT H.

Season booklets, hand made, with component parts not exclusively of cardboard and paper.

EXHIBIT I.

Printed calendar back.

EXHIBIT J.

Lithographed calendar back.

EXHIBIT K.

Picture on cardboard suitable for calendar back.

^a To show why the duty on printed and lithographed cards should be alike.

EXHIBIT L.

Picture on paper suitable for calendar back or for mounting on same.

EXHIBIT M.

Circular of foreign manufacture.

EXHIBIT N.

Air-brushed calendar.

EXHIBIT O.

Hand-painted calendar with the component parts not of cardboard exclusively.

The reasons why these duties should be imposed are as follows:

Pressmen and printers receive in this country from three to four times as much for labor as is paid in foreign countries. Artists and photo-engravers receive as much in dollars in this country as is paid in marks in Germany per week. For instance, artists receive in Germany from 18 to 35 marks per week. Our artists are paid from \$18 to \$35 per week. In addition to this, the hours of labor in Germany are from 20 to 25 per cent longer than they are in this country.

The United States Government in its own printing shop has established hours of labor and a scale of wages that all high-class printers and publishers in this country wish to follow, but it will be impossible for them to do so unless reasonable protection is accorded.

The question naturally arises, What is reasonable protection, and who would be the gainers and who the losers if it were applied?

Calendars, pictures, holiday and season cards and post cards should come under the same category. For the sake of brevity I will confine my statement to post cards, taking for example the ordinary post card of which the largest quantities are sold, namely, the cards that are retailed two for 5 cents in the shops. The cost of production is about as follows:

For first cost in the way of designs, drawings, plates, \$300 to \$500 for a set of eight designs, which is the popular number.

The cost of cardboard is 75 cents per thousand; ink, 25 cents per thousand; labor, \$1.50 per thousand.

In the year 1907 the United States imported from Germany alone nearly 800,000,000 post cards. This would mean, for labor alone, \$1,200,000, or employment for a year for 2,000 persons at the rate of \$12 per week. This does not include between \$400,000 and \$500,000 for plates, designs, and drawings, and \$800,000 for cardboards and ink, if these same cards had been printed in the United States.

Of the amounts credited to drawings, designs, and plates fully 95 per cent is for labor and 5 per cent only for material.

The hand-made novelties are produced in foreign countries at prices that are inconceivably low. This class of work is certainly deserving of protection, as the labor employed is all high class and is mostly performed by women of education, taste, and refinement, who are vastly benefited by the employment, many of them supporting their families by this means. I ask your special consideration of this item.

I beg to call your attention to the view post cards on sale at the principal hotels and news stands of Washington. You will find there

the United States Capitol, the White House, and all the public buildings reproduced on post cards, every one of which is stamped on the back "Made in Germany." The cost of a set of plates for any one of these designs, if made in America, is \$12.50. In addition to this is the cost of cardboard, ink, and labor. German manufacturers supply these cards in lots of one thousand at \$9 per thousand, freight and duty paid. Even with protection we could not supply this particular card in thousand lots at that price, but with the foreign work of this kind under a fair duty the quantities of domestic cards purchased would be so large that American manufacturers would gladly print many thousands of a subject at a time, thereby being enabled to sell the cards at the same price as the foreign goods, and prices being equal, American dealers would prefer American goods.

The gainers would primarily be printers, pressmen, artists, and engravers, who would not only be benefited in a pecuniary sense, but in the matter of drawings and designs the art would be advanced, and many people with a talent in this direction would find an outlet and by practice obtain the experience. The increase and improvement in these arts during the past two or three years have been simply wonderful, and this is due almost entirely to the increased demand for this class of work.

Through the protection of post cards, calendars, and other art work, as already enumerated, the United States Government would not be a loser, for the reason that there would be more or less of this product imported, irrespective of price or cost, on account of novelty in design or unique method of reproduction and appearance. If only one-fifth of the number of cards were imported, the amount of duty collected would remain the same.

The dealer and the consumer would not be the losers for the reason that there are popular prices at which almost all of these products are sold.

The consumer pays 1 cent, two for 5 cents, 5 cents, and occasionally, for a novelty, more. These prices can not be deviated from successfully. Prices have also been established for these different cards to the retail dealer and the jobber, and the publishers will have no difficulty in supplying them at these prices and possibly for very much less, owing to the increased output reducing the cost of publication.

The only losers would be the foreign manufacturers and laborers, and possibly 25 or 50 importers of this class of goods. These men are not producers, they do not employ labor, they occupy small offices, employ two or three clerks and a few salesmen, as they have nothing to do except to sell the goods and deliver them, and very often they do not do that; they have the goods shipped direct.

It is the boast of these people that American publishers are unable to compete with their prices, and this is, unfortunately, only too true. It is a well-known fact that many foreign goods are sold in this country for very much less than the price at which they are sold where they are produced, and arrangements are now being made to very largely increase the output in America. We are also informed that the Japanese printers are contemplating large series of cards for the American market. As they pay their laborers as much in pennies as we do in dollars, the result would undoubtedly be to put us out of business or else to reduce the prices of labor in this country in order to meet competition.

It may interest you to know that there is one place in America where domestic manufacturers have protection, and this is in Canada, where these goods, if made in the United States, receive a preferential of $33\frac{1}{3}$ per cent over German goods.

In conclusion, I beg to state that I have carefully investigated this matter and can not find any instance in which anyone in this country—consumer, dealer, laborer, or the Government itself—is benefited in the slightest by the existing low duty, nor do I find any direction in which it will work hardship to anyone but a few importers referred to above.

The above statement is respectfully submitted. If there is anything about it concerning which you desire further information, I will be pleased to supply same by mail or stand ready at any moment to go to Washington and enter into the matter in detail at your convenience. Should you wish me to appear before you again at any time, kindly give me one or two days' notice, and oblige,

Respectfully, yours,

THE ROSE COMPANY,
H. M. ROSE.

**GEORGE SCHLEGEL, NEW YORK CITY, PROTESTS AGAINST ANY
REDUCTION OF DUTY ON CIGAR LABELS.**

138 AND 140 CENTRE STREET,
New York, December 30, 1908.

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Being one of the largest manufacturers of cigar labels, flaps, and bands in the city, and coming constantly in competition with the German productions in this line, must firmly protest against any reduction whatsoever in duty on these goods. The prices the Germans give now in New York City are so remarkably low that any further reduction will put all the business in their hands and throw out of employment a great many skilled workmen, who would not have any other work that would pay them. Yes, put them out of business completely; have been in this business thirty years, and the prices are as close as can be made.

Yours, very truly,

GEORGE SCHLEGEL.

**SUPPLEMENTAL STATEMENT OF V. C. WARD, NEW YORK CITY,
RELATIVE TO LITHOGRAPHIC PRINTS.**

ROOM 140, No. 280 BROADWAY,
New York City, January 2, 1909.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Prices and excellence of lithographic productions do not depend so much upon the amount of protective tariff that may be imposed upon such goods as are imported from Germany as upon climatic conditions and methods employed in the respective countries.

In the United States most of the lithographic printing works are located in cities bordering upon the ocean or the Great Lakes, at all of which places the variations in the humidity of the atmosphere are almost disastrous to the production of the very fine work that must be executed in a large number of tints, for the very easily understood reason that papers contract and expand to quite a considerable degree with the changes in the humidity of the atmosphere, which changes in such cities as New York, Boston, Buffalo, Chicago, and Milwaukee (where most of the great American lithographic plants are located) are often quite sudden and prevent the possibility of such fine duplication of the colors, especially in small pictures like scenic post cards, as is possible in such interior cities of Europe as Berlin, Leipzig, Dresden, Frankfort, etc., where they have not only a more even climate, but also secret devices for the keeping of the atmosphere in the works upon an even state of humidity.

The methods in which the American lithographers are behind in—some of them—are among the following:

In America workmen are not considered as “expert” unless they can be put to work at almost any place in the shop and at any part of the intricate details of manufacture. In Europe no workman is expected to be expert except in only one of the very many details of manufacture, and thus it is that in Europe the workman becomes especially expert in his particularly small part of the great and intricate mass of variety of the labor that is necessary to produce pretty pictures. For instance, one man will be devoted only to the preparation of the inks, another only to the making of the drawings for certain tints, others for other tints; others do only the transferring, others only the feeding of the presses, others only the adjusting of the printing stones in the presses; others never do anything but the cutting of the sheets, etc. The inevitable result of the European method is that improvements and discoveries and labor-saving appliances for the various and numerous details of the work are far more frequent among workmen who have only to devote their whole lives to perfecting one feature of the work than in America where every man is foolishly expected to be expert in too many departments.

Gentlemen, if you could give the American lithographer a better climate and could impress upon him the need for the adoption of European methods of apportioning of the labor among employees you would not need to provide any protective tariff at all.

Respectfully submitted.

V. C. WARD.

**THE ULLMAN MANUFACTURING COMPANY, NEW YORK CITY,
WRITES RELATIVE TO LITHOGRAPHIC AND PHOTO GELATIN
PRINTS AND PICTURES.**

338, 340, 342 EAST FIFTY-NINTH STREET,
New York, January 4, 1909.

HON. SERENO E. PAYNE,
*House of Representatives United States,
Washington, D. C.*

DEAR SIR: We take the liberty of addressing you in reference to the tariff revision as related to pictures, post cards, and other publications.

We are American publishers, which means that we print on our premises or have printed by contract elsewhere pictures and post cards, which we sell at wholesale. The original sketches, which are oil paintings or water-color drawings, are made by American artists, and, as above stated, the work of reproduction is all done entirely in this country.

Some of our competitors have their sketches made in this country, but have the lithographic work and other printing done abroad, owing to the fact that they can be produced cheaper than in this country. We have been in this line of business for more than twenty years and have never sent any of our work to be done outside of the country, but we have now come to a point that it seems impossible to meet the prices of our competitors, owing to the fact that they can have their original sketches made in this country, so as to get the American style for the post cards or pictures, but can have the mechanical work, which means lithographing and printing, done abroad at a price very much cheaper than we can have the same done here. All of this could be obviated if a reasonable duty were levied on the imported article.

At the present time the duty on lithographed pictures ranges from 5 to 20 cents per pound, and the majority of these goods passes through the customs-house at the rate of 5 cents per pound. The duty should certainly be ad valorem, because at the present rate a picture or post card of the finest quality pays no more duty than a cheaper article.

Pictures which are not made lithographic, but which are printed in the photo-gelatin process, now pay a duty of 25 per cent, which is entirely inadequate and is absolutely no protection to the American publishers and printers in this line.

The rate of wages in Germany and other foreign countries on lithographic work and other process is about one-third of the rate of wages in this country. Statistics in regard to this matter have been furnished to the Committee on Ways and Means, but briefly stated, they are about as above.

Some years ago our Congress passed an international copyright law, and in its wisdom inserted a clause making it obligatory on the part of an owner of a copyright to print his pictures within the limits of the United States, or from plates or drawings on stone made within the limits of the United States. This was an excellent provision for the protection of American mechanics in this line, but, unfortunately, the law has been evaded by certain publishers who secure a copyright on their original oil paintings or photographs and then send the same to Europe to be reproduced. The pictures are then marked, "From copyrighted painting," with the name of the publisher and the date, so as to protect the copyright, and thousands of these pictures have passed through the custom-house each year in this manner, so that the very aim of the law has been defeated.

We do not know whether this matter comes within the scope for the Ways and Means Committee, but if it does, something should be done to prevent the continuance of this subterfuge.

We do not desire to take up any more of your time in this connection, and in closing simply state that conditions are such that the

American publishers and printers will eventually be forced out of their own market by the competition of European publishers and printers, unless a reasonable duty shall be imposed upon these goods.

We think that a duty of not less than 60 per cent on all pictures printed by the lithographic, photo-gelatin, and other process, and the same duty on post cards would be a fair and reasonable levy, taking into consideration the cost of labor and raw material.

Thanking you very much for your attention to this matter, and hoping that you will use your influence in our behalf, we remain,

Very truly, yours,

THE ULLMAN MFG. CO.,
L. J. ULLMAN, *Treas.*,
Art Publishers.

HON. A. F. DAWSON, M. C., FILES LETTER OF THE ECONOMY ADVERTISING CO., OF IOWA CITY, IOWA, RELATIVE TO DUTIES ON LITHOGRAPHIC PRINTS.

IOWA CITY, IOWA, *January 5, 1909.*

Hon. A. F. DAWSON,
Washington, D. C.

DEAR MR. DAWSON: We understand that a movement has been started to increase the duty on manufactured paper goods from 35 to 75 per cent, and I need not say to you that this would be very injurious to the small manufacturing business that I try to manage in Iowa, as well as several other institutions of like character throughout the country. You will remember that when the present duty of 35 per cent was levied on this class of goods the lithographing industry in this country was comparatively weak, and from my own experience will say that if our American lithographers were able to produce the same class of goods in this country that we buy in Europe that they would have the trade, but they are unable to do so, and it now seems to be their purpose to bar the importation of the class of goods that they can not manufacture, and for which there is a very heavy demand in this country, by exorbitant tariff.

I feel at perfect liberty to write you on this subject in the belief that your entire efforts will be directed toward any injustice in the matter of tariff revision, as this action surely would be.

Very respectfully, yours,

THE ECONOMY ADVERTISING CO.,
S. W. MERCER, *President*,
Advertising Novelties and Bank Supplies.

SUPPLEMENTAL STATEMENTS OF LOUIS C. WAGNER & CO., NEW YORK CITY, RELATIVE TO CIGAR LABELS AND BANDS.

NEW YORK, *January 7, 1909.*

Hon. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Many statements submitted to your committee since November 21 bearing on cigar labels and bands are so misleading

and untruthful that we beg to be permitted to reply to them and place said matters properly before you.

The Forbes Company makes an issue of small size labels and what the duty thereon would be, etc., which matter has absolutely no bearing on cigar labels; the sizes of them, without exception, are altogether much greater, the design itself covering about one-half of the label while the other half is simply blank paper.

We are quite sure that the Forbes Company have at no time during their long existence ever produced cigar labels, much less bands, and if this is so, how can they be capable of suggesting any proper rates of duty on them? Their other statements are unworthy of reply.

The statement of imports for the fiscal year ending June 30, 1907, as reaching the sum of \$337,016, may be correct and simply proves that it is not a large amount anyway when compared with the output of these goods in domestic work, and while it is not possible for anyone to give exact figures, it is safe to say that it is at least 90 per cent greater, and this divided by not more than one dozen firms in New York City.

The assertion is made as showing statistics of the custom-house at New York, that for the fiscal year ending June 30, 1907, the highest ad valorem equivalent on any imports of cigar labels and bands was only 46.67 per cent, and that exactly \$12 worth of goods was imported at this high percentage. In answer, we assert positively that the statistics (while we do not have them) can absolutely not show this to be so, and that the statement is made with the prime object of deceiving your committee. For this very period we have carefully gone over our imports alone and here are the amounts with their ad valorem equivalents, which can be substantiated by our invoices and books:

	Total imports.	Weight.	Duty thereon.	Ad valorem equivalent.
		<i>Pounds.</i>		<i>Per cent.</i>
Cigar bands in bronze, at 20 cents per pound.....	\$23, 486	27, 335	\$5, 467	23. 28
Cigar bands in metal leaf, at 50 cents per pound.....	45, 610	30, 432	15, 216	33. 38
Cigar labels printed in less than 8 colors, at 20 cents per pound.	18, 158	11, 433	9, 322	51. 34
Cigar labels printed in more than 8 colors, at 30 cents per pound.	10, 649	18, 254	5, 476	51. 42
Cigar labels printed in metal leaf, at 50 cents per pound.....	8, 736	14, 235	7, 117	81. 47

As we purchase our goods outright and pay cash for them, the insulting accusation that our invoice values are erroneous is a malignant falsehood on the part of the National Association of Employing Lithographers.

To all other statements, beginning "A set of labels costs about 4½ cents a box, and sometimes more," we assert again that this is absolutely correct for imported goods, and that it is only 2 cents per box, applies only to domestic goods. Even the cheapest imported labels with trimmings costs over 3 cents per box, and the finer grades up to 7 cents.

As we handle only cigar labels and bands, and have done so since 1887, and bands always having been one essential part of our business, the statement that there were practically none imported prior to 1894, or even 1897, is conclusively false.

The domestic lithographers then follow with the assertion that the average cost of bands to the cigar manufacturer is 3 cents for each box of 100 cigars, which is true for domestic work, but not so for the foreign. The lowest selling price for large quantities for German work is from 3½ to 4 cents for bronze printing and double for metal-leaf work. Under their proposed rates for bronze bands only, now at 20 cents per pound, they jump this rate to 70 cents, which means a duty alone of 22 cents per 1,000. Add to this the foreign cost, which, at lowest price, including import expenses, is 24 cents, makes the total cost 46 cents, and yet they say in their own statement, that they sell them, including their profit, to the cigar manufacturers at an average price of 30 cents per 1,000.

That our brief was drawn up by two firms of attorneys who have absolutely no knowledge, etc., is too silly for further comment; of course it was submitted by them as compiled by us.

We find nothing misleading in our statement that the American cigar labels are invading the foreign markets, nor did we say to what extent. That was merely a reply to their original assertion that they sold absolutely none abroad. Now, they say the amounts are very small. We still seriously question the accuracy of their figures of exports, as we are in possession of a letter from our factory in Germany saying that agencies are established in Hamburg, Bremen, and Westfalen, besides Holland and England, for the sale of American labels and that the exports to Germany alone reach an enormous amount because of the very small duty, almost too insignificant to name, and also because they are sold in that market at prices at least 25 per cent less than the German goods. We have written our factory to procure statistics of imports into Germany and if they can be obtained will take liberty in submitting them later.

After having submitted our first brief November 21, 1908, to the manufacturers abroad they have corrected us in one particular, and are ready to swear to the accuracy of the correction, that a day's run in Germany averages 3,000 sheets, only one or two firms being capable of running 3,500, which is the highest run in any event. As the Forbes Company, in their later brief December 16, do not deny, nor has it been denied by others since then, that a day's run in America is at least 6,000 sheets, the American lithographers have the advantage over the foreigners in printing alone by fully 100 per cent.

Without going into further detail, we submit a summary of our contention on separate sheets herewith.

Respectfully,

LOUIS C. WAGNER & Co.

NEW YORK, *January 7, 1909.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: As a summary to our previous briefs and additional statements on separate sheets herewith, we, on behalf of the few importing firms of cigar labels and bands, respectfully submit the following:

Although the National Association of Employing Lithographers claims to represent 350 factories, there are not more than one dozen

producing cigar labels or bands, and those, with one or two exceptions, are located in New York City. Among this dozen we question whether there are more than two or three firms who advocate a change in duties, much less would think of higher rates.

The really principal firm advocating the exclusive rates on labels and bands, not directly but through the National Association, is the American Lithographic Company, New York. This company is and has always been known throughout the United States, not only by their competitors but among the cigar manufacturers and cigar box makers, as "the trust," and any increased rates would mainly be of benefit to this company and not to the lithographic trade in general.

While the small importation of these goods is confined to four or five firms, fully 90 per cent of the product is almost exclusively made in New York City.

The national association comes to your committee with a general statement asking for higher duties, with nothing specific to substantiate their claim, showing not one specimen of a label or band of German make or what it is sold at and what their relative selling price would be for a similar article produced here, but simply relying upon one thing, the difference in scale of wages, which has already been pointed out by others as incorrect. On the other hand, we beg to refer to our testimony before your committee November 21, 1908, and the various samples then submitted, showing that their cost in Germany is practically the same and in some instances even higher than the same designs and workmanship are produced in New York and sold by the domestic lithographer. These figures have since then not been refuted, nor can they be, so it is self-evident that even without any duty at all, larger editions can not be imported anyway. And what applies to these particular designs applies to all others under similar conditions and quantities.

The unfortunate part of it is we have absolutely no protection on our designs. Each and every one can be copied here, and it is done to a great extent, for sole reasons given in our testimony November 21, 1908.

Apart from the stupendous rates, the national association or, properly said, the American Lithographic Company, goes even further and suggests another 10 cents a pound for embossed designs. They might properly have added this 10 cents originally to their other rates, as all bands, without exception, and 95 per cent of all imported labels and flaps are embossed.

We are not at all interested in lithographic prints on which the present duties are an ad valorem equivalent of from 20 to 27 per cent, while on our imports, labels and bands, and more especially labels, it is double and treble.

In our separate testimony added to this we have compiled the total imports of our firm alone from June 30, 1906, to June 30, 1907, showing their ad valorem equivalents which, on all grades of labels are now so excessively high that only small amounts can be imported and the major part of these represents first editions. The lowest rate is on bronze bands and we particularly refer to this. As shown in our statement annexed, and admitted by the domestic lithographers, they sell these very bands to the cigar manufacturers at 30 cents per 1,000, which is the lowest cost of German goods, including present duty.

Although both lithographic prints and labels are produced by the same process yet there is this vast difference in rates of duty. For the information of your committee we will state how they came about originally in the Wilson bill. The statement of E. P. Dutton & Co., book 43, page 6301, reports that the rates were agreed upon at a meeting between the importers and domestic manufacturers at the instigation of Chairman Jones; true, and just at this particular conference cigar labels and bands were, for the first time, taken out of the lithographic schedule and provided for separately at higher rates. Mr. Louis C. Wagner then, as now, was an importer of labels and bands, but was in Europe at that time. He now makes the positive assertion that his representative was not permitted to attend that meeting; that no other firm importing labels did appear excepting one, large importers of lithographic prints, and who, at that time, also imported cigar labels, but evidently found this line not profitable, so sold their entire stock soon after the Wilson bill became a law to the American Lithographic Company. They, the American Lithographic Company, at that time were mainly instrumental in framing the schedule, and to enable them to get the importers of prints to agree to high rates on labels, compromised by accepting lower rates on prints. And this very firm comes along again now and asks for still more.

We believe the time has come when the duties on our goods should be in conformity with those of similar manufacture by reducing them, especially the 20 cent, 30 cent, and 50 cent rates on labels.

Since we have clearly shown in our first brief and in this summary that domestic goods are made and sold to the trade at a profit as low and in some instances lower than the cost in Germany, excluding any duty, we respectfully ask your committee that the rates suggested by us November 21, 1908, be adopted. They were made with all fairness and with more than ample protection to domestic industry, and would enable us to redeem the repeat orders which rightfully belong to us and increase the revenue to the Government.

Respectfully,

LOUIS C. WAGNER & Co.

HON. JOSEPH V. GRAFF, M. C., SUBMITS LETTER OF C. E. WHELLOCK & CO., PEORIA, ILL., RELATIVE TO INCREASING DUTY ON LITHOGRAPHIC PRINTS.

WASHINGTON, D. C., *January 9, 1909.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR MR. PAYNE: Inclosed please find a letter from C. E. Wheelock & Co., of Peoria, Ill., who is a large importer of china and, it seems, also of souvenir or view postal cards, who are opposed to a raising of the duty from 5 to 35 cents per pound, claiming that will exclude all importations and cut off revenue to the Government. I submit the letter for the consideration of the committee.

Respectfully,

JOSEPH V. GRAFF.

PEORIA, ILL., *January 7, 1909.*

HON. JOS. V. GRAFF,
Washington, D. C.

DEAR SIR: It is reported that an effort is being made before the committee having in charge the new tariff schedules, by American lithographers and manufacturers of souvenir or view postal cards, to increase the present rate of duty from 5 cents per pound to 35 cents per pound.

As you are probably aware, we are large importers of German souvenir postal cards and during the past year have brought in many millions at a duty of 5 cents per pound. American manufacturers are already offering very sharp competition. As a matter of fact, American manufacturers quote practically the same prices on similar cards as the European cards now cost delivered in America after having paid the duty and transportation charges. To advance the duty from 5 to 35 cents, however, would be equal to an ad valorem duty of from 100 to 150 per cent and would make imported souvenir or view postal cards cost practically twice what they cost now. This, of course, would shut out entirely imported cards and, naturally, destroy business which we have built up with considerable effort and expense and which now is of great importance to us. Not only would this destroy this business for us, but, of course, it would just this much reduce the imports at the local port. Considering the amount of business we have done on imported postal cards during the past year, the difference of a duty from 5 to 35 cents per pound would make a difference to us of between \$15,000 and \$20,000; but, we repeat, the new proposed duty would prohibit the importation of foreign cards.

If it is practical for you to do so, and should you have an opportunity, we should indeed consider it a favor if you would take this matter up with the committee having the matter under consideration, and we desire most earnestly that you should make an earnest protest on part of one of your constituents against such an unusual and prohibitive duty being added on postal cards. If you can put us in touch with those in authority, we should be glad to have you do so so that we ourselves could write a letter of protest against the duty which we understand is proposed.

We should also deem it a favor if you could advise us what the prospects are of such a new duty going into effect.

Yours, truly,

C. E. WHELOCK & Co.,
 By J. H. ROTH.

REPRESENTATIVES OF EMPLOYING LITHOGRAPHERS FILE SUPPLEMENTAL STATEMENT RELATIVE TO FOREIGN WAGES IN THE LITHOGRAPHIC INDUSTRY.

52 EAST NINETEENTH STREET,
New York, January 12, 1909.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In the tariff hearings of November 21, you asked us to procure statistics on wage scale. We complied with same by furnish-

ing you some signed letters giving the German scale. We have also sent you the official copy of the minimum rates paid by American manufacturers.

We now desire to file with your committee copies of a German publication, called "Freie Kunste," which publication is published in Leipzig and Vienna, and is a recognized organ of the lithographic industry in both the German and Austrian Empires.

The copies of this paper that we file with the committee are the issues of the following dates: March 15, 1906; March 1 and October 15, 1907.

We have made translations of these articles. From the translation of issue of March 15, 1906, it appears that the employers proposed a minimum wage of 16½ marks per week for the first year of service as a journeyman, and after that the wage to be 18 marks per week, while the workmen demanded 21 marks to 25 marks, respectively.

In the translation from the issue of March 1, 1907, it is shown that the employers and the workmen agreed upon a minimum scale of 18 marks per week in 23 cities, 18½ marks per week in 2 cities, 19 marks per week in 9 cities, 19½ marks per week in 1 city, and 21 marks per week in 1 city.

The translation from the issue of October 15, 1907, shows that in the city of Leipzig the wage of artists fluctuated from 28 marks 16 pfennig to 37 marks 37 pfennig.

Should it be contended that the above scale of journeymen's wage is only for the first year, you, by referring to the translation of issue of March 15, 1906, will see that all the workmen demanded as a journeyman's wage after the first year was an increase of 4 marks per week.

As this information is from labor-union sources and is addressed to the union men, it may be taken as being absolutely correct and fully bears out the contention contained in our brief, that the wages in Germany are from one-fourth to one-fifth of the wages paid in this country.

Respectfully, yours,

ROBERT M. DONALDSON,

HORACE REED,

GEORGE R. MEYERCORD, *Chairman,*

Tariff Committee, National Association of Employing Lithographers.

By ROBERT M. DONALDSON.

EXHIBIT A.

[Translation, Book 5, page 77.]

MARCH 1, 1907.

The board of directors of the Senefelder Union report that during the lockout from May to August, 1906, and the preceding strike, 1,424 litho artists and 2,624 pressmen were on strike. The strike extended to 38 cities, and 271 firms were concerned therein.

After an agreement with the Association of Manufacturing Lithographers to resume work, the result was as follows:

Three hundred and fifty-three lithographic artists and 362 lithographic pressmen gained a reduction in time of from one and one-

half to nine hours per week. Litho artists to work eight hours per day; litho pressmen to work nine hours per day.

One hundred and twenty lithographic artists and 80 litho pressmen received concessions for holiday pay, which formerly was not allowed them.

Two hundred and ninety-eight litho artists and 405 litho pressmen were conceded 25 per cent additional for overtime during week days, and 50 per cent additional for Sunday overtime.

Two hundred and thirty-eight litho artists and 927 litho pressmen received an increase in wages from $\frac{1}{2}$ to 5 marks per week, a total of 1,676 marks per week. Minimum wages during the first year as journeymen was agreed upon to be 18 marks per week in 23 cities; in 2 cities, 18 $\frac{1}{2}$ marks per week; in 9 cities, 19 marks per week, and in 2 cities, 19 $\frac{1}{2}$ and 21 marks per week, respectively.

EXHIBIT B.

[Translation, Book 6, page 100.]

LEIPZIG, *March 15, 1906.*

The agreement conference of the lithographic and stone-printing trades began on the 25th day of February, in the city of Leipzig. The sessions were held in the Booktrades Building. The parties participating were composed of nine employers and nine employees and the same number of alternates. There were also present two representatives of the Proprietors' Association of German Stone-Printing Establishments, and two representatives of the Senefelder Association.

Previous to the regular proceedings, those present adopted a unanimous resolution against the contemplated tax on postal-card views.

The first question to be considered was concerning working hours and minimum wages. The employers proposed nine hours per day for lithographic artists and nine and one-half hours for pressmen be adopted. The employees, in opposition, proposed eight hours per day for lithographic artists and nine hours per day for pressmen.

The employers proposed a minimum wage of 16 $\frac{1}{2}$ marks per week for the first year of service as a journeyman, and after that to be 18 marks per week. The employees demanded 21 marks and 25 marks, respectively. The vote on this question being a tie, it was laid over for a second reading.

The second day of the session Doctor Viscot, of Breslau, made the following proposition in behalf of the employers: In an agreement of at least five years, the working hours of lithographic artists and pressmen were to be nine hours per day, and from July 1, 1908, the hours for lithographic artists were to be eight hours; however, where the work hours at the present time are less they shall so be continued.

The counter proposition of the employees was as follows: In an agreement, at the most to continue three years, the working hours for lithographic artists are to be eight hours per day and nine hours for pressmen. Where more hours constitute a day's work for lithographic artists at the present time, the eight-hour time must be introduced by January 1, 1907; but where shorter hours constitute a day's work at present no changes are to be made.

The vote upon these questions being also a tie, or a nonacceptance of any of the propositions, the conference was declared off.

Alderman Ackerman succeeded in having another conference take place, which assembled February 27, but after exhaustive debate nothing was agreed upon.

The employers insisting on a five years' agreement, while the employees would only accede to a three years' agreement, the employers made the following counter proposition as to the question of working hours, viz: In shops where nine and eight and one-half hours constitute a day's work hours of work are to be reduced to eight hours at once. Where more than eight and one-half hours are in vogue hours are to be reduced to eight and one-half hours per day, and after July 1, 1907, to eight hours per day. This proposition also did not meet with approval, and the conference was therefore discontinued.

The lack of results of the first conference in our art crafts is to be deplored, especially at present, when the new tax creates an element of apprehension and insecurity throughout the lithographic trades and the larger enterprises; an agreement would have been of the greatest importance.

EXHIBIT C.

[Translation, Book 20, page 321.]

LEIPZIG, *October 15, 1907.*

The organized Lithographic Artist Journeymen of Leipzig have compiled statistics of their wages, working hours, and other trade conditions and published the result. The statistics relate to 63 establishments, employing 603 journeymen artists and 132 apprentices. The average of apprentices, accordingly, would be about 1 to each 4 journeymen artists.

In private lithographic establishments comparatively many apprentices are employed; in one of these establishments there are 27 apprentices to 52 journeymen artists. In individual branches of lithography the wages fluctuated between 29 marks 16 pfennig, and 37 marks 37 pfennig.

The hours of work were generally eight hours, but were nine hours in some few establishments. Holidays are not paid by 11 employers, who employ 127 journeymen.

Three firms, employing 37 journeymen artists, refused information to be used for statistical purposes.

The average wages for map engravers is from 22 marks 84 pfennig to 38 marks 19 pfennig.

WALL PAPER.

[Paragraph 402.]

STATEMENT OF JOHN J. LINDSAY, OF BUFFALO, N. Y., WHO SUGGESTS A NEW CLASSIFICATION FOR WALL PAPER.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. Mr. Lindsay, what paragraph does your industry come under?

Mr. LINDSAY. Wall paper, paragraph 402.

The first two lines and a half in that paragraph must have been written in the last century, because the manufacturers have not made

that class of paper there mentioned. Our brief has been submitted, and if those two lines and a half are changed so as to read—

Paper hangings, or wall paper, including borders and ceiling decorations, and all wall hangings of which paper is the basis, or the material treated, embellished, or decorated, and not specially provided for in this act, thirty-five per centum ad valorem.

if that is done the industry can go ahead.

Mr. BONYNGE. You say "of which paper is a component part?"

Mr. LINDSAY. Yes, sir.

Mr. BONYNGE. In manufacturing the paper would you not want to say "of which paper is the chief part," or something of that kind?

Mr. LINDSAY. No; we say "of which paper is a component part." If you will read that paragraph, you will see that it does not define it sufficiently, and that it ought to be changed. We do not want to infringe on the wall hangings of any other material.

In the last five or six years the goods coming into this market have increased about 230 per cent, and in the last year over 30 per cent. And we might have something to say about this German tariff or undervaluation, which the German arrangement allows.

The CHAIRMAN. Mr. Lindsay, suppose the language of paragraph 402 was changed to read in this way: "Paper hangings fully or in chief value of paper, and all paper not combined with other material, and not specially provided for in this act?"

Mr. LINDSAY. Well, that would be satisfactory; yes.

The CHAIRMAN. That has been prepared for the committee with reference to the decisions of the courts, and in order to make the paragraph clear.

Mr. LINDSAY. Mr. Payne, the wall-paper business is a business that beautifies paper, and it becomes an artistic matter. What we want is to protect the printing or the embellishment of that paper.

Mr. DALZELL. Will you please repeat your suggested paragraph?

Mr. LINDSAY. Our suggestion is that it be "Paper hangings, wall paper, including borders and ceiling decorations, and all wall hangings of which paper is a component part."

The CHAIRMAN. That would not do, because if it had a small part of paper in it, it could come in with a duty of 25 per cent, which would include other things that ought to be paying other duties. The paragraph that I read says, "Fully or in chief value of paper."

Mr. LINDSAY. But, Mr. Chairman, they would put anything in cheaper than paper.

The CHAIRMAN. Yes; that is the very difficulty of your suggestion. If they put in the chief material of which paper is a component part, and which might be a pound, or a hundred pounds, it would let it in for 25 per cent, if it was a wall hanging.

Mr. BONYNGE. Some of the embellishments may be worth more than the paper.

Mr. LINDSAY. The paper is worth very little, and it is the embellishment that we want to protect.

The CHAIRMAN. You may go ahead with your statement. We will furnish you a copy of this amendment, you can look it over, and if you want to make any comments on it later, then return it to us with such comments.

Mr. LINDSAY. The foreign market is interfering with us, and the 25 per cent is not sufficient. That last part of the two lines and a half of paragraph 402 should read 35 per cent instead of 25 per cent.

Mr. Chairman, that is all we have to say. It is an industry that ought to be protected. Our labor is three to four times more than it is in the other markets. Our men get \$25 a week, and they get from \$6 to \$9 over there, according to their ability. The ocean freights are low. Under the German tariff arrangement there is undervaluation. There are two hotels in San Francisco on which floss paper was put, made in Germany. We competed for that order and could not get it. We understand that it came in here under the new German law at 10 per cent duty—not 25 per cent, but 10 per cent—because it was made specially for the American market. And that is the point about it. And it did not pass through any dealer's hands; it went from the manufacturer to those hotels in San Francisco—two leading hotels.

Mr. BONYNGE. You export some paper for paper hanging, do you not?

Mr. LINDSAY. Yes, sir; the goods that came into this country four years ago amounted to about \$200,000. To-day it is nearly \$700,000.

Mr. BONYNGE. Those are the importations?

Mr. LINDSAY. Yes, sir.

Mr. BONYNGE. You also export, do you not?

Mr. LINDSAY. Very little; that is, the concern with which I am connected. The Government records show that there was \$7,000 worth of goods put into Germany, and \$5,500 was sent by our concern over there. The other manufacturers of course put in part.

Mr. BOUTELL. How many manufacturers of wall paper are there in the United States?

Mr. LINDSAY. The 1905 report of the Department of Commerce shows 44.

Mr. BOUTELL. Are they widely scattered through the various States?

Mr. LINDSAY. Yes, sir; but not farther west than Chicago.

Mr. BOUTELL. There are no wall-paper factories west of Chicago?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. What is the value of the domestic output of these 44 factories?

Mr. LINDSAY. Twelve million dollars, and the capital \$12,000,000 also.

Mr. BOUTELL. And the value of the annual output is \$12,000,000?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. About what is the value of the imported product for a similar period?

Mr. LINDSAY. About \$700,000.

Mr. BOUTELL. As against \$12,000,000?

Mr. LINDSAY. Yes; but it is on the class of goods on which there is the largest profit; that is, they put it in here, fine goods, undervalued, and that does not permit the American manufacturers sufficient profit, and the tariff should be put up to prevent those goods coming into this market.

Mr. BOUTELL. The method of handling your product is the same by all of the 44 factories—the method of marketing it?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. That is, the factories sell to the jobber?

Mr. LINDSAY. Part only. There are several factories who sell direct to the trade.

Mr. BOUTELL. Direct to the retailer?

Mr. LINDSAY. To the dealers in the different cities. There are several factories that way.

Mr. BOUTELL. Of those 44 factories is there an association or combination among any part or all of them for the purpose of dividing territory?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. Or fixing the price?

Mr. LINDSAY. No, sir.

Mr. BOUTELL. The retail dealer or the jobber has the benefit of perfect, free, and full competition?

Mr. LINDSAY. Yes, sir.

Mr. BOUTELL. That is true throughout the entire wall-paper trade?

Mr. LINDSAY. Yes, sir. There was a company in operation up to 1900, and dissolved at that time and went into liquidation. No trust will stand free competition.

Mr. CLARK. How long have you been in this business, Mr. Lindsay?

Mr. LINDSAY. I have been in this business since 1870.

Mr. CLARK. Have you been losing money since 1870?

Mr. LINDSAY. No, sir.

Mr. CLARK. How long have you been losing money?

Mr. LINDSAY. We lost money a great number of years. We lost it very badly for two or three years after our company dissolved. There was not any money made in the business.

Mr. CLARK. That was after the trust dissolved?

Mr. LINDSAY. Yes, sir.

Mr. CLARK. When did that important event happen?

Mr. LINDSAY. In 1900. From 1900 to 1903 20 or 30 factories failed.

Mr. CLARK. Well, from 1903 to 1907 you all made money hand over fist, did you not?

Mr. LINDSAY. No, sir; the Government does not make a statement of that kind.

Mr. CLARK. I am not asking about the Government's statement, but I am asking you for the facts.

Mr. LINDSAY. The facts are that we all made a report—the 44 concerns—in 1905 to your department of—whatever you call it—

Mr. CLARK. Well, I don't know, but what did you state in the report about how much money you made?

Mr. LINDSAY. We made 10 per cent on our \$12,000,000.

Mr. CLARK. That is a very fair profit, is it not?

Mr. LINDSAY. There are concerns represented here that have a half million dollars in business that spend \$50,000 on designs and blocks and rollers.

Mr. CLARK. I am not asking you as to that, but I am asking you if a 10 per cent dividend is not a pleasant and comfortable profit?

Mr. LINDSAY. No, sir; you could not run the wall-paper business on that.

Mr. CLARK. Do you think that the average man in the United States who is engaged in business makes 10 per cent dividend?

Mr. LINDSAY. I rather think they do.

Mr. CLARK. And you want some more?

Mr. LINDSAY. We want more; yes, sir.

Mr. BOUTELL. Don't you think that the proportion of \$700,000 imports to \$12,000,000 of domestic production is a pretty good protection already?

Mr. LINDSAY. I want to say that to come up from \$200,000 to \$700,000 in three or four years shows that this market is being invaded.

Mr. BOUTELL. But 6 per cent is not a very heavy invasion, is it?

Mr. LINDSAY. I understand the proportion; I was prepared for that. It has increased 31 per cent in the last year.

Mr. BOUTELL. I understand those things, too, but it still remains that it is only 6 per cent of the domestic output.

Mr. LINDSAY. But on the class of goods upon which the largest gain is.

Mr. CLARK. You would really like to have a prohibitory tariff, wouldn't you, to be perfectly frank about it? You would like to have a law passed that wall paper should not come into the United States at all, and that is what you are fishing for, isn't it?

Mr. LINDSAY. No, sir.

Mr. CLARK. You want a tariff to do just what that law would do, don't you?

Mr. LINDSAY. We want a better figure than we have now.

Mr. CLARK. You want a prohibitive tariff?

Mr. LINDSAY. Not at all, sir.

Mr. CLARK. Well; now, if the tariff does not prohibit imports, what do you want with it? If the tariff that you are proposing does not act so as to cut out foreign importations, then what do you want with it?

Mr. LINDSAY. We want it so that the class of goods—those of finer grade—we want it so that the American market will recognize the artistic merit of the American designer and artist.

Mr. CLARK. I am not asking that, and that is what you are all trying to get back to. What you really want is a tariff so high that the foreigner can not bring in his goods at all?

Mr. LINDSAY. I think that any good American would put on American wall paper. I think that if I was an architect I would put a clause in the specifications calling for that.

Mr. CLARK. But that does not answer my question.

Mr. LINDSAY. I am a good American citizen.

Mr. CLARK. Well, so am I.

Mr. LINDSAY. And I want this business protected. We can make just as good goods as they can on the other side.

Mr. CLARK. But that is not an answer to my question. You want a prohibitive tariff?

Mr. LINDSAY. No, sir; but we want a higher tariff than we have now.

Mr. CLARK. If this tariff that you are asking for would not shut out those very small importations of 6 per cent, then what do you want it for?

Mr. LINDSAY. We want to stop it from growing; we want to stop it from coming.

Mr. BOUTELL. Isn't it a fact that even if you very largely increase the tariff, that there still would be practically 6 per cent of foreign import, 6 per cent of the total used here, on account of the different designs and different materials, the same as is true in the silk market?

Mr. LINDSAY. Yes.

Mr. BOUTELL. And you hope by increasing the tariff to have less than 6 per cent competition?

Mr. LINDSAY. No; we do not want to, for there is a certain class of people who will buy the English and French automobiles and other expensive things because they are foreign, and we can not shut that out; but we want them to buy and to pay a good price for it.

Mr. BOUTELL. So they will buy the foreign wall paper of silk finish, and manufactured under the various foreign patents, no matter what the tariff is?

Mr. LINDSAY. Yes, sir.

Mr. HILL. Has there been any increase in shipments during the past twelve months ending in October?

Mr. LINDSAY. Yes; we feel the competition greater this year than before, and paper is being distributed as low as $2\frac{1}{2}$ cents per roll.

BRIEF SUBMITTED BY JOHN J. LINDSAY, BUFFALO, N. Y., RELATIVE TO WALL PAPER RATES AND CLASSIFICATION.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The wall-paper manufacturers, whose signatures are hereto affixed, respectfully ask your consideration of the effect produced upon the wall-paper industry by the rapidly increasing importations of wall papers, due to the low rate of duty applying to same, under the present tariff, according to Schedule M, paragraph 402, law of 1897, wherein the duty is placed at 25 per cent ad valorem, and hope that our arguments will justify you in recommending a material increase in the rate of duty, in order that the manufacturer may be afforded at least some relief from the present discouraging conditions.

It might be well to observe in the first place that the wall-paper industry has never heretofore requested any protection against importations of foreign wall papers, and that the conditions which compel it to do so at the present time are the result mainly of the enormous increased cost of manufacture, caused by the peculiar contracts with labor unions into which the manufacturer has been obliged to enter, and which provide for the continuous employment of the operatives, whether the plant is running or not.

In the face of these discouraging conditions we understand that under the reciprocity agreement with Germany a minimum rate of duty has been placed on importations of wall paper from that country of less than 25 per cent, operating directly in favor of the German manufacturer to the detriment of the American manufacturer, inasmuch as the export from the United States to Germany for the fiscal year ending June 30, 1907, amounted to only \$7,564, while the importations of wall paper from that country amounted to several hundred thousand dollars.

Another unfavorable condition affecting the industry in this country is due to the fact that many of the raw materials, as far as the manufacture of wall paper is concerned, bear a higher rate of duty than the finished wall paper, of which the said raw material forms the principal item of cost, and as a glaring example of such inconsistencies we refer to the silk floss papers, the duty on the silk floss

used in the manufacture of same being 50 per cent, while the duty on the finished wall paper is only 25 per cent.

Again, there are imitation leather papers, in which the main cost is that of the varnish, on which the duty is over 100 per cent, while the duty on the finished wall paper is only 25 per cent. There are, of course, many minor items which figure as raw materials in the manufacture of wall paper on which the duty ranges from 35 per cent upward, while, as already stated, the duty on the wall paper itself is only 25 per cent.

We appreciate the fact that these so-called raw materials, as far as wall paper is concerned, are finished productions in themselves, and that it might work an injustice to other industries in this country to have the duty on such materials reduced, and because of these facts we ask for an increased duty on foreign wall papers.

To demonstrate that the facts are not exaggerated, we submit tabulated returns of the Bureau of Statistics of the Department of Commerce and Labor, Washington, showing that the imports of paper hangings for domestic consumption for the five years ending June 30, 1907, have been as follows:

1903-----	\$287, 154. 42
1904-----	291, 114. 00
1905-----	361, 929. 88
1906-----	456, 898. 00
1907-----	671, 904. 00

The returns for the year ending June 30, 1908, are not at hand, but would no doubt show a considerable increase over 1907.

The burdens imposed on the manufacturer by labor conditions in this country make it impossible for him to compete with foreign countries in the markets of these countries, as is demonstrated by the fact that for the year ending June 30, 1907, we exported to all of the countries of Europe, including the United Kingdom, but \$46,921 in value of American wall papers, while, as already shown, we imported from these countries during the same period goods to the value of \$671,904, and being unable, because of labor conditions in this country, to compete successfully with the foreign business, we contend that we should at least be given the fullest opportunity of holding the American business for American manufacturers by protection in the way of increased duties.

In addition to the advantages under which the foreign manufacturer is operating, due to a much lower wage scale, is the fact that the word "foreign" has in the minds of most dealers and consumers a significance which is given a money value. In other words, the imported article, even if it is inferior in many respects, will bring a better price than the domestic article, for the simple reason that it is "imported." Accordingly, for the same grade of papers, a price several cents per roll less must be given by the American manufacturer in order to meet this competition.

Another point demands attention: Foreign competition is against the better ends of the domestic lines of wall paper, where the margin of profit should reasonably be the best. Assuming that the money value of the total domestic production of wall paper of all grades is \$12,000,000, annually, which is not far from the truth, it is safe to say that not over 25 per cent is of the higher grades.

Local conditions of demand and supply have so reduced the selling price of these cheaper grades, or blanks, that the present margin of profit is reduced almost to a vanishing point. The only possible escape from a net loss in making this grade of papers is by a maximum of production. For the financial balancing of the business, therefore, dependence must be placed on the sale of the higher grades of papers, on which, as has been stated, there should be a fair margin. If foreign competition were restricted, this might be an encouraging possibility. Twenty-five per cent of the value of the annual output of the American factories above referred to is \$3,000,000. This amount then represents the volume of domestic products which is in immediate competition with the, say \$875,000 of imports for the past year. In other words, foreign competitors are selling in this country at the present over 25 per cent as much wall paper of the better and most desirable grades as is placed on our market by all the American manufacturers each year, and, as has been indicated, this is done at the expense of the domestic producer, who finds the reasonable margin of profit of this class of papers, which is absolutely necessary for his prosperity, to a great extent eliminated. Foreign competition, then, strikes the American manufacturer at a point where otherwise he could reasonably hope to make good in a measure for the narrower margins of profit at present realized for the cheaper grades of papers, which, in every instance, make up the bulk of the output of all the factories.

Attention is also directed toward the present regulations in respect to determining whether or not importations of wall paper are undervalued.

A committee of manufacturers offered to act in an advisory capacity to the appraiser at New York, with the view to ascertaining whether goods were entered in the custom-house at less than their actual value at the place of manufacture, but were informed by the appraiser that only importers were eligible to act as his advisers.

Now, we contend that such a regulation is inconsistent, and that wall-paper manufacturers as well should be afforded the fullest possible information in order to correct any evils which may at present exist.

That the wall-paper industry is not in a condition to bear any great strain because of excessive foreign competition is evidenced by the fact that the bankruptcy of wall-paper manufacturers is frequent. During the past eight years the following factories have been discontinued for this reason: Gossler & Wilt, Philadelphia; Wagner, Wagner & Co., Philadelphia; Philadelphia Wall Paper Mills, Philadelphia; Johnstown Wall Paper Mills, Johnstown; Corey-Heller Company, Newark; Essex Wall Paper Mills, Newark; Steubenville Wall Paper Company, Steubenville, Ohio; Western Wall Paper Mills, Superior, Wis.; Conowingo Wall Paper Company, Baltimore; Hoefler, Meinken & Baeck, Nepera Park, N. Y.; Illinois Wall Paper Company, Chicago; George Halbert, Brooklyn, N. Y.; Ithaca Wall Paper Mills, Ithaca; Lakeside Wall Paper Company, Chicago, Ill.; Middletown Wall Paper Company, Middletown, Mass.; Syracuse Paper and Pulp Company, Syracuse; while other factories, viz, Cresswell & Washburn, Philadelphia; Williamson Wall Paper Company, Long Island City; Tarrytown Wall Paper Mills, Tarrytown,

N. Y., have discontinued because of the lack of profit attending their operations; while several other factories of large caliber, such as Allen Higgins Company, Worcester, Mass., and William Campbell Wall Paper Company, Hoboken, N. J., were compelled to reorganize for the same reason.

Respectfully submitted.

JOHN J. LINDSAY.

STATEMENT OF HENRY BURN, OF No. 453 FIFTH AVENUE, NEW YORK CITY, REPRESENTING WALL-PAPER MAKERS.

SATURDAY, *November 21, 1908.*

Mr. BURN. Gentlemen, I want to make a plea in behalf of the wall-paper manufacturers of the United States for a reasonable protection to that industry.

The wall-paper manufacturers are in fact the most modest of men when it comes to a matter of this kind, as you will admit when I state that never before have they appealed to Congress for a higher tariff than that which was offered them without any solicitation on their part.

The very wording of the tariff is in proof of my assertion, inasmuch as it refers to certain items which have been obsolete in the business for a quarter of a century.

Our full argument is set forth in the brief that we have filed, and I shall therefore simply call attention to a few commanding features.

First. The fact that we pay wages nearly four times as large as those paid by European manufacturers, their skilled labor costing them only \$6 per week, while we pay an average of \$22.50 per week for the same class of help, and it is to be assumed that their unskilled labor is paid in the same proportion. Then, again, we guarantee employment for the entire year, while the European manufacturers employ labor only as they actually require it.

This discrepancy will probably increase, as further demands on the part of the labor unions are in prospect.

Second. While the present tariff calls for a duty of 25 per cent, the reciprocity treaty with Germany provides for reduced duty on wall paper—10 per cent, I believe—notwithstanding that the exports to Germany for the fiscal year ending June 30, 1907, were only \$7,500, while the exports from Germany to this country were in excess of \$300,000.

In other words, we can not see where the reciprocity comes in there.

The CHAIRMAN. I think it is safe to say that this committee will probably do away with the necessity for that treaty with Germany.

Mr. BURN. If so, a part of our appeal will be heeded.

The CHAIRMAN. By a maximum and a minimum tariff.

Mr. BURN. I think that is a good idea.

Third. The entire exports from European manufacturers to this country for the year ending June 30, 1907, were \$671,904, while our exports to those countries were only \$46,921; thus demonstrating that we can not compete with them in their own markets notwithstanding the strenuous efforts we have made to do so. The exports from European countries have increased from \$287,000, in 1903, to \$671,000, in 1907, over 125 per cent.

While the proportion of the imports, which probably amounted to \$850,000 in 1908, may not seem large at first glance as compared to the total business of our manufacturers, \$12,000,000, it must be remembered that at least 75 per cent of our product is sold at actual or less than cost, and that the competition from the European manufacturers is therefore directed against the remaining \$3,000,000, to which we look for a reasonable margin, and that consequently our importation of \$850,000 against a production of \$3,000,000 materially affects the result, and as the importations are so rapidly increasing the situation will become worse instead of better unless we obtain some relief.

Fourth. On raw materials entering into the manufacture of wall paper the duty is in some cases 50 per cent, while the wall paper of which said raw materials form the main cost is brought in at a duty of 25 per cent.

When I speak of raw materials, I speak of materials which are probably finished products in themselves, but which are raw materials when it comes to the matter of manufacturing wall paper.

Fifth. Manufacturing wall paper requires a capital of \$1 for every dollars' worth of goods manufactured. Thus, on a capital of \$12,000,000 we produce an output of \$12,000,000, making the risk a large one for the returns obtained.

Sixth. Protection against undervaluation.

At the present time the manufacturer has no means of knowing whether the goods are coming in with proper valuation or not. Efforts have been made with the appraiser at New York to get in touch with the situation, but the manufacturers were informed that only importers were eligible as advisers to him. Now, it stands to reason that the importer has his own interest to consider in appraising the imports for the duty, but it would seem to me that something ought to be done whereby the manufacturer should have an opportunity of demonstrating whether those goods come in at a proper valuation or not.

Seventh. It is to be assumed that changes about to be made in the tariff will remain in force for many years, and that therefore, unless we receive additional protection now, the industry is liable to be seriously affected and the capital employed will be imperiled.

Under these circumstances we ask for your careful consideration of our plea, and hope that you can consistently advance the duty on wall paper to 35 per cent or 40 per cent ad valorem.

That is all I have to say on that subject.

The CHAIRMAN. Right there, you made a statement that you complained to the appraiser and that the appraiser advised you that importers were the only people they consulted in regard to valuation.

Mr. BURN. Yes, sir.

The CHAIRMAN. What appraiser told you that? Give the name to this committee.

Mr. BURN. Mr. Wanmaker.

The CHAIRMAN. Mr. Wanmaker told you that; when?

Mr. BURN. Within three months.

The CHAIRMAN. Where?

Mr. BURN. At New York City, in his office.

Mr. CLARK. Why do you not ask for a tariff of 60, 70, or 100 per cent?

Mr. BURN. Well, we are not hoggish.

Mr. CLARK. You are not? You have already 94 per cent of the trade?

Mr. BURN. We have how much?

Mr. CLARK. Ninety-four per cent.

Mr. BURN. Of the 94 per cent, 75 per cent brings in no margin whatever.

Mr. CLARK. Are you losing money?

Mr. BURN. If you refer to the past season; yes.

Mr. CLARK. When did you begin to lose money?

Mr. BURN. About fifteen years back, off and on.

Mr. CLARK. You have been losing money for fifteen years?

Mr. BURN. Off and on.

Mr. CLARK. You made more than you lost, did you not?

Mr. BURN. We certainly did, but not much.

Mr. CLARK. But take it altogether you made an average of 15 or 20 per cent, didn't you?

Mr. BURN. No, sir; absolutely not.

Mr. CLARK. How much did you make?

Mr. BURN. Not 10 per cent. Notwithstanding the statements in the public document to which you refer, I contend that that amount of profit has not been made in the wall-paper business.

Mr. CLARK. The gentleman who preceded you put it at 10 per cent.

Mr. BURN. But he went by the figures that are published, perhaps.

Mr. CLARK. Didn't he know how much his own factory made?

Mr. BURN. I could not answer for that.

Mr. CLARK. What is it you are complaining about in the German rating business?

Mr. BURN. As I understand it, there is a reciprocity arrangement with Germany whereby wall paper is admitted to this country at less than the 25 per cent duty.

Mr. CLARK. Now, really the thing you are complaining about and didn't want to say is that you believe that these importations are undervalued at the place they are sent from?

Mr. BURN. I did not say that. I say it is done legally. I understand that there is a reciprocity agreement with Germany which permits the importations of wall paper into this country at less than 25 per cent duty.

Mr. CLARK. How much are you making in your factory?

Mr. BURN. Making what?

Mr. CLARK. How much per cent are you making in this business?

Mr. BURN. We didn't make a dollar last year.

Mr. CLARK. Well, that is the worst year that has struck the country for ten years, so how much did you make before?

Mr. BURN. I could not say offhand. We did not make 10 per cent.

Mr. CLARK. Then, how can you say offhand that you did not make anything last year?

Mr. BURN. Because that was clearly placed before my mind, and I could not get away from it.

Mr. CLARK. Your memory seems to be bad when it comes to profits, but good as to losses.

Mr. BURN. Possibly.

Mr. CLARK. Why don't you tell us how much you made?

Mr. BURN. I do not think it is fair, in the presence of competitors, to answer that question.

The CHAIRMAN. Of course you are not obliged to answer the question, but you are asking for an increase in duty—

Mr. BURN. I will say that it was not 10 per cent.

The CHAIRMAN. The committee will give your request consideration, and if you do not want to answer the question, of course the committee will consider that.

Mr. CLARK. You say it was not 10 per cent. Was it $9\frac{1}{2}$ per cent?

Mr. BURN. Not $9\frac{1}{2}$ per cent.

Mr. CLARK. Was it 6 per cent.

Mr. BURN. Possibly but—

Mr. CLARK. The other man makes 10 per cent, and you make 6 per cent.

Mr. BURN. Well, he is a better merchant than I am.

Mr. CLARK. That is just it if both statements are correct.

Mr. UNDERWOOD. You recognize the fact that the Government has got to raise some revenue, and you believe that a portion of that revenue should be raised by tariff taxation, do you not?

Mr. BURN. Yes, sir.

Mr. UNDERWOOD. If we only allowed 6 per cent of the volume of business in this country of which importations may come in, to raise the tax on all commodities, that only 6 per cent could come in, you can realize that there would be very little revenue raised from tariff taxation?

Mr. BURN. Very true.

Mr. UNDERWOOD. And are not the men in your business willing to take a part of the burden of the support of the Government, as well as expecting the other fellows to do it?

Mr. BURN. They always have. There has never, during the existence of the wall-paper industry, been a request from them for the increase of a duty. We did not even ask for the duty that exists today. Now, when you speak of 6 per cent, I contend that that is not a fair statement of the case. Seventy-five per cent of the wall paper manufactured in this country is of so cheap a grade that there is practically no margin on it at all. It is like the grocery man selling sugar. He does not make much profit on it, but he may have some very big sales of it.

Mr. UNDERWOOD. That is due to home production.

Mr. BURN. Yes; and we do not charge a tariff for that at all.

Mr. UNDERWOOD. You have a prohibitive market on 75 per cent of your product by reason of the present duties?

Mr. BURN. With unprofitable results.

Mr. UNDERWOOD. If you do not make a profit on it, that is by reason of the competition here at home.

Mr. BURN. We do not charge the tariff on that.

Mr. UNDERWOOD. The Government has given you a prohibitive tariff on 75 per cent. Isn't it reasonable that the wall-paper manufacturers should participate in aiding in the raising of the revenues of the Government to the extent of 5 per cent of their production?

Mr. BURN. It would be if it did not imperil the entire industry.

Mr. HILL. You spoke of the German agreement. Wall paper is not in the articles listed as one of those referred to in the reciprocal arrangement. If there has been any increase of duty due to the arrangement, it must be in the form of the valuation. I want to ask you if you know of any importations since the German agreement

was made which caused you to think that there was any undervaluation?

Mr. BURN. Well, I will say to that that we understood the reciprocal arrangement was entered into about the 1st of last July. The figures are not at hand showing the importations since that time, so that we haven't any opportunity to refer to that.

Mr. HILL. Can you supply this committee with samples of any importations of wall paper made prior to the German agreement, and samples of the same paper made subsequent to the German agreement, with the different valuation put upon them?

Mr. BURN. I do not know that we could.

Mr. HILL. If we give you a month to do it in, could you do it?

Mr. BURN. We have no place to refer to. We saw the report published that the reciprocal arrangement between Germany and this country included this paper. It was so published in the newspapers, and that is the only source of information that we have.

Mr. HILL. There is no agreement that can change the tariff rate. The only possible thing would be undervaluation, and it is up to you to show that.

Mr. BURN. In the case cited by the preceding speaker he referred to importations that were made on behalf of large hotels in San Francisco; that on that basis of fact those goods were a specially made exportation for this country, and the duties exacted were equivalent only to 10 per cent.

Mr. HILL. And you do not know of another case excepting that?

Mr. BURN. Not at the present time; no, sir.

Mr. HILL. Any importations made prior to the agreement and subsequent to the agreement, showing a difference in valuation?

Mr. BURN. No; and we only refer to it now with a view to calling your attention to it, and to having the thing removed in the future.

Mr. BONYNGE. Were these importations for the San Francisco hotels made since the German agreement?

Mr. BURN. That was my understanding.

Mr. BOUTELL. Where were they entered?

Mr. BURN. At New York. That is my understanding, but they may have been entered at San Francisco.

Mr. GRIGGS. How long have you been in the business of manufacturing wall paper?

Mr. BURN. I have been in it all my life; ever since 1871.

Mr. GRIGGS. In your own business?

Mr. BURN. During the last twenty-three years it has been my own business; yes, sir. I started at the foot of the ladder and climbed up.

Mr. GRIGGS. You did not begin to lose money until you had made enough out of it to buy a business?

Mr. BURN. Oh, I have made some money.

Mr. HILL. Do you know the name of the parties to whom the San Francisco hotel paper was consigned?

Mr. BURN. L. Tozer & Son, San Francisco.

Mr. GRIGGS. You do not claim to be an infant industry?

Mr. BURN. Oh, no; not at all; nor have we had infant care.

Mr. GRIGGS. You feel that you can walk?

Mr. BURN. We feel that we are a little weaker than we used to be.

Mr. GRIGGS. That is, you need a cane in order to walk?

Mr. BURN. Yes, sir.

Mr. GRIGGS. And you want us to furnish the cane?

Mr. BURN. Yes, sir.

Mr. GRIGGS. And a gold-headed one at that?

Mr. BURN. Yes, sir.

**BRIEF SUBMITTED BY REPRESENTATIVES OF THE WALL-PAPER
MANUFACTURERS ASKING FOR INCREASE OF DUTY.**

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The wall-paper manufacturers whose signatures are hereto affixed respectfully ask your consideration of the effect produced upon the wall-paper industry by the rapidly increasing importations of wall papers, due to the low rate of duty applying to same under the present tariff, according to Schedule M, paragraph 402, law of 1897, wherein the duty is placed at 25 per cent ad valorem, and hope that our arguments will justify you in recommending a material increase in the rate of duty in order that the manufacturer may be afforded at least some relief from the present discouraging conditions.

It might be well to observe in the first place that the wall-paper industry has never heretofore requested any protection against importations of foreign wall papers, and that the conditions which compel it to do so at the present time are the result mainly of the enormous increased cost of manufacture, caused by the peculiar contracts with labor unions into which the manufacturer has been obliged to enter, and which provide for the continuous employment of the operatives, whether the plant is running or not.

In the face of these discouraging conditions, we understand that under the reciprocity agreement with Germany a minimum rate of duty has been placed on importations of wall paper from that country of less than 25 per cent, operating directly in favor of the German manufacturer to the detriment of the American manufacturer, inasmuch as the export from the United States to Germany for the fiscal year ending June 30, 1907, amounted to only \$7,564, while the importations of wall paper from that country amounted to several hundred thousand dollars.

Another unfavorable condition affecting the industry in this country is due to the fact that many of the raw materials, as far as the manufacture of wall paper is concerned, bear a higher rate of duty than the finished wall paper, of which the said raw materials form the principal item of cost, and as a glaring example of such inconsistencies we refer to the silk floss papers, the duty on the silk floss used in the manufacture of same being 50 per cent, while the duty on the finished wall paper is only 25 per cent.

Again there are imitation leather papers, in which the main cost is that of the varnish, on which the duty is over 100 per cent, while the duty on the finished wall paper is only 25 per cent. There are, of course, many minor items, which figure as raw materials in the manufacture of wall paper, on which the duty ranges from 35 per cent upward, while, as already stated, the duty on the wall paper itself is only 25 per cent.

We appreciate the fact that these so-called raw materials, as far as wall paper is concerned, are finished productions in themselves, and that it might work an injustice to other industries in this country to have the duty on such materials reduced, and, because of these facts, we ask for an increased duty on foreign wall papers.

To demonstrate that the facts are not exaggerated, we submit tabulated returns of the Bureau of Statistics of the Department of Labor and Commerce, Washington, showing that the imports of paper hangings for domestic consumption for the five years ending June 30, 1907, have been as follows:

1903	-----	\$287, 154. 42
1904	-----	291, 114. 00
1905	-----	361, 929. 88
1906	-----	456, 898. 00
1907	-----	671, 904. 00

The returns for the year ending June 30, 1908, are not at hand, but would no doubt show a considerable increase over 1907.

The burdens imposed on the manufacturer by labor conditions in this country make it impossible for him to compete with foreign countries in the markets of these countries, as is demonstrated by the fact that for the year ending June 30, 1907, we exported to all of the countries of Europe, including the United Kingdom, but \$46,921 in value of American wall papers, while, as already shown, we imported from these countries during the same period goods to the value of \$671,904, and being unable, because of labor conditions in this country, to compete successfully with the foreign business, we contend that we should at least be given the fullest opportunity of holding the American business for American manufacturers by protection in the way of increased duties.

In addition to the advantages under which the foreign manufacturer is operating, due to a much lower wage scale, is the fact that the word "foreign" has in the minds of most dealers and consumers a significance, which is given a money value. In other words, the imported article, even if it is inferior in many respects, will bring a better price than the domestic article, for the simple reason that it is "imported." Accordingly, for the same grade of papers a price several cents per roll less must be given by the American manufacturer in order to meet this competition.

Another point demands attention. Foreign competition is against the better ends of the domestic lines of wall paper, where the margin of profit should reasonably be the best. Assuming that the money value of the total domestic production of wall paper of all grades is \$12,000,000 annually, which is not far from the truth, it is safe to say that not over 25 per cent is of the higher grades.

Local conditions of demand and supply have so reduced the selling price of these cheaper grades, or blanks, that the present margin of profit is reduced almost to a vanishing point. The only possible escape from a net loss in making this grade of papers is by a maximum of production. For the financial balancing of the business, therefore, dependence must be placed on the sale of the higher grades of papers, on which, as has been stated, there should be a fair margin. If foreign competition were restricted, this might be an encouraging possibility. Twenty-five per cent of the value of the annual output of the American factories above referred to is

\$3,000,000. This amount, then, represents the volume of domestic products which is in immediate competition with the, say, \$875,000 of imports for the past year. In other words, foreign competitors are selling in this country at the present time over 25 per cent as much wall paper of the better and most desirable grades as is placed on our market by all the American manufacturers each year, and, as has been indicated, this is done at the expense of the domestic producer, who finds the reasonable margin of profit of this class of papers, which is absolutely necessary for his prosperity, to a great extent eliminated. Foreign competition, then, strikes the American manufacturer at a point where otherwise he could reasonably hope to make good, in a measure, for the narrower margins of profit at present realized for the cheaper grades of paper, which, in every instance, make up the bulk of the output of all the factories.

Attention is also directed toward the present regulations in respect to determining whether or not importations of wall paper are undervalued.

A committee of manufacturers offered to act in an advisory capacity to the appraiser at New York, with the view to ascertaining whether goods were entered in the custom-house at less than their actual value at the place of manufacture, but were informed by the appraiser that only importers were eligible to act as his advisers.

Now we contend that such a regulation is inconsistent and that wall-paper manufacturers as well should be afforded the fullest possible information in order to correct any evils which may at present exist.

That the wall-paper industry is not in a condition to bear any great strain because of excessive foreign competition is evidenced by the fact that the bankruptcy of wall-paper manufacturers is frequent. During the past eight years the following factories have been discontinued for this reason: Gossler & Wilt, Philadelphia; Wagner, Wagner & Co., Philadelphia; Philadelphia Wall Paper Mills, Philadelphia; Johnstown Wall Paper Mills, Johnstown; Corey, Heller Company, Newark; Essex Wall Paper Mills, Newark; Steubenville Wall Paper Company, Steubenville, Ohio; Western Wall Paper Mills, Superior, Wis.; Conowingo Wall Paper Company, Baltimore; Hoefler, Meinken & Baeck, Nepera Park, N. Y.; Illinois Wall Paper Company, Chicago; George Halbert, Brooklyn, N. Y.; Ithaca Wall Paper Mills, Ithaca; Lakeside Wall Paper Company, Chicago, Ill.; Middletown Wall Paper Company, Middletown, Mass., and Syracuse Paper and Pulp Company, Syracuse. While other factories, viz, Cresswell & Washburn, Philadelphia; Williamson Wall Paper Company, Long Island City, and Tarrytown Wall Paper Mills, Tarrytown, N. Y., have discontinued because of the lack of profit attending their operations, while several other factories of large caliber, such as Allen Higgins Company, Worcester, Mass., and Wm. Campbell Wall Paper Company, Hoboken, N. J., were compelled to reorganize for the same reason.

The wages paid machine printers in England are 25 shillings, or \$6, per week, as against an average of \$22.50 per week for the same class of help in this country, and it is fair to assume that the wages of the other laboring help is in proportion.

The wages paid machine printers and color mixers in Germany are equivalent to \$6 per week.

Respectfully submitted.

The Robert Graves Co., by Henry Burn, president; M. H. Birge & Sons Co., by John J. Lindsay; Standard Wall Paper Co., W. A. Huppuch, first vice-president; William Campbell Wall Paper Co., by Chas. F. Murray, president; Janeway & Carpender, J. J. Janeway, president; Becker, Smith & Page; Imperial Wall Paper Co., J. J. McCabe, secretary; Carey Bro. Wall Paper Manufacturing Co., E. R. Happelfinger, vice-president; Gledhill Wall Paper Co., by George H. Keim, treasurer; Williams & Co.; York Card and Paper Co., Henry Buin, attorney; York Wall Paper Co., Henry Buin, attorney; Hobbs, Benton & Heath, Henry Buin, attorney; Allen Higgins Co., Henry Buin, attorney.

HENRY BURN, REPRESENTING THE MANUFACTURERS OF WALL PAPER, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF.

NEW YORK CITY, N. Y.,
November 30, 1908.

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: In view of the stress that was laid by several members of your committee on the questions submitted to me at your hearing on Saturday, November 21, based upon my request for an increased duty on wall paper, I deem it advisable, on behalf of the wall-paper manufacturers, to bring to your attention certain facts that were not brought out by the examination.

First. Referring, therefore, to the question as to whether a profit of 10 per cent was not adequate, I would say that this assumed profit of 10 per cent is based on the 1905 report of the Department of Commerce; that the reports from the manufacturers, on which the calculation referred to in that report was made, do not show the net profit to the manufacturer, as the inquiries made by the Department of Commerce did not call for sufficient information and did not take into consideration many items that would have to be considered in referring to a net profit.

To be more specific, they did not consider the item of depreciation, which should be calculated at at least 5 per cent on the value of the plant each year, and this amount must be deducted from the gross result in calculating the net profit.

Depreciation must also be considered in a general way in connection with the question as to whether a profit of 10 per cent is ample return in a normal business year on the business of a wall-paper manufacturer. There is probably no other class of machinery on which the depreciation would be so great as on that of wall-paper machinery in case of a discontinuance of the business, which might be caused by the death of the manufacturer or his inability to continue the busi-

ness from whatever cause, and this is due, not so much to the cost of the actual machines themselves, but to the enormous cost of their installation in a building, and as the value of this installation would be entirely destroyed by removal of the machines to another building, I can safely make the statement that in the event of such contingency as outlined above the value of the wall-paper plant would shrink fully 75 per cent, and this assertion is made based upon my personal knowledge in respect to wall-paper plants that have been discontinued. Consequently a profit of 10 per cent would not be adequate, taking into consideration the enormous shrinkage in the value of the plant that would be incurred in the event of its discontinuance.

Second. Again, bearing upon the question of a possible profit of 10 per cent being adequate return, I call attention to the fact that \$1 of capital is required for every dollar of business done, and that thereby the manufacturer is enabled to turn over his capital but once a year, and that the business therefore calls for an unduly large amount of capital as compared with that of other industries, and the risk is consequently so much the greater and the wall-paper manufacturer is therefore entitled to a greater margin than the manufacturers in other industries, who can do the same volume of business on perhaps one-fifth of the amount of capital and whose risk is therefore just one-fifth that of the wall-paper manufacturer.

Then, again, the credit risk must be taken into consideration in determining whether a profit of 10 per cent is adequate, inasmuch as the goods are sold on long-credit terms, and it frequently happens that while the credit of the purchaser may have been first class at the time the obligation was incurred he may be in financial straits by the time the obligation becomes due, and a fair percentage for bad debts must also be considered in arriving at the net profit, and it is no exaggeration that the percentage of losses arising from bad debts amount to nearly, if not fully, 2 per cent.

Now, the reports collated by the Department of Commerce do not take in the items of depreciation or of bad debts, and consequently even assuming that otherwise the report reflects accurately the condition of wall-paper manufacturers, the net profit they would show as a result, after providing for depreciation and for bad debts, would bring the net profit down to about 6 per cent, which is certainly not adequate return for the investment and the risk attending same.

Third. Several members of your committee have assumed that inasmuch as the imports of wall paper amounted to only \$700,000 and as the aggregate of the domestic production is \$12,000,000 we are already well protected under the present tariff, and looking at the matter superficially this argument would be correct, but it has already been pointed out in our brief, and again in the statement I made before your committee, that the importation of, say, \$750,000 affects more directly goods of a similar character produced in this country and on which the domestic output is only \$3,000,000, and that the percentage of competition is therefore 25 per cent instead of 6 per cent, as assumed by some of the members of your committee; and inasmuch as the imports on these grades of goods have risen in the space of four short years to the extent of 230 per cent, it is quite clear that the present rate of duty on wall paper does not afford a reasonable protection, and as to the other 75 per cent of the domestic production

the goods are of a character of which similar goods are not made abroad, and this accounts up to the present time for the fact that we have no European competition on these grades, and in my estimation, therefore, it can not be contended that the present duty on wall paper has given us protection on the sale of these goods; but inasmuch as the governments of European countries, notably that of Germany, are assisting their industries in finding new fields for their outputs, it is by no means impossible that this market will also be sought on the cheaper grades unless we are protected by an increased duty.

Fourth. As to the question as to whether we desire to have the tariff made prohibitive, we have already stated that that was not our desire. In fact, it could not be made prohibitive, as there will always be a demand for foreign goods on the part of some of our people—people who underrate American productions and who can not see any merit in any production unless it is marked “imported”—and there is no reason why the disparagers of American productions should not be made to pay the additional cost of the imported goods because of an increased duty on same.

Fifth. I was also asked whether the wall-paper industry was not willing to take a part of the burden in supporting the Government, and I replied that we always have, and I now claim that the increase of the duty to 35 per cent or 40 per cent will give the Government as large a revenue from the importation of wall paper as it now derives from the present importations on the lower rate of duty, and at the same time will diminish the importations to an amount that will not seriously affect the wall-paper manufacturers of this country.

Sixth. The greatest danger to our industry, however, is the reciprocal arrangements that are supposed to exist at the present time between the United States and Germany, whereby wall paper may be imported at a less rate of duty than that specified in the present tariff; but your chairman assured me that the committee would probably overcome this difficulty by recommending a maximum and minimum tariff, and in making such a recommendation I would earnestly request that you take into consideration the advisability of making the minimum duty 35 per cent and the maximum duty 45 per cent.

Thanking you for the courtesy extended in permitting us to offer these further suggestions, I am,

Very respectfully,

HENRY BURN,
Representing Manufacturers of Wall Paper.

NATIONAL PRINT CUTTERS' ASSOCIATION OF AMERICA ASKS INCREASE OF DUTIES ON WALL PAPER AND PRINT BLOCKS.

NEW YORK CITY, *December 19, 1908.*

HON. S. E. PAYNE, M. C.,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I have been directed by the above association to write to you in regard to any possible change in the present tariff on manufactured wall papers and interior decorations, and also on print blocks and rollers used in the printing of same.

If any change is contemplated, we respectfully ask your assistance to have the duty on wall papers increased, if at all possible, as we believe the present duty entirely inadequate to give the American manufacturer proper protection against foreign importations.

During the past five years the importations of wall paper have increased about 300 per cent. In 1903 the imports amounted to about \$200,000, while now they amount to almost \$800,000.

As wages in foreign countries—England and Germany—are only about one-half of what they are in the United States, we feel that not only are the American manufacturers entitled to fair protection but that we ourselves are entitled to protection against the low wages and unfavorable conditions existing in England and Germany, where the wall-paper industries are controlled by syndicates, whereas the American manufacturers, from whom we obtain our livelihood, are hardly making any profit at all, certainly not what they are entitled to make considering the capital invested.

Regarding print blocks, we wish to say that this work is entirely done by hand; not a single part of the same can in any way be made by machine, and it would be a great injustice to us if the present tariff on these print rollers were removed or made any less. They are classified as manufactured wood and metal, principal value on metal 45 per cent ad valorem, and we ask that you use your influence to have this duty increased, if at all possible, as the wages paid in Europe for this work are only about one-half what we receive, and we believe we should receive the protection that years of work entitle us to.

Trusting you will give this your support and assuring you that anything you may do in our behalf will be appreciated, I remain,

Yours, very truly,

[SEAL.]

THOS. I. G. EASTWOOD,
*Secretary-Treasurer National Print Cutters'
Association of America.*

**THE WALL PAPER MACHINE PRINTERS AND COLOR MIXERS'
ASSOCIATION ASKS INCREASE OF DUTY ON WALL PAPER.**

PHILADELPHIA, *December 20, 1908.*

Hon. S. E. PAYNE, M. C.,
Chairman Ways and Means Committee:

I have been directed by our association to write to you regarding any possible change in the tariff on wall paper. We respectfully ask that you advocate an advance over the present duty, as it seems to be entirely inadequate to give the American manufacturer proper protection against the importation of wall papers from Europe, where the wages paid are much less than that received by our members.

During the last five years the importation has risen 300 per cent; as while the importation five years ago was only \$200,000, at the present time it has exceeded the sum of \$800,000. These are the conditions that our members of the trade have been working with. Trusting that you will give this your earnest support, assuring you anything you may do in our behalf will be appreciated, I am,

Yours, respectfully,

JOHN T. FURLONG,
*Secretary No. 3, The Wall Paper Machine Printers and
Color Mixers' Association.*

**ALLIED WALL-PAPER TRADES OF UNITED STATES CLAIM THAT
THEIR INDUSTRY NEEDS MORE PROTECTION.**

NEW YORK CITY, *December 22, 1908.*

Hon. S. E. PAYNE, M. C.,

*Chairman of the Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I have been instructed in behalf of the members of the above-named organization to communicate with you regarding some change in the tariff on wall paper. I would respectfully ask that you advocate an advance over the present duty, as it seems that the American manufacturers have not the proper protection against the importation of wall paper from Europe, where the wages paid are much less than received by our members.

About five years ago the importation was only \$200,000 and at the present time it has exceeded the sum of \$800,000. These are the conditions that our members of the trade have been working against.

* * * * *

Trusting that you will give this your earliest attention, and assuring you whatever you do will be appreciated, I am,

Yours, truly,

JAMES L. MULHEARN,
National Secretary, M. P. & C. M.

RICHARD H. SCHELLER, secretary of Local Union No. 1, N. P. C. A. of A., files a similar letter.

**JAMES L. MULHEARN, SECRETARY ALLIED WALL-PAPER TRADES,
FILES SUPPLEMENTAL STATEMENT ON WALL PAPER.**

233 FORTY-FIFTH STREET,
Brooklyn, N. Y., January 4, 1909.

Hon. SERENO E. PAYNE, M. C.

Washington, D. C.

DEAR SIR: Yours of the 23d at hand and thank you for your quick reply. In your letter you suggested that I make a brief showing the cost of producing paper here and abroad that would be of real service to the committee.

I can not give that information correctly, as I have no record of my own which I could give to the committee. But as we are a labor organization, I will give the committee my views on the subject from a labor standpoint. Thus: The machine printers and color mixers and print cutters in England receive at an average of 35 shillings to £2 per week, equal to about \$8.75 to \$10 of American money.

The wages paid to the machine printers and color mixers in Germany and France are from 40 to 60 marks per week, equal to \$10 to \$15 of American money. The print cutters receive from 21 to 40 marks per week, equal to \$5.25 to \$10 in American money.

The wages received by our members are: Machine printers, from \$22 to \$25 per week; the color mixers receive \$25 per week; and the print cutters \$20 per week, and continued employment for an entire

year, where the European employees are employed only as they may be required.

The lower wages paid in the European countries cause the American wall-paper merchant to deal freely with European manufacturers for his requirements, causing the importation to increase nearly 300 per cent in five years. Therefore, our members think that if something is not done to check the importation, or if it is allowed to increase, it may diminish the demand for wall paper made in this country, which would place our members in a less favorable condition.

It may cause a reduction of the wages of our members or shorten the period of employment each year in order for the American manufacturer to meet the foreign competition, or may cause the shutting up of some of the factories in this country and throwing our members out of employment.

Trusting that the committee will take these facts into consideration, and advocate an advance in the duty on wall paper. By so doing they will protect the labor in this country.

Wishing you and the committee all the compliments of the season, I am,

Very truly, yours,
[SEAL.]

JAMES L. MULHEARN,
National Secretary Allied Wall Paper Trades.

THE ALLIED WALL PAPER TRADES ASK FOR AN INCREASE OF DUTIES ON WALL PAPER AND INTERIOR DECORATIONS.

NEW YORK CITY, *January 6, 1909.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Supplementary to our letters of December 19 and December 22, 1908, we wish to file the following table relating to the wages paid in the wall-paper industries of England, Germany, and the United States of America, and we would respectfully ask that in view of same that the duty, 25 per cent, on wall papers and interior decorations be increased, and that the rate of duty be based upon United States values instead of foreign, and that the rate of duty upon print blocks and rollers, 45 per cent ad valorem, remain as it is at the present time and not made any less.

Table of wages paid per week.

Printers—	England.	Germany.	United States,
12-color machines	\$8.75-\$10.00	\$10.00-\$15.00	\$25.00
4 to 8 color machines.....	6.25- 7.50	7.00- 10.00	\$20.00- 22.00
Color mixers	10.00- 15.00	10.00- 15.00	25.00
Print cutters	8.00- 10.00	5.25- 10.00	20.00

We would also call your attention to the fact that during the past few years a large number of wall-paper factories have closed down and we know of others that are on the verge of closing owing to the

competition not only among themselves, but with the foreign manufacturers, especially German.

Trusting you will give this your consideration, as it has become a serious question with the members of our trades, we are,

Respectfully, yours,

JOHN T. FURLONG,
*National President Machine Runners
and Color Mixers of the United States.*

JOHN PARAVICINI,
*National President of the National Print
Cutters' Association of America.*

HON. D. F. LAFEAN, M. C., SUBMITS LETTER FROM THE PRINT CUTTERS' ASSOCIATION, YORK, PA., RELATIVE TO WALL PAPER, INTERIOR DECORATIONS, AND PRINT BLOCKS.

WASHINGTON, D. C., *January 9, 1909.*

HON. SERENO E. PAYNE, M. C.

Washington, D. C.

MY DEAR SIR: I inclose herewith a self-explanatory communication from York Local Union, No. 5, National Print Cutters' Association of America, which I would respectfully ask that you call to the attention of your committee when the schedule for wall paper is taken up, and that your committee give the argument therein careful consideration.

Yours, very truly,

D. F. LAFEAN.

YORK, PA., *January 4, 1909.*

HON. DANIEL F. LAFEAN, M. C.,

Washington, D. C.

HONORABLE DEAR SIR: I have been directed by York Local, No. 5, National Print Cutters' Association of America, to write you in regards to any possible change in the present tariff on manufactured wall papers and interior decorations, and also on print blocks and rollers used in the printing of same.

If any change is contemplated, we respectfully ask your assistance to have the duty on wall papers increased if at all possible, as we believe the present duty entirely inadequate to give the American manufacturer proper protection against foreign importations.

During the past five years the importations of wall paper has increased about 300 per cent. In 1903 the imports amounted to about \$200,000, while it now amounts to almost \$800,000.

As wages in foreign countries, England and Germany, are only about one-half of what they are in the United States, we feel that not only are the American manufacturers entitled to fair protection, but that we, ourselves, are entitled to protection against the low wages and unfavorable conditions existing in England and Germany, where the wall paper industries are controlled by syndicates, whereas the American manufacturers from whom we obtain our livelihood are hardly making any profit at all, certainly not what they are entitled to make considering the capital invested.

Regarding print blocks we wish to say that this work is done entirely by hand, not a single part of same can in any way be made by machine, and it would be a great injustice to us if the present tariff on these print rollers were removed or made less. They are classified as manufactured wood and metal, principal value on metal 45 per cent ad valorem, and we ask that you use your influence to have this duty increased if at all possible, as the wages paid in Europe for this work is only about one-half what we receive, and we believe we should receive the protection that years of work entitles us to.

Trusting you will give this your support and assuring you that anything you may do in our behalf will be appreciated, I remain,

Yours, very truly,

NATIONAL PRINT CUTTERS' ASSOCIATION OF AMERICA,
CHAS. H. ROBERTSON,
Secretary Local Union No. 5.

(Communications, duplicates of the above, were received from the following organizations of the National Print Cutters' Association of America: Local Union No. 4, George F. Small, secretary, Buffalo, N. Y.; Local Union No. 5, William E. Steinert, secretary, 269 Handy street, New Brunswick, N. J., submitted by Hon. Benjamin F. Howell, M. C.; Local Union No. 3, Alexander Yuill, New Brunswick, N. J.; Local Union No. 2, John Paravicini, Philadelphia, Pa., submitted by Hon. George D. McCreary, M. C.; Thomas I. G. Eastwood, national secretary National Print Cutters' Association. Hon. D. F. Lafean, M. C., submitted a similar communication from George A. Wagner, secretary Local Union No. 6, National Association of Machine Prints and Color Mixers, York, Pa.)

GLAZED OR TRANSPARENT PAPER.

[Paragraph 402.]

THE U. S. PAPER GOODS CO., CINCINNATI, WISHES PROPER DIFFERENTIAL ON ENVELOPES OF TRANSPARENT PAPER.

CINCINNATI, *December 10, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: Our attention has been called to the fact that some discussion has arisen regarding the revision of the tariff schedule on paper. What we are particularly interested in in this line is glazed or transparent paper, which is at present being imported chiefly from Germany, and is used in great quantities for making transparent envelopes.

As we understand it the present rate of duty on paper on importations of this kind is 25 per cent, while the rate on envelopes made up out of this same kind of paper is only 20 per cent. If we as manufacturers buy the paper, we have not only to pay the high rate of duty on the paper, but in making the envelopes, on account of their irregular shape, we are compelled to waste in cutting from 10 to 15 per cent. This waste, in the meantime, has had a duty of 25 per cent

paid on it, whereas the foreign manufacturer of envelopes can get the whole thing in here complete at 20 per cent. This seems to us to be an unfair deal to the American manufacturer of envelopes.

We wish to recommend the above to your consideration. We as manufacturers do not care for any great amount of protection, but we do not want to be discriminated against as above.

We respectfully ask that you give this matter consideration at the proper time.

Yours, very truly,

THE U. S. PAPER GOODS CO.
H. W. STUART.

WRAPPING PAPER.

[Paragraph 402.]

STATEMENT OF MILTON E. MARCUSE, OF RICHMOND, VA., WHO THINKS KRAFT PAPER SHOULD BE CLASSED AS TISSUE.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. What is your name?

Mr. MARCUSE. Milton E. Marcuse.

The CHAIRMAN. All right. Proceed.

Mr. MARCUSE. Before submitting the paper which I have I will say that I was interested in the question put by Mr. Gaines to Mr. Sullivan, as to the amount of duty involved on one particular book, and working on that I have figured out that if the total duty were saved to the consumer of wrapping paper that he would save 1 cent in wrapping up 500 pounds of sugar.

Speaking for the wrapping-paper manufacturers, we wish to submit that wrapping-paper manufacturers, representing an investment of about \$80,000,000 among 103 mills specifically engaged in this industry in America and employing many thousands of skilled employees, artisans, and laborers, receive little or no protection under the existing law, the duty of 25 per cent ad valorem permitting the importation of a large tonnage of so-called Kraft paper manufactured by European manufacturers. This paper, as its name indicates, is exceedingly strong, so strong that a sheet of 25-pound paper (25 pounds to a ream, 480 sheets of 24 by 36 inches) does the same service as our domestic 40 or 50 pound No. 1 manila. It is manufactured in paper mills where the investment is relatively small and the labor cheap. These manufacturers can build and equip their plants for very much less than the cost required in America. They have machinery and building material free of duty and enjoy low labor costs in all the departments of their business—building, constructing, and operating. Therefore they can afford to run their machinery slow enough to produce this grade, which yields but a very small daily production per inches of machine, whereas in America we can not meet their competition on account of the larger investment and production costs, as we are compelled to run for tonnage, and in order to get the lowest possible production costs we are forced to run such weights and grades as to enable us to secure these results.

The growth of the Kraft paper-making industry and its importation into this country is increasing at an alarming rate. This has grown

from nothing three years ago to an importation last year of between 10,000 and 12,000 tons, so we are informed, and as explained before on account of its superior strength it displaces twice this amount of tonnage of domestic production. If we were afforded a proper protection on these grades we are sure American enterprise would prepare itself to take care of the increased demand for these grades, as already there have been many experiments made in American mills, and one or two manufacturers have been looking very seriously into the problem. To emphasize the effect of this competition let us cite the following comparative table. Costs of manufacture at mills, properly balanced.

No. 1 manila, made of 60 per cent sulphite (popular quality), costs as follows:

60 per cent sulphite, at \$35 per ton-----	\$21. 00
40 per cent ground wood, at \$18 per ton-----	7. 20
	<hr/>
	28. 20
10 per cent shrinkage-----	2. 82
Conversion-----	16. 00
Freight-----	4. 00
	<hr/>
Total-----	51. 02

Or \$2.55 per hundredweight.

The Kraft paper costs 3 cents per pound f. o. b. port of entry, plus 25 per cent duty, 75 cents per hundredweight, total \$3.75 per hundredweight, f. o. b. port of entry. If sold at 4½ cents per pound, a ream of 25 pounds costs the consumer \$1.06¼ per ream. No. 1 manila, 40 pounds basis, if sold at 3¼ cents, would cost the consumer \$1.30 per ream, or 23¾ per ream in favor of the imported paper. We therefore claim that this grade of paper, where labor costs are as high relatively as the costs on the higher forms of steel products, should receive higher protection. We have prepared the following suggestions, which we ask you to include in your schedule on paper:

Proposed schedule for wrapping paper, made in whole or in part from sulphate fiber and commonly known in the trade as "Kraft paper" (or any substitute of equal strength, quality, or appearance), white or colored, and of all kinds of wrapping paper, decorated or containing a design or character of any description, as follows:

Weighing over 65 pounds to the ream of 480 sheets, on a basis of 24 by 36 inches, and whether in reams or any other form, 25 per cent ad valorem; if weighing 40 pounds and not over 65 pounds to the ream, 30 per cent ad valorem; if weighing 30 pounds and not over 40 pounds to the ream, 40 per cent ad valorem; if weighing 20 pounds and not over 30 pounds to the ream, 50 per cent ad valorem.

All other papers known as wrapping paper, not especially provided for in the above, 25 per cent ad valorem.

Novelty wrapping papers containing designs and characters are now being produced in this country, both with and without patents, that must compete with foreign-made papers of like character.

The foreign manufacturers can produce these papers and land them in the United States at a price that will not permit the domestic manufacturers to compete, and, at the same time, nullify the value of the patent issued by this Government, for, owing to the patent laws prevailing now in most of the foreign governments, a patented article must be manufactured in those countries or be available to anyone who chooses to use them.

Kraft paper weighing 20 pounds and under should be classed as tissue.

INVESTMENT.

The wrapping-paper industry is one peculiar unto itself. It occupies a different relationship as regards investment to production than any other industry in this country. To build and equip a wrapping-paper mill requires \$2 investment for each \$1 of annual production. This does not consider timber lands or working capital, but does include all expenditures for development of water power, construction of pulp mills (mechanical and chemical), paper mills, etc. Therefore, in order to secure a yield of only simple interest on investment, the wrapping paper manufacturer has to make 12 per cent on his product, free of all depreciation costs, etc. Men do not invest in manufacturing business for 6 per cent returns. They would not employ their time, intelligence, and money at so great a labor and risk for so small a return. Good judgment would dictate the preference of lending their money on good collateral for such returns. They must see at least 10 per cent on capital before they would place their money in such enterprises, in which they are not only serving their own interests but are public benefactors, in developing the country's natural resources and giving employment to its labor. To make this 10 per cent they would have to make 20 per cent on their product, and the result of recent years, as shown by ledger balances, shows this to be impossible, in view of foreign competition.

"In considering the tariff on paper we would like for you to recognize the relation which exists between wood and the products therefrom, and iron ore and the products therefrom. Whether converting wood into ground wood pulp for paper purposes, or in converting iron ore into pig iron, the relation of labor to finished product is relatively the same.

"From every point of view, in bringing wood products and steel products into their relation with each other, whether considering the labor expenditure to produce \$1 worth; or whether considering the plant investment necessary to produce \$1 worth, or whether considering the investment necessary for protection, the supplies of raw material as they are found in the earth or growing from the earth, or whether considering the abstract aspects in connection with political economy, it appears that the duties upon wood and the products thereof should be greater than the duties upon steel (iron ore) and the products thereof, and yet we find that under the present tariff this condition is not only reversed, but most severely reversed, because in some cases the duties upon important heavy steel products are three times as great as upon corresponding wood products.

"We now ask that whatever duties be placed upon iron ore and the products therefrom, correspondingly higher duties be placed upon wood and the products therefrom."

I have also a paper here—

Mr. UNDERWOOD. The duty on iron ore is 50 cents a ton.

Mr. MARCUSE. And pulp wood is free.

Mr. UNDERWOOD. Pulp wood is free. You want 50 cents a ton on wood pulp? Is that what you claim?

Mr. MARCUSE. Whatever your judgment sees fit to give to iron ore, we would like the relationship of wood and its products considered in its relative position.

Mr. UNDERWOOD. I want to ask you, on this subject of wrapping paper, what is the volume of the business in the United States?

Mr. MARCUSE. About 700,000 tons per annum.

Mr. UNDERWOOD. About 700,000 tons per annum. That is, the consumption in this country is 700,000 tons?

Mr. MARCUSE. The production in the country is 700,000 tons. That is what you asked me.

Mr. UNDERWOOD. What is the importation?

Mr. MARCUSE. The importation is a difficult problem to reach, because the wrapping paper comes under that indescribable quantity of "not otherwise specified."

Mr. UNDERWOOD. You mean that you have no figures on the amount of importations?

Mr. MARCUSE. We have made some effort to get some, and hope that we will be able at some not distant day to give those figures.

Mr. UNDERWOOD. But at the time you prepared your statement—

Mr. MARCUSE. I was looking into the subject of Kraft paper, and the importations that I found in one port of entry gave me an indication that the quantity we imagined was being imported should be cut down exactly one-half. The effect that it has had on the trade has influenced the manufacturers of paper to believe that from 20,000 to 25,000 tons were imported last year, but when we found out that about 4,000 tons were received at one port of entry, we concluded that from 10,000 to 12,000 tons were the receipts in the United States.

Mr. UNDERWOOD. You think that the production of wrapping paper in this country amounts to about 700,000 tons, and the importations to about 12,000 tons?

Mr. MARCUSE. But that is of this one particular grade. This is a new product, that has not only disturbed us, but has disturbed us twice as much as it would if it was not serving twice the duty that our papers do.

Mr. UNDERWOOD. On that new product, the importation—

Mr. MARCUSE. If it grows from nothing to 12,000 tons in the short space of three years, in simple geometrical progression, what will it do in ten years? That is what alarms us.

Mr. UNDERWOOD. It might be that the market has been already filled, possibly.

Mr. MARCUSE. To draw it more closely to your attention, it has been a matter of only the recent past when you carried home from the first-class stores of your community your bundles wrapped in Kraft paper. Heretofore they have been wrapped in No. 1 manila or fiber papers of American production. But now, in all of the larger stores, in the larger cities, you find they are working this into common use.

Mr. UNDERWOOD. I do not care to take up the time of the committee in arguing this question with you, if you will pardon me; but I would like to—

Mr. MARCUSE. I do not want to take up any of your time.

Mr. UNDERWOOD. I say, I would like some information, so that if the question comes to a vote I can intelligently vote on the matter. Therefore I want the information for my own guidance. You stated the amount of the production in this country. Now, I would like to know the total amount of importations, in the line of wrapping paper, if you know it. If you do not, you may say so.

Mr. MARCUSE. I do not know it, but I will try to ascertain and give it to you. I have tried to do it, but have not been able to give it to you as yet.

Mr. UNDERWOOD. Is there any exportation of this paper?

Mr. MARCUSE. Of our papers?

Mr. UNDERWOOD. Yes.

Mr. MARCUSE. It is very limited.

Mr. UNDERWOOD. Where do you export it to?

Mr. MARCUSE. I hardly think of exporting now. There is some little exporting going on to Cuba.

Mr. UNDERWOOD. Where have you been exporting in the past?

Mr. MARCUSE. The export business for domestic manufactures in wrapping paper is so small that it is not a factor.

Mr. UNDERWOOD. If you can, I wish you would give the information.

Mr. MARCUSE. As I say, the figure is so infinitesimal that it is not a factor as to which I could even give you the information you are trying to get. I know some little goes to Cuba, and before Porto Rico was made a part of our country some went to Porto Rico.

Mr. UNDERWOOD. Some goes to the Continent, does it not?

Mr. MARCUSE. I do not know of any wrapping paper going to the Continent.

Mr. UNDERWOOD. You ship none to England?

Mr. MARCUSE. I know of none going there.

Mr. UNDERWOOD. Of course you only speak for your own house and not for the trade?

Mr. MARCUSE. I only speak for my own house and from a general knowledge of the trade.

Mr. UNDERWOOD. But you are unable to give the information at present as to a comparison of the amount of the volume of this business that is controlled to-day by the American product as compared with the other?

Mr. MARCUSE. No.

Mr. UNDERWOOD. I would be obliged to you if you would put that statement in, if you can get the figures. That is one of the important propositions that we want to know about.

Mr. MARCUSE. I will be very pleased to do that at a later time, if possible.

Mr. BOUTELL. Who are your principal purchasers?

Mr. MARCUSE. The jobbers.

Mr. BOUTELL. You do not sell to the paper-bag manufacturers, do you?

Mr. MARCUSE. Some of the paper manufacturers do who make bag papers. They sell to the paper-bag manufacturers.

Mr. BOUTELL. Some of the class that you represent here?

Mr. MARCUSE. Yes, sir.

Mr. BOUTELL. There is a large exportation of paper bags, is there not?

Mr. MARCUSE. So I am informed.

Mr. BOUTELL. To Australia and South Africa?

Mr. MARCUSE. Yes.

Mr. BOUTELL. That is made out of your paper?

Mr. MARCUSE. Yes.

Mr. BOUTELL. Are those paper bags that are sold in Australia and South Africa sold in competition with the English and German manufactures?

Mr. MARCUSE. Being unfamiliar with that branch of the business, I am unable to give a reply, but there are other gentlemen here who know more about it.

Mr. BOUTELL. There are paper-bag manufacturers represented here, are there?

Mr. MARCUSE. Yes.

Mr. CLARK. How much per cent did you say you are making?

Mr. MARCUSE. We are making 700,000 tons.

Mr. CLARK. But I ask you how much per cent of money you are making on your investment?

Mr. MARCUSE. Well—how much per cent we are making on our investment?

Mr. CLARK. Yes; it is a simple question.

Mr. MARCUSE. It is a very simple question, and a very difficult one to answer.

Mr. CLARK. Did you not state a while ago that you made 12 per cent?

Mr. MARCUSE. That we would have to make 12 per cent.

Mr. CLARK. Well, how much are you making?

Mr. MARCUSE. I think for an average period of years if it showed 5 per cent net above depreciation and costs the manufacturers would consider themselves fortunate.

Mr. CLARK. How much did you make from 1897 to 1907?

Mr. MARCUSE. I have not been in the business that long, but I want to say now that 5 per cent would be a fair average of the per annum profits that paper manufacturers made in that period.

Mr. CLARK. That is, after you count out the interest, depreciation, and the whole thing?

Mr. MARCUSE. After we count out nothing. The interest is there.

Mr. CLARK. You are all getting poor, then, according to your own tale.

Mr. MARCUSE. I think we are.

Mr. CLARK. You are worse off now than you were ten years ago?

Mr. MARCUSE. We are no better off.

Mr. CLARK. You have not made any money in the meantime?

Mr. MARCUSE. No, sir; we have not made the money that a manufacturing business entitles us to.

Mr. CLARK. I am not talking about what a manufacturing business entitles you to. I am talking about how much you made.

Mr. MARCUSE. Well, I have answered that.

Mr. CLARK. Did you make money or did you lose it?

Mr. MARCUSE. Some years we made money and some years we lost money.

Mr. CLARK. Well, how would it average, on the whole?

Mr. MARCUSE. Five per cent per annum for the last ten years is a fair average of what the paper manufacturers have made.

Mr. CLARK. You said a while ago that if a man did not make 12 per cent—

Mr. MARCUSE. I said—

Mr. CLARK. Wait a minute. You said if a man did not make 12 per cent on his investment in the manufacturing business, he would

pull his money out of the manufacturing business and invest it in securities. Do you know of any securities that will pay 12 per cent?

Mr. MARCUSE. I beg your pardon. I made no such statement.

Mr. CLARK. Well, it sounded like that. What was it?

Mr. MARCUSE. I said that in order to make 6 per cent on the capital invested you have to make 12 per cent on the production of your plant.

Mr. CLARK. And you said that if he did not make that much he would pull his money out and invest it in good securities, did you not?

Mr. MARCUSE. No; I said that that kind of a return does not attract men to that kind of business.

Mr. CLARK. Well, now, what was it you said?

Mr. MARCUSE. Would you like to have it read again?

Mr. CLARK. I would like to have the same statement made again, the same as before.

Mr. MARCUSE. I have it right here. It has not been changed.

Mr. CLARK. Well, state it the way you did before.

Mr. MARCUSE. I said: "To build and equip a wrapping-paper mill requires \$2 investment for each \$1 of annual production. This does not consider timber lands or working capital, but does include all expenditures for development of water power, construction of pulp mills (mechanical and chemical), paper mills, etc. Therefore, in order to secure a yield of only simple interest on the investment the paper manufacturer has to make 12 per cent on his product, free of all depreciation, costs, etc." Then I went on to say: "Men do not invest in manufacturing business for 6 per cent returns. They would not employ their time, intelligence, and money at so great a labor and risk for so small a return. Good judgment would dictate the preference of lending their money on good collateral for such returns. They must see at least 10 per cent on capital before they would place their money in such enterprises, in which they are not only serving their own interests," etc.

Mr. CLARK. How many concerns, or firms, or corporations, or whatever you are pleased to call them, are there?

Mr. MARCUSE. There are 103 wrapping-paper manufacturers.

Mr. CLARK. Making the same kind of paper that you are?

Mr. MARCUSE. No.

Mr. CLARK. How many of them are making the same kind you make?

Mr. MARCUSE. There is such a diversity of the character of wrapping paper that—well, I would say probably 33½ per cent are making the same grades on which I work.

Mr. CLARK. And are they all selling at the same price?

Mr. MARCUSE. No; there is a variation in the price.

Mr. CLARK. You compete with each other?

Mr. MARCUSE. We compete with each other.

Mr. CLARK. There is no agreement?

Mr. MARCUSE. There is no agreement.

Mr. CLARK. And no connection with a paper trust?

Mr. MARCUSE. None in the world, sir.

Mr. CLARK. And no "gentleman's agreement" with you?

Mr. MARCUSE. No "gentleman's agreement" with me.

Mr. CLARK. Do you have an "annual jubilee," too?

Mr. MARCUSE. I do.

Mr. CLARK. Do you talk business at those meetings?

Mr. MARCUSE. We do not have time at those meetings. [Laughter.]

Mr. CLARK. You do not? That is all.

The CHAIRMAN. I wish the reporter would make this note: Onion-skin paper is classified as paper not specially provided for under paragraph 402 of the act of 1897. It is claimed, however, that it should be dutiable as print paper under paragraph 396. The importers have appealed from the decision of the general appraisers, and that appeal is now in force. Meanwhile the Government is collecting under paragraph 402.

Mr. CLARK. I want to ask the last witness a question. Do you ask to have this tariff remain as it is, or to raise it?

Mr. MARCUSE. We ask that the tariff on wrapping paper remain as it is, but that a classification be made for Kraft paper.

**BRIEF OF GUSTAVUS MILLHISER, RICHMOND, VA., FILED BY
MILTON E. MARCUSE, RELATIVE TO PAPER AND STEEL.**

RICHMOND, VA., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We want to approach this subject, not from the selfish standpoint of its commercial aspect as applied to the possible profit to our particular business only, but we want to approach the subject along the combined lines of commercialism, which is self-interest and patriotism, which is the altruistic interest.

In doing this, the first step is to recognize that the people of this country have practically voiced that protection, legitimately applied, meets their approval. We wish to keep before us the fact that while underprotection is an injustice to the particular industry so affected, on the other hand, overprotection is an injustice to all of the many millions of the people of this country.

We realize that under the application of the protective tariff due regard should be had to strengthening the sinews of the country and never weakening them at any point.

We recognize that among the important sinews of future strength in this country wood and steel form important and very far-reaching features.

We recognize that these two articles are totally unlike the products of the soil, which can be produced from year to year in such quantities as the efforts of man may be stimulated to produce.

We realize that proper forestry laws can be made to provide for such a reproduction of forest products as to make the supply of such products practically inexhaustible, and especially so in face of the fact that we have rapidly drifted into extensive substitution of steel for wood in many forms of construction work.

We realize that the natural storehouses in the earth of steel (iron ore) can not be replenished by the powers or ingenuity of man; that once exhausted they are forever exhausted; and we realize that to-day the nation, with its natural storehouses of iron ore exhausted, occupies

a position which places it almost at the mercy of other nations provided with an ample supply of iron ore.

We are living in a steel age, and to preserve our supplies in the earth is the first duty in the direction of protection which is due the American people.

We ask and claim that, inasmuch as wood does renew itself and can be made to do so to an almost unlimited extent, and that as steel (iron ore) does not and can not be made to renew itself—we ask and claim that whatever protection may be seen fit to apply to wood and the products thereof that still lower duties be applied to iron ore and the products thereof.

Not only for the perfectly clear reasons that I have mentioned does this policy impress itself and intrench itself behind the spirit of justice and justice itself, but it would also be helpful toward improving the position of each and every man, woman, and child in the United States engaged properly in the struggle for advancement.

It would not only reduce to some extent, varying only in degree, the cost of every operation in which one can engage to-day; but in doing so, it would also enable each and every manufacturer, who has articles to export or who might be induced to reach out in the direction of articles for export, to be put in a more favorable position to conduct his present operations and to look forward to increasing same in existing and yet unexplored directions.

Under the present tariff, wood in the form of logs (that is to say, in its crudest form) is on the free list, and we do not ask that it be removed from the free list; to the contrary, we want it to remain there, and we correspondingly ask that iron ore be similarly placed upon the free list.

We find that timber, when converted into boards for building purposes, or when converted into ground-wood pulp for paper purposes, carries a duty of about 10 per cent, and we find, that under the existing tariff, iron ore, when converted into pig iron, carries a duty of about 33 per cent. The actual expenditure for labor in producing \$1 worth (at cost value) of either, boards for building purposes or ground-wood pulp for paper purposes—embracing all of the operations from the tree in the forest to the production of these articles—is as great (or greater) as is the actual expenditure for labor in producing \$1 worth (at cost value) of pig iron—embracing all of the operations from the ore in the ore bed to the production of the pig iron.

We feel that justice, coupled with the best business discretion, would leave these duties upon timber products at the existing, say, 10 per cent; but would correspondingly place pig iron below 10 per cent.

We find that the duty under the existing tariff upon chemical pulp is, upon an ad valorem basis, practically the same as upon ground-wood pulp; i. e., 10 per cent, and we find that the duty upon steel rails is about 40 per cent. The actual expenditure for labor in producing \$1 worth (at cost value) of chemical pulp, embracing all of the operations from the tree in the forest to the production of chemical pulp—is as great (or greater) as is the actual expenditure for labor in producing \$1 worth (at cost value) of steel rails, embracing all of the operations from the ore in the ore bed to the production of the steel rail.

We do not ask that the rate of duty upon chemical pulp be advanced, but we do, in the interest of ourselves and the whole American people, ask that a corresponding basis of protection be applied to steel rails.

We find that under the existing tariff print paper carries a duty of about 15 per cent and, we will say, other papers about 25 per cent; and we find that articles of steel manufacture corresponding to these in their removal from raw stock toward finished products carry duties of at least double these percentages.

The complete expenditure for plant for producing finished paper, embracing all of the operations from the tree in the forest to the production of finished paper, is \$2 to \$2.25, average, for each \$1 worth (at cost value) of finished paper produced. The complete expenditure for plant for producing the heavy finished products of steel, embracing all of the operations from the ore in the ore bed to the production of the heavy finished products of steel, is \$1 to \$1.25, average, for each \$1 worth (at cost value) of the heavy finished products of steel produced.

The investment involved for a paper mill to protect itself in its wood supplies by ownership of either timber lands or stumpage rights is, for each \$1 worth (cost value) of paper produced, as great as the investment involved for a steel plant to protect itself with its combined supplies, in the ground, of iron ore, coal, and limestone, provided that on the part of the steel plant this protection be obtained by ownership of the iron ore, coal, and limestone deposits; but if this protection on the part of the steel plant be accomplished by leases based upon the payment of royalties at the times these different products may be mined, then the investment for such protection disappears entirely or falls far below the investment required for protection on the part of the paper mill.

From every point of view, in bringing wood products and steel products into their relation with each other, whether considering the labor expenditure to produce \$1 worth, or whether considering the plant investment necessary to produce \$1 worth, or whether considering the investment necessary for protecting the supplies of raw material as they are found in the earth or growing from the earth, or whether considering the abstract aspects in connection with political economy, it appears that the duties upon wood and the products thereof should be greater than the duties upon steel (iron ore) and the products thereof, and yet we find that under the present tariff this condition is not only reversed, but most severely reversed, because in some cases the duties upon important heavy steel products are three times as great as upon corresponding wood products.

It should be borne in mind that all the products which, by their nature, are heavy in gross weight in relation to their cost value, carry, by their very nature, an innate protection; e. g., 100 pounds of merchandise, valued at \$100, and subject to an import freight of \$1, would carry an innate protection of 1 per cent, whereas 100 pounds of merchandise valued at \$10 and subject to an import freight of \$1 would carry an innate protection of 10 per cent. The heavy products of steel and the corresponding products of wood are conspicuous under this head.

The railroad freight charges for assembling all of the raw materials and afterwards transporting the finished products—both of wood and steel—constitute a large part of the production cost.

Should the steel schedules be revised in the direction that these views would suggest, then the railroads, by getting their steel supplies at lower prices, would, instead of crying for increase in freight rates, in a short time, no doubt, be prepared to decrease freight rates; and the benefits from such a change would not accrue to any favored spots, but would reach, in some degree, every man, woman, and child in the nation.

I can only believe that the discrepancies under the present tariff in the comparative treatment of wood and steel products were due to the oversight in failing to bring these two products together and considering their relation to each other.

We now ask that whatever duties be placed upon iron ore and the products therefrom, correspondingly higher duties be placed upon wood and the products therefrom.

Respectfully submitted.

GUSTAVUS WILLHISER,
President Bedford Pulp and Paper Co.

R. S. ELLIOTT, PHILADELPHIA, PA., MAKES A STATEMENT RELATIVE TO SWEDISH KRAFT WRAPPING PAPER.

SATURDAY, *November 21, 1908.*

Mr. ELLIOTT. Mr. Chairman, I now want to present the following arguments why the present rate of duty, namely 25 per cent on wrapping papers which are imported under the style of a paper known as "Swedish Kraft," should not be changed.

First, the American has been taught by the Swede that it was possible to produce a superior paper with greater yardage from a given cord of spruce. This being true it would naturally help to save our forests. By yardage I mean that this Kraft paper being so strong can be used in a much lighter weight than regular manila wrapping paper. Thus the cost to the consumer is equalized and not as much timber is necessary to supply the wrapping requirements of the consumer. When the domestic manufacturers of manila paper began to see that the domestic user of wrapping paper demanded this Kraft paper they undertook to produce the same article with the result that to-day papers equal to the Swedish, both in price and quality, are made by domestic mills. One of the largest domestic mills is producing a superior grade of Kraft made from pulp imported from Canada, which, coming across the line, has to pay a duty to say nothing of the freight to the mill making this paper. But even under these conditions, that paper is sold in competition in New York with the best grades made in Sweden.

Mr. UNDERWOOD. Let me ask you a question about that. Do you know the volume of this wrapping-paper business in this country?

Mr. ELLIOTT. No; I do not.

Mr. UNDERWOOD. Do you know the amount of the importations?

Mr. ELLIOTT. Not in this Kraft paper; no. It has only grown up in the last three years.

Mr. UNDERWOOD. What effect would it have on the business if we adopted the suggestion of the last witness, and made a specific enumeration of the Kraft paper?

Mr. ELLIOTT. I could not hear his statement. Does he want to raise the duty?

Mr. UNDERWOOD. I could not understand myself, from what he stated, exactly what he wanted, and I thought that possibly you could throw some light on it.

Mr. ELLIOTT. I was so far back that I could not hear it.

Mr. DALZELL. I understood that he wanted to retain the duty as it is now, but with a new classification for Kraft paper.

Mr. UNDERWOOD. What effect would that have on the business?

Mr. ELLIOTT. What would be the object of making a classification if it were not to raise the duty and bring it under some other classification where there is a higher duty?

The CHAIRMAN. You say that a new classification would raise the duty, as you understand it?

Mr. ELLIOTT. You asked me if it would?

The CHAIRMAN. Yes.

Mr. ELLIOTT. I do not see any other object, when they are making the paper, as I have stated they are.

Mr. UNDERWOOD. They are making paper of that kind?

Mr. ELLIOTT. Yes. It sells in New York City in competition with the Swedish.

GREASE-PROOF PAPERS.

[Paragraph 402.]

STATEMENT OF R. S. ELLIOTT, OF PHILADELPHIA, PA., RELATIVE TO GLASSINE AND GREASE-PROOF PAPERS.

SATURDAY, *November 21, 1908.*

Mr. ELLIOTT. Mr. Chairman, I think I can get through in five minutes.

The CHAIRMAN. Be as brief as you can.

Mr. ELLIOTT. I desire to present before this committee the following facts, showing why the present rate of duty on glassine and grease-proof papers, as covered by article 402 of the present tariff, should remain the same.

The CHAIRMAN. You can file your brief.

Mr. ELLIOTT. I just wanted to read that page.

The CHAIRMAN. All right.

Mr. ELLIOTT (reads):

The gradual increase in the consumption of these papers in the past twelve years has reached a total, at the present time, of 5,000,000 pounds of grease-proof papers and 10,000,000 pounds of glassine paper per year. Of this amount American manufacturers are producing approximately 4,000,000 pounds of grease-proof papers and 2,500,000 pounds of the glassine. This business has been established under the present rate of duty, and any increase in the rate would tend to upset the conditions which have become established among the various trades using this class of paper. The domestic manufacturers are producing nearly all the grease-proof paper consumed in America, but only a fraction of the consumption of glassine paper. It will be many years before the American

manufacturers will be able to produce the extra 8,000,000 pounds of glassine which is now imported, to say nothing of the natural increase in the consumption of these papers. An increase in the present rate of duty on these classes of paper would prevent the large manufacturers of bags and envelopes in this country from competing with the finished articles, which could be imported from abroad, where the cost of labor of manufacturing is much less.

Now, I want to give you just one point. If you change the specification of this paper and put it at \$2.10, it will affect the fig manufacturers in California to the tune of about \$40,000 a year. If you change the rate on that paper, it will do that. The reason for that is that glassine paper has only been produced in this country in the last two years. It is a specialty, and if you raise the tariff it would take two or three years for another mill to learn to make that paper. In the meantime concerns like the Worcester Envelope Company and the American Paper Goods Company—that employ hundreds of people—would absolutely be at the mercy of envelopes and photographic inclosures made on the other side.

I would like to read a letter from the Worcester Envelope Company, which will show the situation. [Reads:]

WORCESTER, MASS., November 19, 1908.

The Ways and Means Committee.

National House of Representatives, Washington, D. C.

GENTLEMEN: In reference to the present duty on transparent imitation parchment, or glassine paper, we beg to say that we as manufacturers of envelopes and other goods made from this paper find it impossible in the majority of cases to compete with the foreign manufacturer, who can procure the paper at the mill in Germany or in the same country in which he resides.

We understand that there is one factory in this country making paper of this kind, and we are informed by a firm of manufacturers in Europe that they will shortly also establish a branch factory here in this country. They state that it is possible to manufacture this paper here at a good profit with the present existing tariff. From this we submit that there should be no advance, and we strongly urge that there be some reduction, so that we can compete on large orders with the European manufacturers who are placing their goods direct here.

Very respectfully, yours,

WORCESTER ENVELOPE CO.

Dictated by George D. Barber.

Then there is another thing: The American manufacturer asks for a change in the classification of this paper to a parchment paper, but the American manufacturer is able on his grease-proof paper to compete with that vegetable parchment. That vegetable parchment is a much higher grade of paper. There are three manufacturers in this country making it, but the American manufacturer of grease-proof paper has produced such a superior article in color that he is able to influence trade away from the three vegetable parchment mills, who make a much higher grade of stock; so that you could see that to change the classification of this paper, which is a wood paper and not a cotton-stock paper like the vegetable parchment is—the vegetable parchment is worth twice as much—and to ask for an increase of 100 per cent, for that is what it amounts to; you can figure out exactly what it means to the American using this paper, like box and envelope makers and factories like that.

Mr. Elliott filed the following:

Notwithstanding the fact that the domestic manufacturers, under the present rate of duty, are now supplying nearly the full consumption of grease-proof papers, they ask for an increase of over 100

per cent in the present rate of duty, and ask for as great a rate as is assessed on vegetable parchment paper, which costs over twice as much per pound. But the domestic manufacturers are also producing an imitation vegetable parchment under the 25 per cent rate of duty which successfully competes with genuine domestic parchment paper.

THE HUBBS & CORNING COMPANY, BALTIMORE, MD., SUBMITS BRIEF RELATIVE TO SWEDISH KRAFT, PARCHMYN, AND GREASE-PROOF PAPERS.

BALTIMORE, MD., *December 3, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: Having listened with much interest to the proceedings of Saturday, November 21, 1908, before your honorable committee on Schedule M, pulp, paper, and books, I wish to submit some facts for your consideration on the so-called Swedish kraft (strong) papers, also parchmyn or pergamyn, and grease-proof papers. In submitting these facts I do so in behalf of Hubbs & Corning Company (Incorporated), Baltimore, Md., and New York City, dealers or jobbers in domestic wrapping papers and importers of the above-mentioned foreign papers, and last but not least the wrapping paper consuming public generally. These papers now pay a duty of 25 per cent ad valorem under paragraph 402, and we strongly urge and recommend no raise in this rate nor change in classification. It has been fully demonstrated that kraft papers can be produced in this country, to compete with the imported, and at a profit. There are at the present time three large and progressive mills in this country manufacturing a similar article, and, we understand, from pulp manufactured by themselves. A fourth mill manufactured such a paper from pulp made in Canada, on which they pay an import duty into this country. A fifth mill, recently built, we are told, equipped themselves with machinery for manufacturing papers of the "sulphite" process, or kraft papers.

I respectfully submit it is not reasonable to suppose that these mills have gone to the expense of installing new machinery and making possibly expensive alterations in their plants necessary to produce an article in which they can see no profit.

The home manufacturer has a protection over and above the 25 per cent duty now existing in the amount of expense incurred in importing and warehousing the foreign article, which on an importation of 5 tons amounts to between 25 cents to 35 cents per hundredweight. There are fixed charges, such as consular fees, wharfage, and labor charges at dock, at times high rates of foreign exchange, marine insurance, and in most Atlantic coast ports there is either a lighterage charge to docks closer and cartage to warehouse, or an extremely long and expensive cartage.

The American manufacturer, with the exception of those who have seen the growth of imported goods and have risen to meet it by pro-

ducing a competitive article, want a tariff sufficiently high to enable them to continue the short method production of poorer and weaker wrapping papers, and the further destruction of our forests. They do not want to admit, without a struggle, that the old methods are "passe," and that the public are demanding a better and stronger wrapping paper for the protection of their merchandise, and if home mills can produce such a paper, and it has been proven they can at a profit, why then should the wrapping paper consuming public be made to suffer by an increase of duty? Such an increase would discourage the manufacturer of what has become a necessary article in this country—a strong paper without unnecessary weight; inasmuch as it would entail an extra expense to equip domestic mills with the necessary machinery for making kraft papers, it is not likely, under a higher tariff, that they would go to this expense, but would be satisfied to continue along the same old lines, grinding up our pulp wood faster than is necessary, were they making a stronger, thinner, and better paper.

A higher duty will do exactly what the American manufacturers of wrapping paper are arguing for, keep out the foreign paper and keep down the standard of quality of American made goods below the point of efficiency. The whole trouble has been that home manufacturers have not studied the best interests of the consumers by making a paper sufficiently good and strong, and at the same time light enough in weight to be attractive in price. Had they done so the foreign article could never have gained a hold in this country.

I do not think the duty should be so high that it enables the American manufacturer to make money without using the necessary amount of brains, and competition is the only encouragement for superiority in one line of American goods over another. The American manufacturer has the cure for the ailment in his own brains and hands, which Providence has given him to use for his own advancement.

We can not all be manufacturers; if we could I would say give us a higher tariff, but some of us have to be dealers, consumers, and even importers, and need protection as well as the manufacturers.

The gentleman who represented the wrapping-paper manufacturers before your honorable committee gave comparisons in costs and selling prices of a 60 per cent sulphite paper made in this country, against the foreign kraft paper, which is a 100 per cent chemical pulp paper, and this is in no sense a fair comparison. He should have compared the foreign kraft papers with a paper made from what is known as pure slow-cooked or Meisterlich sulphite pulp, and the difference in weight and cost per ream for the same strength would have been nearer equal. His comparison was ridiculous and misleading. Using this gentleman's figures for making and shrinkage as a basis, which is conceded to be about correct, in the first place the mill making paper to-day profitably has to have its own sulphite plant and paper machine. At this rate sulphite would cost \$30 per ton or \$1.50 per hundredweight; shrinkage would be 10 per cent, which would be 15 cents per hundredweight; the manipulation and manufacturing costs 80 cents per hundredweight; in other words, pulp made and turned into paper at \$2.45 per hundredweight, giving a pure sulphite paper of the ordinary quick-cooked sulphite.

The slow-cooked or Meisterlich process would cost \$35 per ton at the mill, or \$1.75 per hundredweight; shrinkage at 10 per cent would

be $17\frac{1}{2}$ cents per hundredweight; manipulation, 80 cents per hundredweight; total, $\$2.72\frac{1}{2}$ per hundredweight. Allowing the mill a profit of \$10 per ton, or 50 cents per hundredweight, would make the cost of quick-cooked finished paper $\$2.95$ per hundredweight and the slow-cooked finished paper $\$3.22\frac{1}{2}$ per hundredweight. In other words, 35 pounds pure sulphite, quick cooked, would cost $\$1.02\frac{1}{2}$ per ream of 480 sheets, 24 by 36 inches, and would test and give a wearing strength better than 25 pounds to a ream of 480 sheets, 24 by 36 inches, of pure kraft imported paper. Twenty-five pounds per ream, 24 by 36 inches, paper made by the slow-cooked process in this country tests practically the same as the same weight and thickness of imported kraft paper and would cost the mill 78 cents per ream, so that it is much cheaper paper to use than the kraft paper.

The gentleman's statements are unreasonable from the fact that he is figuring \$35 per ton as the cost of sulphite, whereas that is a good, long, liberal price. He has no right to figure an adulterated paper against a pure article, which he has done by figuring 40 per cent ground wood and 60 per cent sulphite. The ground wood does not add anything to the paper as far as wrapping qualities go. It only cheapens the quality, as it has no strength. He uses the freight rate of \$4 per ton, or 20 cents per hundredweight, in his comparison on the domestic paper only, which is exceptionally high, as freight rates will not average over 15 cents per hundredweight. He allows no freight on the imported kraft paper, and the only place the kraft paper can be bought without freight is at seaport towns; and the consumption of kraft paper in seaport towns is a very small percentage of what is used in the country, for it is principally used in manufacturing purposes of all kinds.

In figuring on kraft paper he figures 25-pound basis, which always costs more than the heavier weight; he adds 25 per cent duty and nothing else, while to land this paper at the warehouse even in seaport towns would add 25 cents to 35 cents per hundredweight to his figures. Then again he admits the cost of the adulterated (60 per cent sulphite and 40 per cent ground wood) paper would be $\$2.55$ per hundredweight, including the extravagant freight, and then figures the price to the consumer at $3\frac{1}{4}$ cents per pound, which puts on the handsome profit of 70 cents per hundredweight—almost 30 per cent.

Now taking his cost for the foreign paper in 25-pound basis at $\$3.75$ per hundredweight, adding extra such as interest, insurance, consular fees, brokerage fees, dockage, etc., and this would bring his cost to 4 cents per pound, but he is wrong in his figuring, for No. 1 kraft paper 25-pound basis can not be brought into this country and delivered in warehouses for anything like this price; and, furthermore, is not offered to the consumer at $4\frac{1}{4}$ cents per pound, but would average nearer $4\frac{3}{4}$ cents per pound for this weight. So you can see it is not a case of cheapness either by comparison of weights, using lighter weight in foreign than in domestic, or by actual price of the goods, but simply the fact there is not enough first-class paper made here, because the mills prefer to make tonnage product and make a cheaper article and make more pounds, whereas the consumer desires a light-weight, strong wrapper.

He should have figured his profits equal, giving each a fair showing, and if he is going to figure freight, figure the quantity of kraft paper that goes to the interior, and add to this 20 cents per hundredweight for freight, as he has done on the domestic paper, which is only right, it would bring the kraft paper up and make it all the more prohibitory at its present price and rate of duty; and if you compare qualities you have to compare the best quality and 100 per cent of the best quality of the pulp made here against the same percentage of the best quality of pulp made abroad. The foreign pulp can be brought in here and manufactured, including \$2.25 per hundredweight for the pulp, 22 cents per hundredweight for shrinkage, and 80 cents per hundredweight for making, and 15 cents per hundredweight for freight; total \$3.42, showing that the pulp can be brought here and kraft paper manufactured in this country cheaper than the paper itself can be imported, and we further feel confident that the pulp can be made in this country just as cheap as it can be made in any other country, for we have the wood, and the manufacturing of pulp is a chemical process taking very little labor in comparison with the machine work, and the machine end of it and the chemical end of it costs practically the same in one country as in another.

Your committee has already heard facts concerning parchmyn or pergamyn and grease-proof papers from a manufacturer of these papers in this country, showing that under an unsatisfactory condition of business during the so-called panic of 1907 and a tariff on the foreign article of 25 per cent, this manufacturer was blessed inasmuch as he stated he had made a profit of approximately \$10,000, or 3 per cent, on his capital invested. This mill started to make these papers on a small scale of an inferior quality, and has advantages now, in that he has proved he can make a profit and make prompt delivery, and has a further advantage of freight rates for interior business.

Now, if he can make a profit on the lines he is working along, why can he not increase this profit each year by making a better article as he increases his product and thereby minimize his expense? At the classification he asks, which means a higher rate of duty, he might just as well have a patented article, and the consumers who are obliged to use this class of paper would have to pay an enormous profit for the imported article, while he is getting in a position two or three years hence to take care of the business, as such an increase would in all likelihood cut the import down to about one-half at once. It is used now largely for wrappers for patented medicines, canned goods, and articles of this sort, simply to preserve the label and to keep them from dust and dirt, and being transparent the label can be read through the parchmyn paper. This is quite an expense which the manufacturer of these articles did not have to incur, but as the paper was reasonable and within reach in price they have adopted it for this purpose, thereby giving the consumer cleaner and better packed goods. Excessive duty would not improve the standard of the American goods in this case, but would be a great drawback.

All of which is respectfully submitted.

Very truly, yours,

A. J. CORNING, JR.,
Assistant Treasurer.
HUBBS & CORNING CO.

THE ROBERT GAIR CO., BROOKLYN, N. Y., WISHES THE DUTIES ON
GLASSINE AND SIMILAR PAPERS REDUCED.

BROOKLYN, N. Y., *January 6, 1909.*

HON. SERENO E. PAYNE,

*Chairman Committee of Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: In connection with the proposed revision of existing tariff schedules now in the hands of your committee, we desire to make mention of several items which are manifestly favorable to our European competitors.

Herewith are samples of paper, and envelopes made of the same, variously described as japanin, parchmyn, glassine, etc. This material possesses qualities which are bringing it into very great demand.

The paper in the form of raw material is admitted under paragraph 402 at the rate of 25 per cent ad valorem. The finished article—that is, envelopes made of this paper—is admitted under paragraph 399 at the rate of 20 per cent ad valorem.

A large percentage of the cost of these goods is represented by the material used, and in making the envelopes the waste in cutting the various shapes required is about 12 per cent, and often greater, with a further waste incident to manufacture. The burden imposed on the American manufacturer is thus increased to the further advantage of his European competitors.

Since the business has grown to large proportions the European manufacturers have been able to control the best of it for the reasons set forth above. We suggest that, as existing tariffs discriminate against the American manufacturer in favor of his foreign competitors, the schedule on raw material be reduced to 10 per cent, and the rate on goods made of this paper be increased to 35 per cent. This will not more than equalize the advantage the foreign manufacturer has in having the raw material made at his doors, and a lower cost of production.

A reduction in the price of the raw material will not operate against any manufacturer in this country, as very little of the paper is produced here, principally for the reason that there has been no incentive to American paper makers to take it up because of the fact that the goods made of this paper are brought here and sold at prices we can not meet.

We respectfully request your earnest consideration of this matter, and are sure that your investigations will sustain the justice of our claims.

Respectfully,

ROBERT GAIR COMPANY,
GEO. W. GAIR, *Vice-President.*

JACQUARD DESIGNS AND CARDS.

[Paragraph 402.]

STATEMENT OF ROBERT P. BAGGALEY, OF PATERSON, N. J., RELATIVE TO SMUGGLING OF JACQUARD DESIGNS.

SATURDAY, *November 21, 1908.*

Mr. BAGGALEY. I am here, if the gentlemen please, to discuss the matter of Jacquard designs.

We are asking for an increase in the tariff on these designs.

Mr. FORDNEY. Are these not put on in that name in the free list?

Mr. BAGGALEY. No, sir.

The CHAIRMAN. Under what section of the schedule is this found?

Mr. BAGGALEY. It is under section 402. These designs are the skilled part of the silk industry. We are greatly suffering from importation of these designs from Germany. They import designs here at 3 marks per hundred cards, which is equal to about 75 cents. The lowest price at which we can work and earn a decent wage is \$2.50 per hundred, working at our best and fastest. The tariff applied on these designs now is 35 per cent ad valorem. If the 35 per cent was applied it would bring it up to \$1.01 per hundred cards. This duty is not always paid, because they can send it through the mails in a very small space, very valuable designs which we have here to show you, occupying a very small space comparatively. They can send designs valued up to \$500 through the mails and pay no duty on them. The duty has never been known to be paid for some years by five or six manufacturers. It is easily evaded. They send these designs through in envelopes. They can pack five or six in an envelope. Here is one design which would cost about \$25 upon the basis of the American workman's wages.

Mr. BONYNGE. Do you know how much was imported last year?

Mr. BAGGALEY. At a rough estimate, which we tried to get, there was about \$50,000 worth.

Mr. BONYNGE. The statistics we have show the total value of the importations to have been \$1,905.50, and the duties paid were \$666.94.

Mr. BAGGALEY. Yes, sir; that is paid through the custom-house in New York by one concern, I believe.

Mr. BONYNGE. You say the rest is smuggled in?

Mr. BAGGALEY. Yes, sir; it is smuggled in, and very easily, too. I may say that we went down to the custom-house about four or five years ago and furnished them with information where it was coming from. They were sending it through the mails.

Mr. DALZELL. Smuggling through the mails?

Mr. BAGGALEY. Yes, sir.

Mr. DALZELL. I do not see how the tariff will affect that.

Mr. BAGGALEY. They state on the other side it is a design of no value.

Mr. BONYNGE. How would raising the duty prevent the smuggling of goods in that way? Will not that have a tendency to increase the smuggling? If there is a higher duty, will there not be a greater inducement to smuggle the goods than if we were to lower the duty?

Mr. BAGGALEY. I am asking for a higher duty on it.

Mr. BONYNGE. I know, but putting a higher duty on it would increase the smuggling, would it not?

Mr. BAGGALEY. I do not think it would.

Mr. BONYNGE. There would be more inducement to smuggle the goods, would there not?

Mr. BAGGALEY. Yes, sir; for the few manufacturers that smuggle them in at the present time, there are only about seven manufacturers that smuggle them in that way, and there are only about sixty designers working in the silk industry at the present time.

Mr. BONYNGE. How long has this been manufactured?

Mr. BAGGALEY. This is not manufactured. It is art. It is a product of the brain.

Mr. BONYNGE. How long have you been in the business?

Mr. BAGGALEY. In America I have been eleven years; in business for myself five years. I have been working at this since I was 15 years old. It is a business that takes seven years to get a practical knowledge of. You never learn the business, practically, because there is something always coming in under the construction of machines that you have to restudy again.

They also send perforated cards, done from designs on the other side, in order to evade the duty on it, and they repeat it over here on special machines. They could not send the cards originally made, because they are so heavy, and they send them in a small roll like this [indicating]. They evade the duty on designs like this, which are called "designing cards." We are now trying to stop that practice. We are only a very small number of men, and we have been trying our very best to stop this practice. We went to the custom house and told them who were sending these over from Germany. The only way I can see is to make them declare what the packages are, from the places where they originate, and then you can see what they are. The post-office in New York or Philadelphia can stop this practice. Make them declare what is in the package.

Mr. GRIGGS. Who will do the declaring?

Mr. BAGGALEY. The one that sends the package to this country.

Mr. CLARK. A man has a right to send what he pleases through a letter that pays the highest rate of postage.

Mr. BAGGALEY. The legal rate of postage?

Mr. CLARK. Yes, sir. I want to know how you are going to stop it.

Mr. GRIGGS. You say that comes in as first-class mail matter?

Mr. BAGGALEY. Yes, sir; it comes in as first-class matter.

Mr. GRIGGS. Did you ever stop to consider how much it would cost to send that as first-class matter?

Mr. BAGGALEY. No, sir; we have not.

Mr. GRIGGS. It would cost 32 cents a pound.

Mr. BAGGALEY. That would not make much difference on a pattern that will cost \$20 to \$25 to execute in this country. A pound does not amount to much in a proposition of that sort. I know I sent patterns here before I came to this country, under the McKinley Act, and I had to declare what was inside of the packages. I had to make a declaration at the post-office where I posted them in England. I sent them here to a manufacturer and he paid the duty on those sketches. Those were small sketches, which were in the form which I now show you. That is the first part of the silk industry. Next

comes the design, and next the cards, and its manufacture in the looms. You have to make a declaration, because I have had to make it known to the postal authorities in England the contents of the package I was sending and whether it is dutiable.

Mr. GRIGGS. In a letter?

Mr. BAGGALEY. Yes, sir; to the postmaster where it is sent from.

Mr. DALZELL. Are you after a change in the tariff?

Mr. BAGGALEY. We are after a change in the tariff, sir, to bring it up equal to what we work for at the lowest price, and also to stop this importation without paying the duty on the design.

Mr. DALZELL. This committee has no jurisdiction over that.

Mr. BAGGALEY. Where is the jurisdiction? Where do we have to go to stop this thing?

Mr. DALZELL. It is the business of the Post-Office Department to correct that sort of thing.

Mr. CLARK. You should apply to the Postmaster-General.

Mr. FORDNEY. This is a violation of the law. The question is to catch them.

Mr. BAGGALEY. That is it. We will give all the information we have to the proper parties.

Mr. FORDNEY. You should give it to the Post-Office Department.

Mr. BONYNGE. As I understand it, you also want a change in the rate of duty?

Mr. BAGGALEY. Yes, sir; we want a change in the duty.

Mr. BONYNGE. What change do you want?

Mr. BAGGALEY. I would be in favor of 100 per cent, to bring it anywhere near what it should be.

Mr. BONYNGE. It is now 35 per cent, and you want 100 per cent ad valorem?

Mr. BAGGALEY. Yes, sir.

Mr. BONYNGE. Have you any figures to show the cost abroad and the cost at home that would warrant such an increase?

Mr. BAGGALEY. Yes, sir. The cost for a design to be made here by practical men is at the rate of \$25, while the cost on the other side is very little, because they employ young boys and apprentices. We can not do that here, because the boys will not go into the trade. There is not a sufficient amount of it. That is the reason they can sell them at a very small price, such as 75 cents per hundred.

Mr. GRIGGS. Per hundred what?

Mr. BAGGALEY. Per hundred cards designing.

Mr. GRIGGS. What does it cost to make a hundred cards here?

Mr. BAGGALEY. A very simple design would cost around \$1.75 for the workman's wages, but we charge it at \$2.50 [supplying the sketch paper and material for it.]

Mr. CLARK. If the smuggling could be stopped, would that suit you?

Mr. BAGGALEY. That would suit us, if they paid the increased duty which we ask for.

Mr. CLARK. If you stop the smuggling and let the duty stay as it is, would that be satisfactory?

Mr. BAGGALEY. No; not altogether. They undersell us at least three times. What they can sell here for a dollar we have to charge \$2.50 for as a minimum price.

Mr. CLARK. You want us to stop the smuggling and raise the tariff from 35 per cent to 100 per cent?

Mr. BAGGALEY. Yes, sir; to enable us to have an equal chance to compete with them.

Mr. CLARK. That is a very modest request.

Mr. UNDERWOOD. How much business is done in this country?

Mr. BAGGALEY. Per year?

Mr. UNDERWOOD. Yes.

Mr. BAGGALEY. On an average of about \$50,000 a year by the designers who are in business for themselves, and about \$50,000 a year by designers employed inside the mills by manufacturers.

Mr. UNDERWOOD. How much of it do the home producers do?

Mr. BAGGALEY. I am talking about the home producer now.

Mr. UNDERWOOD. I mean how much is sold in this country? What is the entire volume of business?

Mr. BAGGALEY. The volume of business is about equal to what we do—\$40,000 to \$50,000, imported into this country.

Mr. UNDERWOOD. You mean the volume of business is about \$100,000, of which you do about \$50,000 and the importers do about \$50,000?

Mr. BAGGALEY. Yes, sir.

Mr. UNDERWOOD. You control one-half of the trade?

Mr. BAGGALEY. Yes, sir.

Mr. UNDERWOOD. Do you not think you are pretty well protected when you control half of the trade?

Mr. BAGGALEY. I do not think so. Ten years ago there were at least twice as many designers, and the importers have sent them out of business. They were employed but about one-half the year, owing to the importation of designs.

Mr. UNDERWOOD. You have 35 per cent ad valorem now?

Mr. BAGGALEY. Yes, sir; and that does not bring it anywhere near right. They can import their designs or cards, which cost them 75 cents, and the ad valorem duty brings it up to \$1.01, whereas our lowest price is \$2.50, and we only make a reasonable wage at that. This is not printing matter at all. This is skill and is made from the hand and brush and brains. You have to understand every part of the silk machinery to make these designs, or else they would be of no use at all.

Mr. BOUTELL. How much of the foreign product that gets into this country do you estimate is smuggled?

Mr. BAGGALEY. I should say 90 per cent. I only know of one firm that imports these cards that pays any duty at all.

Mr. BOUTELL. That is, your opinion is that 90 per cent of the foreign product that gets into this country is smuggled?

Mr. BAGGALEY. Yes, sir; through the mails.

Mr. BOUTELL. Have you complained to the Post-Office Department?

Mr. BAGGALEY. We have complained to the custom-house, and Mr. Nathan told us to go to Mr. Morgan, of the New York post-office. There is an awful lot smuggled through the Philadelphia post-office, too.

Mr. GRIGGS. Do you know who sends these cards in here?

Mr. BAGGALEY. Yes, sir.

Mr. GRIGGS. Do you know that they pay no duty?

Mr. BAGGLEY. We know that they pay no duty on these designs.

Mr. GRIGGS. Go and take out a warrant for those fellows. That will stop them.

Mr. BAGGLEY. We tried some time ago to stop them. We have been doing our best.

STATEMENT OF WILLIAM S. BUTTS, OF PATERSON, N. J., RELATIVE TO THE DUTIES IMPOSED ON JACQUARD DESIGNS.

SATURDAY, *November 21, 1908.*

Mr. BUTTS. Mr. Chairman and gentlemen, the foreign houses, as Mr. Baggaley said, get 75 cents per hundred, while our lowest price is \$2.50. Even if we had this 35 per cent ad valorem increased to 75 per cent, that would bring it up to only \$1, while our lowest possible price is \$2.50. We can not compete with them. Fifty per cent of all designs used are imported to this country. In the last nine years this importation has increased up to 50 per cent, while we can state that in the designing shops in Paterson, which employ probably 12 and 14 and up to 20 designers, they have not even had any increase, but, on the other hand, have only 1 or 2 designers to-day. It has decreased their business greatly. The importation has increased largely. Thirty-five per cent ad valorem would not be sufficient. There ought to be 75 per cent duty on it to make it equal with our price. That means we will have a fair competition.

Mr. CLARK. How does it happen that this trade is falling off under the very same law that you had ten years ago?

Mr. BUTTS. There was not so much importing at that time. It has increased since. They are not quite all importing yet, but there are probably half a dozen or eight who are importing now and getting the designs for half price, or even one-third the price, that other manufacturers have to pay who do not import the designs. If this condition continues, we will be wiped out of business entirely.

Mr. CLARK. If you could get along very well ten or eight or seven years ago, how does it happen you are getting into trouble now?

Mr. BUTTS. Because they were not importing then.

Mr. CLARK. They were not importing at all then?

Mr. BUTTS. No, sir.

Mr. CLARK. How long have you been in the business at Paterson?

Mr. BUTTS. Over fifteen years.

Mr. CLARK. Are you a naturalized citizen?

Mr. BUTTS. Yes.

Mr. CLARK. And the gentleman who just preceded you, is he naturalized?

Mr. BUTTS. I do not know.

Mr. BAGALAY. Yes, sir.

Mr. CLARK. Both citizens, are you?

Mr. BUTTS. Yes, sir; for over fifteen years.

REPRESENTATIVES OF JACQUARD DESIGNERS AND CARD CUTTERS ASK AN INCREASE OF DUTIES.

PATERSON, N. J., *December 2, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to submit brief for the benefit of your committee, to show cause why the tariff should be increased on Jacquard designs and cards. We are asking only a reasonable amount of protection to our industry.

The European competition has been very great during the last few years, and the custom-house statistics do not show the actual importation in the United States.

It is very easy to avoid paying duty on these importations, as they come through the mails on very thin paper (as Exhibits 1, 2, and 4), made expressly for the export trade. The designers in the United States have suffered considerably through this, and their numbers have decreased 50 per cent in the last five or six years.

Six years ago there were 140 designers and 50 card cutters in this part of the country, and to-day there are no more than 60 or 70 designers and 30 card cutters. The decrease is not due entirely to change of fashion, but is due to the greatly increased importations that pay no duty.

One firm in this city has a special machine by which they can take these imported cards (Exhibit 2) and manufacture from them cards of the same size and similar in every way to the cards now used on the Jacquard looms, as per Exhibit 3. Cards sent this way (Exhibit 2) saves the duty on the designs, and if duty is collected it is collected on the cards only.

Cards coming in this way should pay duty on the design and cards combined, as the design must be created before the cards can be perforated.

Many firms in Germany export designs and cards to the United States, and if manufacturers in the United States who import them are allowed to take advantage of the extremely low duty, or duty evaded altogether, other manufacturers in the silk industry will have to follow in order to compete, and the result of such a course would be to lessen the number of designers and card cutters to a few, or drive them out of the business altogether in a short time.

Considering the wages paid here and wages paid in Germany, we have no chance of fair competition, and therefore we ask for an increase in the tariff of at least 100 per cent.

The minimum rate at which designs can be produced in this country is \$2.50 per hundred cards, and in Germany the rate is 3 marks (75 cents) per hundred cards.

We do not fear competition with any country as far as ability goes, but we can not stay in the business and exist under the present conditions.

We submit exhibits of sketches, designs, and cards, also a wage scale, showing the different wages paid here and in Germany. The following is a comparative scale of wages:

	America.	Germany.
Designers of average ability, per week.....	\$16. 50	\$6. 00
First-class designers, per week.....	25 00-30. 00	12. 00
Boys (apprentices), per week.....	3. 50	. 50

We also ask that all designs coming through the custom-house undervalued, or fraudulently through the mails, be confiscated.

Respectfully submitted.

ROBERT P. BAGGALEY,
WILLIAM L. BUTZ,
*Committee (representing the Jacquard
designers and card cutters of the United States).*

BOOKS.

[Paragraphs 403, 500, 501, 502, 503, 504, and 645.]

THE CONCORDIA PUBLISHING HOUSE, ST. LOUIS, MO., SUGGESTS
A NEW CLASSIFICATION FOR BOOKS.

ST. LOUIS, *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

RESPECTED SIRs: It is hardly to be doubted that in your work of revising the tariff rates for the various import articles your attention will have been attracted to the fact that books published in a foreign country in a language other than English pass our custom-house duty free. Even upon the risk of doing something that might be adjudged superfluous by you, we desire to respectfully call your attention to this fact anew, at the same time begging leave to politely suggest to your honored committee that this practice is hardly in conformity with our principles of protection. It is true many of the books printed in a foreign language in a foreign country are of such a nature that their production does not collide with any prerogatives of American labor, inasmuch as the demand in this country for such books would be too small for any American publisher to feel encouraged in the undertaking of their publication, but it is also a fact that American publishers whose peculiarity of business or trade gives them more or less work in foreign languages designed for home consumption will, under the prevailing conditions, find it decidedly to their individual advantage to farm out such work in Europe, thus taking away from American labor what legitimately belongs here.

We respectfully hold that the customs office should make a distinction between books published in foreign countries for foreign markets and only sporadically introduced into this country by importers and books published in foreign countries with the obvious intention of marketing them in this country—in fact, made in Europe for American publishers and bearing the American publishers' imprint on their title-pages.

Without undertaking to make definite suggestions to you as to a rate to be applied or as to exact demarcation between the one class and the other, we simply desire to submit this to your attentive consideration as we know from personal experience that thousands of dollars worth of such productions are brought into this country duty free, which otherwise would have to be produced here and would redound to the advantage of American labor, although the publishers in that event might be obliged to place a higher market price on such goods if produced in this country.

Thanking you in advance for your kind consideration of this question, we are,

Very respectfully, yours,

CONCORDIA PUBLISHING HOUSE,
E. SEUEL, *General Agent.*

STATEMENT OF ISAAC H. BLANCHARD, NEW YORK CITY, ASKING PROTECTION FOR THE BOOK-MAKING INDUSTRY.

SATURDAY, *November 21, 1908.*

Mr. BLANCHARD. Mr. Chairman and gentlemen, I represent the Typothetæ of the city of New York—the job printing and publishing industry of the United States. Our organization is a part of the United Typothetæ of America, the national organization of the graphic arts trade, and, as the strongest branch of that national organization, we feel that we represent to-day the sentiment of the job printers and publishers of this country. Many members of our organization are represented in the brief presented for your consideration by the National Association of Employing Lithographers, and our membership begs to indorse in detail the representations placed before you by that organization.

In the brief, Mr. Chairman, which we submit, and which I will not read except to follow your suggestion to make a brief, we have quoted your tariff schedule of 25 per cent in clause 403, and we refer to the free list in clauses 500, 501, 502, and 503. We have submitted our substitute propositions which provide for an increase in duty. We submit the volume of the industry on page 4 and the volume of the imports on pages 4, 5, and 6. We submit for your consideration a comparison of the weekly wages, on page 6, and some illustrations on pages 7 and 8, to which I want to call your attention.

The inventory value of printed matter consists of the two factors, merchandise or paper stock and labor, and in some cases the labor value is 25 per cent of the total inventory value, and in some cases it runs as high as 75 per cent. In a case where the labor value of the inventory is 75 per cent on a \$1,000 inventory, under the present 25 per cent duty the laid-down value is \$1,275 of the imported \$1,000 inventory. If produced in the United States, as compared with the German production, the cost of that inventory is \$2,500. A further illustration is given on pages 7 and 8, which shows other comparisons, which I submit for your consideration.

The organization which I represent asks one thing only—an even chance in our home market. From the tables that are submitted it

is apparent that with a tariff of 75 per cent the merchandise stock values of the average inventory would have to be in excess of one-half of the total inventory before the American manufacturer will be able to deliver the goods at a price equal to the prices quoted by the foreign manufacturer.

I thank you, Mr. Chairman.

Mr. CRUMPACKER. The paper manufacturing industry in this country is quite extensive, is it not? I mean the manufactures of paper?

Mr. BLANCHARD. Yes, sir.

Mr. CRUMPACKER. Do you want an increase in the duty?

Mr. BLANCHARD. No, sir.

Mr. CRUMPACKER. What are you asking for?

Mr. BLANCHARD. We are asking for an increase in the duty on printed matter, under section 403, reading "Books of all kinds, including blank books and pamphlets and engravings bound or unbound," etc.

Mr. CRUMPACKER. And printed matter?

Mr. BLANCHARD. Yes.

Mr. CRUMPACKER. What is the ad valorem duty now?

Mr. BLANCHARD. Twenty-five per cent on some items; free list on some others.

Mr. CRUMPACKER. Is it a large industry in the United States now?

Mr. BLANCHARD. It is an industry which in 1905, according to the census reports, amounted to \$186,000,000.

Mr. CRUMPACKER. It is a prosperous industry?

Mr. BLANCHARD. The prosperity is measured by the total and bulk of business.

Mr. CRUMPACKER. You mentioned wages in this country and in Germany. That was mentioned by several of the gentlemen who have given testimony on the subject. It would seem that the rate of wages in this country is about four times as high as the rate in Germany for the same kind of service?

Mr. BLANCHARD. Yes, sir.

Mr. CRUMPACKER. Do you know why German artisans, skilled and unskilled, do not come over here if they can receive four times as good wages as they are getting at home? I understand we do not have any considerable amount of immigrants from Germany, do we?

Mr. BLANCHARD. I believe we do.

Mr. CRUMPACKER. Any considerable number of immigrants from Germany?

Mr. BLANCHARD. I believe so. I have no statistics.

Mr. CRUMPACKER. I had supposed they were satisfied with the conditions at home and had quit coming here largely.

Mr. BLANCHARD. I could not furnish any statement as to that by authority.

Mr. CRUMPACKER. That is a statement I can not altogether reconcile with the situation.

Mr. BLANCHARD. Do I understand you query the correctness of the statement as to comparative wages?

Mr. CRUMPACKER. I wondered if it could be reconciled with the conditions. The immigration now coming into this country is, as I understand, from other countries than Germany.

Mr. BLANCHARD. I would like to submit to the committee some facts bearing on that inquiry. The facts would be as to the impor-

tation of contract labor, the workman from abroad being regarded as a contract laborer if he comes here with a position already arranged for.

Mr. FORDNEY. What is the difference, do you say, between the cost of labor here and in Germany?

Mr. BLANCHARD. Four dollars here to \$1 there, approximately. These schedules are on page 6 of the brief.

The CHAIRMAN. He stated exactly in the brief what it is.

Mr. FORDNEY. Yes; but it will be some time before I get that brief.

Mr. GAINES. That statement as to the comparative rate of wages seems to be a matter of some doubt. Do you file with the committee evidences of the difference that you claim?

Mr. BLANCHARD. Yes, sir. I will give you the entire details. Some of them have come from the chief clerk of the Census Bureau, Mr. Rossiter, and I will file with the committee the authorities from which they are compiled.

Mr. FORDNEY. The Republican campaign text-book showed that the difference between the wages here and in Germany was very great, sir, and I had that in mind. [Laughter.]

Mr. CRUMPACKER. I had the idea that the difference was great, but I did not know it was so great as that. The Germans, I should think, would come over under the present conditions.

Mr. BLANCHARD. The German post cards come over, and why? Because Blanchard can not get people here to make them and pay the bills for labor.

The CHAIRMAN. The committee have been obtaining during the recess, through the State Department, reports on the cost of labor abroad, and I have had one of the clerks prepare a statement of the cost of labor of hand compositors, and so forth, the class of labor mentioned in his brief, and while the wages vary from his brief, they show a higher cost paid in Great Britain, while they are meager in Germany.

The chairman submitted the following:

The following rates are paid by the city of Sheffield, England, in cases where no contract for printing is made, as given in printed circular accompanying report of consul at that place:

Hand compositors, \$8.40 per week; machine compositors (linotype), \$10.08 per week; machine minders, \$8.40 per week; lithograph printers, \$8.30 per week. News printers—compositors (night work), \$10.80; compositors (day work), \$10.08; machine minders (day work), \$8.40; jobbing compositors, \$8.40.

Coburg, Germany, pays \$7.14 per week for male compositors; Stuttgart, Germany, \$8.80; Nice, France, \$10.45; Berne, Switzerland, \$8.20.

BRIEF OF THE TYPOTHETÆ OF NEW YORK CITY RELATIVE TO THE TARIFFS AFFECTING THE PRINTING INDUSTRY IN THE UNITED STATES.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Typothetæ of the city of New York is an organization composed of the leading houses of the graphic arts trades in

that greatest American city. Our organization is a part of the United Typothetæ of America (the national organization of the graphic arts trade) and is the strongest branch of that national organization of employing printers. We feel, therefore, that we represent to-day the sentiment of the American job printers and publishers of this country.

The printing industry in New York City is its second greatest industry, and occupies a high relative position in all of the other leading cities of the United States, Chicago, Philadelphia, Boston, St. Louis, and San Francisco following in the order named.

We would respectfully request from your committee the further privilege of laying before you at a later hearing such additional specific information from our national organization and other local organizations as will be of further use to your committee in reaching wise and helpful conclusions as to legislation.

Many members of our organization are represented in the brief presented to your honorable committee by the National Association of Employing Lithographers. Our membership beg to indorse in detail the representations placed before you by that organization.

Our membership also includes the largest manufacturers of post cards in the United States.

Respectfully submitted.

ISAAC H. BLANCHARD,

*Chairman of the Executive Committee
Typothetæ of the City of New York.*

ROBERT SCHALKENBACH,

President Typothetæ of the City of New York.

TARIFF SCHEDULES IN FORCE AT THE PRESENT TIME AFFECTING THE
PRINTING INDUSTRY.

Tariff on manufactures of paper.

403. Books of all kinds, including blank books and pamphlets, and engravings bound or unbound, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, twenty-five per centum ad valorem.

Free list.

500. Books, engravings, photographs, etchings bound or unbound, maps and charts imported by authority or for the use of the United States or for the use of the Library of Congress.

501. Books, maps, music, engravings, photographs, etchings bound or unbound, and charts, which shall have been printed more than twenty years at the date of importation, and all hydrographic charts, and publications issued for their subscribers or exchanges by scientific and literary associations or academies, or publications of individuals for gratuitous private circulation, and public documents issued by foreign governments.

502. Books and pamphlets printed exclusively in languages other than English; also books and music, in raised print, used exclusively by the blind.

503. Books, maps, music, photographs, etchings, lithographic prints, and charts, specially imported, not more than two copies in any one invoice, in good faith, for the use or by order of any society

or institution incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in the United States, or any state or public library, and not for sale, subject to such regulations as the Secretary of the Treasury shall prescribe.

PROPOSED TARIFF ON MANUFACTURE OF PAPER.

Substitute for section 403.

Books of all kinds, including blank books and pamphlets, and engravings bound or unbound, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, seventy-five per centum ad valorem.

Substitute for section 500.

Books, engravings, photographs, etchings bound or unbound, maps, and charts imported for the use of the Library of Congress.

Substitute for section 501.

All hydrographic charts and publications issued for their subscribers or exchanges by scientific and literary associations or academies, and public documents issued by foreign governments.

Substitute for section 502.

Books and music in raised print used exclusively by the blind.
Cancel section 503.

Volume of job-printing industry in the United States.

From page 21 of Bulletin 79, Census of Manufactures for the year 1907: Book and job printing, 1880, \$90,979,341; book and job printing, 1890, \$95,592,765; book and job printing, 1900, \$124,070,861; book and job printing, 1905, \$186,759,503.

Volume of imports in job-printing industry.

Books, maps, engravings, music, photographs, etc., which have been printed more than twenty years at date of importation, and all hydrographic charts and publications issued for their subscribers or exchanges by scientific or literary associations, or academies, or publications of individuals for gratuitous private circulation, and public documents issued by foreign governments (free of duty)—1900, \$621,623.38; 1905, \$953,797.81; 1907, \$1,238,877.50.

Books and pamphlets printed exclusively in languages other than English (free of duty)—1900, \$789,849.05; 1905, \$1,088,957.15; 1907, \$1,459,134.89.

Books and music in raised print, used by blind (free)—1900, \$512; 1905, \$595; 1907, \$567.

(Act of 1907.) Books, maps, music, photographs, etchings, lithographic prints and charts specially imported, not more than two

copies in any one invoice, in good faith, for the use of any society or institution incorporated or established for educational, philosophical, scientific, literary, or religious purposes, or for the encouragement of the fine arts, or for the use or by the order of any college, academy, school, seminary of learning in the United States or any state or public library and not for sale (free)—1900, \$191,528.50; 1905, \$265,871.84; 1907, \$302,349.41.

Books; pamphlets, bound or unbound; maps, charts, music in books or sheets, and all printed matter not specially provided for. Rate of duty, 25 per cent—1900, \$1,327,727.14; 1905, \$1,753,864.75; 1907, \$2,770,061.67.

Engravings, bound or unbound; etchings and photographs. Duty 25 per cent—1900, \$210,852.91; 1905, \$213,022.17 (\$1,318); 1907, \$273,317.33.

Weekly wages comparison in printing trades expressed in United States currency.

	Germany.	Great Britain.	United States.
Hand compositors, machine tender.....	\$6.00	\$8.40	\$21.00
Machine compositors.....	8.95	10.08	23.00
Pressfeeders.....	3.00 to 4.00	5.50	16.00
Pressmen.....	5.00 to 8.00	14.00	24.00 to 30.00

NOTE.—These figures for Germany are averages from 33 cities in 1905 plus a 10 per cent increase to provide for the wage increases granted during the year 1907, the records being compiled from United States census reports. These figures for Great Britain are approximately from reports in the files of the American Tariff League of New York. These figures for the United States are the scales of wages paid in New York City, and are representative of the wage scales throughout the entire United States.

In the illustrations which we herewith submit as concrete methods of showing present conditions and conditions which are desired, a few points should be borne in mind.

First. In all printing inventories the labor item fluctuates from 30 per cent to 80 per cent of the entire inventory value, depending on the number of copies in an edition.

Second. As shown in the tables, wages in Germany are from 20 per cent to 30 per cent of the American wages, while wages in Great Britain are from 50 per cent to 70 per cent of American wages. In our illustrations we base our estimates on wages at 33½ per cent of American wages.

Third. In our estimate we have based the values of merchandise used at the same figures in the United States as abroad, although in reality these values throughout Europe are considerably less than in the United States.

Fourth. In making allowance for cost of transportation, insurance, and interest on the capital invested during transit, we have allowed but 2½ per cent on the inventory value, which experience demonstrates to be a low estimate.

Illustration No. 1.

On an inventory of \$1,000, where the labor value is 75 per cent of the total, the laid-down value of this inventory is:

Original inventory.....	\$1,000
25 per cent duty.....	250
Interest and transportation charges.....	25
Total present laid-down value.....	1,275

If produced in the United States at wages three times as great as covered by the inventory on an inventory consisting of 75 per cent labor and 25 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock	\$250
Labor	2, 250
<hr/>	
Total present laid-down value, American manufacture.....	2, 500

If a tariff of 75 per cent, as proposed, prevailed, the conditions would be as follows:

Original inventory.....	\$1, 000
75 per cent duty.....	750
Interest and transportation charges.....	25
<hr/>	
Total proposed laid-down value of \$1,000 inventory.....	1, 775.

Illustration No. 2.

On an inventory of \$1,000, where the labor value is 50 per cent of the total, the laid-down value of \$1,000 inventory is \$1,275.

If produced in the United States, at wages three times as great as covered by the inventory value, consisting of 50 per cent labor and 50 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock.....	\$500
Labor	1, 500
<hr/>	
Total present laid-down value, American manufacture.....	2, 000

If a tariff of 75 per cent prevailed, the total laid-down value of the \$1,000 inventory would be \$1,775.

Illustration No. 3.

On an inventory of \$1,000, where the labor value is 25 per cent of the total, the laid-down value of \$1,000 inventory is \$1,275.

If produced in the United States at wages three times as great as covered by the inventory, value on an inventory consisting of 25 per cent labor and 75 per cent merchandise stock, the laid-down value of the \$1,000 inventory is:

Merchandise stock	\$750
Labor	750
<hr/>	

Total present laid-down value, American manufacture..... 1, 500

If a tariff of 75 per cent prevailed, the total present laid-down value on this inventory would be \$1,775.

Conclusion.

From the above tables it is apparent that with a tariff of 75 per cent the merchandise stock values of the average inventory would have to be in excess of one-half of the total inventory before the American manufacturer would be able to deliver the goods at a price equal to the price quoted by the foreign manufacturer.

WILLIAM PARKER CUTTER, REPRESENTING THE BOOK-BUYING COMMITTEE OF THE AMERICAN LIBRARY ASSOCIATION, ASKS THAT THERE BE NO CHANGE IN BOOK SCHEDULES.

SATURDAY, *November 21, 1908.*

The CHAIRMAN. Do you want to submit something now, or to complete what has been said?

Mr. CUTTER. I want to be heard in opposition to any change in the free list of books, in behalf of libraries.

The CHAIRMAN. Have you a printed brief?

Mr. CUTTER. No, sir; but I have some remarks in notes here.

The CHAIRMAN. A written or a printed brief?

Mr. CUTTER. I have a written brief. I will be very glad to submit this in written form and to read only one or two extracts from it, with your permission.

There are two reasons why I wish, on behalf of the libraries of this country, to protest against any curtailment of the privilege of importation free of duty books for public libraries. The first is that such action as I suggest is for the good of the whole people of the United States. The institutions to be benefited are such as have been established solely for the intellectual uplifting of our race. They are not institutions conducted for profit, but on the contrary they are often hampered for funds, and their usefulness is impaired by a lack of financial resources.

The other point is in regard to protection for the American printer, which I believe is the basis of the argument of the printer for removing that privilege from the free list. I have brought some figures here from my own library, from my own experience, in which I have attempted to estimate the amount of protection that would be accorded to the American printer by the putting books that we import free on the dutiable list. During the last fiscal year the total importations were about six and one-half millions of dollars, or about 2.7 per cent of the total books in the country produced or imported. The duties from importations were about 1.4 per cent of the total. The wages paid for the production of the articles were \$49,000,000, or about 20 per cent of the value of the finished, manufactured, or printed article. The wage cost of the imported article if printed in the United States, therefore, would on this basis be 20 per cent of the cost of the manufacture, which is about 25 per cent of the publisher's wholesale price, or would be 5 per cent of the importation value. That is the wage value of the books that we buy. On the duty-free importations it would be \$168,759, whereas the duty, if paid, would be \$843,795. In other words, our friends, the printers, are asking the public institutions of this country to tax themselves \$25 for every \$5 of protection.

As I have already pointed out to you, public libraries are importing only about a quarter of a million dollars of books currently printed, from all sources, per annum, and of these only \$100,000 worth, those printed in English, would probably be printed in this country. I took my bills for the last four years and checked off those which by any

possibility would be ever printed in this country commercially. These would cost the manufacturer \$20,000, and the wage-earner's share would be \$5,000. I submit it is not right to ask this committee to change that item in the free list so that 188,000 printers could get \$5,000.

Mr. CRUMPACKER. Do you know of anyone advocating the imposition of a duty on foreign books imported for public libraries?

Mr. CUTTER. I understood from the newspaper reports that such a thing would be advocated before the committee. (See p. 1062, where New York Typothetæ advocate this.)

The CHAIRMAN. What paragraph is that?

Mr. CUTTER. 503.

The CHAIRMAN. The contention is simply with reference to rebound books, is it not?

Mr. CUTTER. No, sir; but I can speak of that subject also.

The CHAIRMAN. The complaint is made that the public libraries are taking advantage of this paragraph to have books rebound in Europe and brought in here in order to save the expense on binding?

Mr. CUTTER. No, sir; I am doing that myself. That is not the reason. We can not get the work done in this country as well. We have tried.

The CHAIRMAN. But that is the complaint, and that is what you are contending against?

Mr. CUTTER. Yes, sir; I am contending against that complaint simply because we have tried, gentlemen, to get that work done, and can not have it done as well here.

Mr. GAINES. That work is what?

Mr. CUTTER. Rebinding books, so that they can be circulated from 100 to 150 times. We have not been able to have it done satisfactorily here.

Mr. GAINES. What peculiar character of binding is that which can not be done in this country?

Mr. CUTTER. We can not make the binders understand what we want. It is a different kind of binding. A man has a method of sewing which is not used by anyone else in this country.

Mr. BOUTELL. What would be the effect of admitting free all books of foreign authors printed abroad, and in ordinary binding?

Mr. CUTTER. It would be the best thing, sir, I think, for the people of this country, speaking from the intellectual standpoint, that could be. It would make books very much cheaper.

Mr. BOUTELL. Have you figured out that it would be a great loss to anybody?

Mr. CUTTER. I do think it would.

Mr. CRUMPACKER. Would it not affect the interests of printers in this country?

Mr. CUTTER. Yes, sir; I do think it would. It would much more seriously affect publishers, who are only middlemen selling manufactured articles.

WILLIAM PARKER CUTTER, REPRESENTING AMERICAN LIBRARY ASSOCIATION, ASKS THAT THERE BE NO CURTAILMENT OF DUTY-FREE IMPORTATIONS OF BOOKS.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

Mr. Chairman and gentlemen of the committee, I appear before you as the representative of the American Library Association, an organization having 2,000 members, and the only organization which can speak for the libraries of this country. I may say, therefore, that I am here to speak for 6,000 libraries, containing 60,000,000 volumes, adding yearly 3,000,000 volumes, and expending yearly \$10,000,000. Through these libraries, I may fairly claim to represent a majority of the reading public in the United States.

I am here to protest against any curtailment of the privilege of duty-free importation which these institutions have enjoyed for so many years. I am here to advocate the inclusion in any bill you may recommend of a clause or paragraph similar to that in the existing law, allowing of duty-free importation of printed matter for the use of such libraries, educational institutions, and societies, and would suggest, if any amendment is made of existing law, such amendment should be in the line of extending the privilege rather than of curtailing it.

There are two reasons why I urge your committee to this action. The first is fundamental. It is because such action as I suggest is for the good of the whole people of the United States; the institutions to be benefited are such as have been established solely for the intellectual uplifting of our race; they are not institutions conducted for commercial profit, but, on the contrary, are often hampered for funds and their usefulness impaired by lack of financial resources. Any help that can be given to them by this Government is helping the education of the citizen, on whose intelligence our prosperity as a nation and a republic must depend.

And, statements to the contrary notwithstanding, the loss of revenue to the Government is slight compared with the benefit conferred. The total imports of books and other printed matter into the ports of the United States during the fiscal year ended July 30 was valued at \$6,541,309, and of this material, \$3,379,182 was imported free of duty. The material allowed free entry is of three classes. First, books wholly in foreign languages; second, books in English which have been printed twenty years; third, books imported for the use of the United States, the Library of Congress, and for use by libraries, educational institutions, and societies of a literary and scientific character. It is my opinion that the importation of books in foreign languages and of books printed previous to 1888 make up 90 per cent of the total of duty-free importations. I may be wrong, but that is my impression after fifteen years' experience. I can confidently say that the total importation of new books in English by libraries does not exceed a quarter million dollars per year. On these, the duty would amount to about \$62,500.

Now, as to the protection for the American workman, for we all want to protect him, if we do no great wrong to other interests.

Of the total imports of books during the past fiscal year, \$3,379,182 were admitted free of duty. Under the existing law, three classes of books may be imported duty free: Books in foreign languages, books which have been printed twenty years, books for libraries and educational institutions. Neither of the first two classes would naturally be printed to any great extent by American workmen, and there would, from the protective standpoint, be no reason for putting a duty on them. Of books printed in the English language since 1888, libraries and public institutions are the sole duty-free importers. I do not believe, after fifteen years' experience, that of these over a quarter of million dollars' worth are imported every year. Of these, from their very nature, few would be reprinted in this country. I do not believe that \$100,000 worth would be so reprinted. The cost of manufacturing a book is about 20 per cent of its net selling price, and the cost of the labor involved is little more than 5 per cent.

According to the census of 1905 (Bulletin 79, published in 1907), the total product of the book and job printing establishments in this country was \$233,230,842. The total importations were \$6,451,309, or 2.76 per cent of the total books in the country. The duty-free importations were about 1.4 per cent of the total. The wages paid for the production of these articles in the United States were \$49,061,030, or about 20 per cent of the value of the printed article. The wage cost of the imported article, if printed in the United States, therefore, would on this basis be 20 per cent of the cost of the manufacture, which is about 25 per cent of the publisher's wholesale price, or would be 5 per cent of the importation value. On the duty-free importations it would be \$168,759, whereas the duty, if paid, would be \$843,795. In other words, our friends the printers are asking the public institutions of this country to tax themselves \$25 for every \$5 of protection. As I have already pointed out to you, public libraries are importing only about a quarter of a million dollars of English books currently printed, and of these only \$100,000 worth would probably be printed in this country. These would cost to manufacture \$25,000, and the wage-earners' share of this would be \$5,000. It is to afford this protection that you are asked to tax the educational institutions of this country.

Who gets the protection if the printer, binder, and color printer does not? Let me point out that the duty of 25 per cent is greater than the cost of manufacture of the book in this country. It is over 100 per cent of the cost of manufacture. Who is protected? As usual, the middleman. The publisher pays only 2 or 3 per cent of his selling price in greater wages for American workmen, and wishes to pocket the other 20 or more per cent himself.

As I have above stated, the duty that would be levied on new English books imported by libraries would amount, on those books that would be reprinted in this country, to \$25,000. Were this the only result of abolishing the privilege of free entry, I should be less insistent on having that privilege retained. But it is the smallest part of the result.

The true inwardness of the arguments for doing away with free importation lies in an attempt on the part of a few firms in New York City to gain for themselves an absolute control of the price at

which a book may be sold or imported. I hesitate to use your time to explain a history of this attempt, but it is necessary to understand the real reason back of the attack on free importation.

I shall therefore read you certain documents which are pertinent. I am quoting from a decision of Justice Dowlin of the supreme court of the State of New York, rendered November 19, 1907, in the case of Isidor Straus, and another against American Publishers' Association and others. I am reading the findings of the law.

1. That the agreements and resolutions of the two associations (The American Publishers' Association and The American Booksellers' Association) and their respective members were intended to and did prevent competition in the supply of books, copyrighted and uncopyrighted, from the 1st day of May, 1901, to and including the 1st day of April, 1904.

2. That such agreements and resolutions were unlawful and contrary to the laws of 1899, chapter 690, so far as they related to uncopyrighted books.

3. That such agreements and resolutions of the two associations and their respective members, so far as they related to uncopyrighted books, constituted an unlawful agreement, arrangement, and combination whereby a monopoly in the manufacture, production, and sale in this State of an article or commodity of common use was or may have been created, established, and maintained.

The American Publishers' Association and the American Booksellers' Association, controlling over 90 per cent of the trade in books, therefore, were engaged for three years in an unlawful combination to control the price of a commodity.

It will be noted that copyrighted books are excepted from this decision. But in this particular we have a final opinion. The case of Bobbs-Merrill versus Straus was decided by the Supreme Court of the United States during the present year. It hinged on the right to control prices of copyright books, and it was in effect decided that the copyright laws gave no such right.

For two years the publishers have sought to have introduced in a new copyright bill such phraseology as will confirm them absolutely in their control of prices. They have sought to prohibit libraries from importing foreign editions of books copyrighted in this country; they invented many combinations of words to effect this; but they have signally failed to convince the committees on patents that such action was wise.

Now, when they are not able to accomplish the result through the copyright committee, they ask you to enact legislation giving this monopoly to them. They have successively used the retail bookseller and the author as a catspaw; now it is the printer.

They wish to make us pay duty because we have been able to prevent the increase in the price of books by the competition of English editions. Of one of these houses, and one of the most prominent, the majority of the books they sell are noncopyrighted books, printed in England, and having a new title-page with a New York imprint. I am credibly informed that these books are imported in sheets and the duty paid only on the manufactured value in this form, i. e., on a book to be sold at \$2 the invoice value is only 16 cents, the duty 4 cents, or only 2 per cent of the publisher's selling price.

I have yet to learn that the printers or the author benefit by any increase of price. Indeed, I am credibly informed that the chief publishing houses of New York City are now nonunion shops, and that the publishers with whom some of us have had to do are the most strenuous fighters of the unions. I have yet to learn that as a

result of this system the retail dealers in books achieved sudden wealth. Almost any dealer will tell you that there is little money in the new book business.

Now, you are asked to curtail our privilege of importation, not that the American workman can get more work or more wages, not that the author may receive greater remuneration for his work, but that a small group of publishers in New York City may be able to raise the price of books, most of them books first published in England, and the public libraries must be at their mercy.

It has been repeatedly stated in the public press and in hearings before committees of Congress that duty-free importation of books for public libraries was injected into the international copyright bill of 1891 during the very last hours of the session. If you will examine the edition of the Revised Statutes of the United States printed in 1878 you will find this provision in the free list under section 2505. I hope when I file papers with this committee to show that it was adopted much earlier, although I suppose your committee have this information already.

This group of publishers has made attempts to gain the control of prices through suits in the courts of the United States; they failed. They tried and are trying to convince the Committee on Patents of the Senate and House that control should be given by prohibition of importation; they have failed; now they come to you with a proposition to tax our educational institutions for their benefit. I am confident you will not listen to them. I am confident that you will support us in our contention.

**DANIEL S. BRASSIL, 41 ELIZABETH STREET, NEW YORK CITY,
REPRESENTING THE EMPLOYING BOOKBINDERS' ASSOCIATION,
ASKS PROTECTION FOR BOOKBINDERS.**

SATURDAY, *November 21, 1908.*

Mr. BRASSIL. Mr. Chairman and gentlemen, I wish to inform you that I represent the Employing Bookbinders' Association of New York. It is an organization that consists of nearly all the large binders of the city and many of the small ones, and we come before you to ask that you rectify a few clauses that are, to our minds, now wrong; that is, by amending sections 501, 502, and 503, and either amending section 403 or making a new paragraph.

I also wish to state that I do not conduct an extra bindery. I am what is known as an "edition binder," and I am therefore making this plea for no selfish reasons, but for the protection of a branch of the trade that is fast dying out.

Mr. HILL. What paragraphs do you want amended?

Mr. BRASSIL. Paragraph 501; that is, the free list.

Mr. HILL. Yes.

Mr. BRASSIL. Five hundred and two and 503; and we want to amend section 403 or make a new paragraph. Some few years ago it could honestly be said that the art of bookbinding, extra binding, was growing in this country, and book collectors knew that it was possible to get a book bound as well here as it could be done in Europe, and they were giving orders to the American binder and the American binder was beginning to show progress. A number of the different binders

apprenticed boys and they had grown and were acquiring a knowledge of the trade. They also had employed men who came from other countries, notably England and Scotland and Germany, and were getting the benefit of their knowledge in the artistic binding. A few months ago, during the investigation of the copyright bill, Mr. George Hayden Putnam came before the committee on the copyright matter and made the statement that it was necessary for American publishers to send abroad when they wanted fine bindings; that it was practically impossible to get work done as well in this country as it was on the other side. That statement is not literally true, but it is fast becoming so, and it is only a question of time when it will be if the present tariff measure is allowed to remain as it is now. In the city of New York, taking into calculation all the towns and cities that now comprise the greater city, the population increased from 3,000,000 in 1892 to 4,500,000, estimated, at the present time, and during that same period the art of extra binding has not increased. The actual facts are that of 8 binders who started in business since 1900, all of them have made failures, and two who were in business prior to 1900 have failed, showing that the art is fast dying out. On a visit made a few years ago by one of the binders of New York City to London he visited a bindery conducted by Revere & Son and there he found employed 24 finishers.

The CHAIRMAN. What you want added to paragraph 501 is that books that have been printed and bound more than twenty years can not be rebound abroad and sent back into the United States, is it not?

Mr. BRASSIL. That is one of the things I want.

The CHAIRMAN. That is what you want added to paragraph 501?

Mr. BRASSIL. Yes.

The CHAIRMAN. That they must have been printed and bound more than twenty years at the date of importation when used by public libraries?

Mr. BRASSIL. Not for public libraries at all.

Mr. CLARK. What difference does the age of the book make?

Mr. BRASSIL. What difference does the age make?

Mr. CLARK. Yes; to the man who wants to use the book?

Mr. BRASSIL. We have no objection to a book being brought in here that is twenty years of age, bound. We have no objection to the age of a book.

The CHAIRMAN. It does not make any difference to the man who uses the book, but you do think it makes a difference to the men who want to bind books in this country?

Mr. BRASSIL. We think that a man may bring books into this country fifty or a hundred years old, but if he brings in those books and then sends them over to England or France and has them rebound and brought back here free, depriving the American laborer of the work he should have, that is wrong.

Mr. CLARK. What does a man want to do that for?

Mr. BRASSIL. I was coming to that a little later on in this discussion.

Mr. CLARK. I would like to have you explain that.

Mr. BRASSIL. I will get around to it, if you do not mind, later. I want to tell you, however, that in the city of London, where one of the large binders was doing considerable work for American publishers, this New York binder found that he had 24 finishers at work,

working overtime on work that was intended for the American public. It is safe to say that there were not 24 finishers employed at that time by all the extra binders of New York City.

Mr. HILL. Will you not kindly, for my personal benefit, state precisely what changes you want, and then make your argument later?

Mr. BRASSIL. Yes; I will do anything. I will do that gladly. The amendments I propose are as follows:

Section 501, by inserting the words "and bound" after the word "printed" making it read, "which shall have been printed and bound more than twenty years at date of importation."

Mr. HILL. That is all right. Now give me the next one.

Mr. CLARK. Now, Mr. Witness, suppose you take a brand new book and rip the binding off of it, and then take a book that is more than twenty years old and rip the binding off, and suppose the man that owned both books wanted the same kind of bindings on them, what difference would it make about the age of the book?

Mr. BRASSIL. If those two books are bound in the United States, we have no objection to it; but we do desire that a man should not be allowed to send a book abroad for rebinding and have it come in free, because the sheets, the inside, happened to be 20 years old. The new book, the new sheets that you speak of, would go over and come back and pay 25 per cent duty. Why should not the old?

Mr. CLARK. Why should either one of them?

Mr. BRASSIL. When Congress passed this law—

Mr. CLARK. Why should either one? It is a tax on knowledge and intelligence.

Mr. BRASSIL. No, sir; it is not a tax on knowledge and intelligence.

Mr. CLARK. Let me ask you one thing; it is just as easy to ask it here as it is when you get further along.

Mr. BRASSIL. Yes, sir.

Mr. CLARK. All these fine bindings you speak of, extraordinarily fine bindings, are for a lot of fellows that do not care a thing about the inside of the book, but who want them simply for the looks, to put them in their bookcases. A man that really uses books wants simply a substantial binding on them, and what he wants is good muslin or sheep, or something of that sort.

Mr. BRASSIL. But why should not that man who wants to put a book on his book shelves and show it to his friends and have them admire it pay for the binding of it in America?

Mr. CLARK. He should.

Mr. BRASSIL. That is all I want.

Mr. CLARK. And there is no reason why he should not be made to pay and read the books, too.

Mr. BRASSIL. Yes. If it is not taking too much of the time of the committee, I would like to tell you a little instance that shows what people with money will do.

Mr. HILL. Will you not give us the rest of your suggested amendments?

Mr. BRASSIL. Yes, sir. I will give you all of them:

Section 501, by inserting the words "and bound," after the word "printed," making it read, "which shall have been printed and bound more than twenty years at date of importation.

Amend section 502 by inserting, after the word "pamphlets," "bound in cloth or paper covers."

Amend section 503 by inserting, after the word "books," "not bound wholly or in part in leather."

Amend section 403 by making a new paragraph to read as follows: "Books bound wholly or in part in leather, not including blank books, fifty per centum ad valorem." And have this paragraph precede section 403.

Mr. HILL. Now I understand it.

Mr. BRASSIL. Can I go on and tell this little incident for the benefit of our friend, Congressman Clark? A large publisher of New York called me up in my office and asked me what I would charge for cutting 45 books that were bound in leather $2\frac{1}{2}$ inches from the back. That meant, the books being 12mo., that they were to be cut down right in the center, and the books were bound in half levant, and they were to be cut through the center like that [indicating]. It broke my heart to do it, and why the woman could not have had dummies made instead of having them cut in that way in order to go into a bookcase I do not know. That shows what people will do when it comes to art binding, when they have the money.

Mr. UNDERWOOD. Do you mean that they wanted you to cut the whole book half in two?

Mr. BRASSIL. I mean that that lady asked me to cut that book in two, $2\frac{1}{2}$ inches from the back. I did it, no matter how much I disliked it. I cut those books down through the center. There were 45 volumes bound by Houghton, Mifflin & Co. They were Holmes and Longfellow.

Mr. UNDERWOOD. Why did they not have the shelves enlarged?

Mr. BRASSIL. I do not know. The shelf was too narrow, I suppose. This woman had some money.

Mr. CLARK. What she needed was an alienist.

Mr. BRASSIL. Yes, or to be put in an asylum, one or the other. Section 501 admits, free of duty, bound or unbound, books that have been printed more than twenty years. I have no doubt, and I believe you gentlemen will bear me out, that when that law was made, by a book printed more than twenty years Congress meant the book printed and bound, realizing that to make a book it was necessary to have the book bound, else it would not be a book bound. A thing is not a "book bound" unless it has a cover on it. If it is a book unbound, it is specifically mentioned in the paragraph. A "book bound," which is also mentioned in the section, meant a book with a cover. Therefore when the court, with all due respect to their decision, decided in 1902 that a book, bound—it did not make any difference whether it had a rebinding or not—was intended to come in free according to the law, we think that was unjust. A book when coming in here twenty years old, including the cover, we have no objection to at all. We do not object to having books come in in that way. We know they do come in in thousands. But we do object to having publishers send over their agents to the other side, and having them collect sets or old copies of books, and sending them to London, or Paris, or some other foreign city to be rebound in extra bindings and then sent to this country. Why do we object to that? As I say, the American workman, and that question has been thrashed out here so often, receives more money than the foreigner. Our American labor scale, for a finisher, for instance, calls for \$24 a week. In other branches they get \$18 per week. We pay in this

particular branch from \$20 to \$30 per week, and on the other side the men working at the same grade are receiving from \$7.50 to \$12 per week. I believe in making that statement that I have allowed in favor of the foreigner. I believe, because I have been told, not having personal experience in the matter, that a manager in a large bindery in London received \$11.50, and that he was the only one being paid that salary, whereas I am allowing that the foreigner receives \$12, a high-priced man. This makes a difference of little over twice the amount, and as the American is able to do more work than the foreigner, we claim that there is actually twice the difference. A large majority of the books that are bound by the American art binder are bound in imported leathers. For instance, that book there is bound in imported leather. On that imported leather he is compelled to pay a duty of 20 per cent. The papers that go on the inside of that book he pays a duty on of 2½ cents a pound and 15 per cent, and on some paper 2½ cents a pound and 35 per cent. On manufactured silk that also goes into the manufacture of books of that kind he pays a duty of 50 per cent.

Mr. CLARK. How much?

Mr. BRASSIL. On the manufactured silk, under section 391.

Mr. CLARK. Suppose this committee and Congress should take a notion to cut down all this tariff one-half, would you still want this raise?

Mr. BRASSIL. Yes, sir. That is unkind of me, is it not? You say cut it down one-half?

Mr. CLARK. I was just putting a hypothetical case. I do not think it is going to happen.

Mr. BRASSIL. I think when I finish you will agree with me in what I am going to say. All these items go into the manufacture of an extra-bound book. The American is obliged to pay duty on these articles, whereas if a book has been bound by a foreigner on the other side and it comes to this port, it is allowed to enter this country without paying duty. The American workman is being taxed for the material that goes into the manufacture of the book. The book comes to our door, and it is allowed to come in free. We maintain that that is not right; that is not fair to the American workman. We maintain that that is an injustice to the American workman; that on account of his being an American he is being taxed. The foreigner sends the book in free. We request, therefore, that you amend that section to put the American in a position where he can be able to compete with the foreigner, not only by removing the duty that is on this material, because that would not be sufficient, as the wages are double in America what they are on the other side—

Mr. GAINES. A former witness here indicated that it was not a question of price, but said that he could not get the American book-binder to understand what he meant. How about that?

Mr. BRASSIL. I, unfortunately, was not present; but I read Mr. George Hayden Putnam's testimony on the copyright bill, and while his intimation is that it is necessary to send abroad for fine bindings, there is a sample done by a New York binder which you can look at for yourselves.

(Mr. Brassil here exhibited the book referred to to the committee.) Ordinarily at book sales a few years ago we would find advertised the name of Macdonald, or some other binder, as having bound

a particular book that was for sale at the book sale that was to take place. I personally have seen books three copies of which cost a thousand dollars each for binding—copies of *Evangeline*. The set of 130 volumes of Dickens that was purchased by J. Pierpont Morgan for \$130,000 was bound by an American. So that it is not a question of the American being able to do the work to-day. I say we have some men here who are teachers to-day. But if we continue to allow books to come in free, the workmen are being lost and we are going to continue to lose them. They are seeking employment in other lines. I was talking a short time ago with a representative of the union. He informed me that during the past year his average wage was \$10 per week. I talked with an employer, an exceptional art binder, and he told me that that man was one of the best men in his line, that he was an honest, competent workman, and he averaged \$10 per week. I also learned that since 1900 one-half of the binders, the men who actually perform the fine work, have been dropped from the union. They have sought employment along other lines. The statement that I have made, that of eight men who started in business since 1900 all of them made failures, shows that. Two men in business prior to that time have made failures. That is additional proof that the art is dying out. Why do we need protection? You charge all these men higher prices, on account of the tariff, for what they use. This country is recognized as a protectionist country, and the present tariff law was promulgated principally for the protection of the American workmen, and why, then, should you put in these clauses prohibiting men from getting employment when you compel them to pay protection prices on the necessities of life? You should not do that. You should not put on the free list sufficient in books alone to amount to \$3,000,000 a year. You tax these men who work, who are going out and trying to support their families, on everything they use. How can they pay these taxes, and still you put on this vast amount on the free list?

Mr. CLARK. If this additional tariff was put on, would the owners of these bookbinderies be willing to give all the tariff to increase the wages of the laborers?

Mr. BRASSIL. You have been asked so often to repeat questions that I do not like to ask you.

Mr. CLARK. If there is an additional tariff levied, would these proprietors of the bookbinderies be willing to give the entire increase of the tariff to the laborers as wages?

Mr. BRASSIL. The increase?

Mr. CLARK. Yes.

Mr. BRASSIL. The employees are already being paid 100 per cent more than that received by the foreigner in the same class, and as we are asking but 50 per cent, the laborer is and has been receiving the full increase for which we ask, and it is because of this that we are unable to compete with the foreigner. If it were not for the fact that we are paying more than double the wages we would not be obliged to ask that you make a new paragraph which will protect us on books that will not be allowed to come in free under section 501. If you amend the present section by inserting the words "and bound" after the word "printed;" not under section 502, by inserting "bound in cloth or paper covers" after the word "pamphlets;" nor under

section 503, by inserting the words "not bound wholly or in part in leather," after the word "books."

Mr. CLARK. This tariff, you say, is for the benefit of the laborer.

Mr. BRASSIL. We are not willing to give the entire increase of the tariff.

Mr. CLARK. If it is a question of wages, why is not the laborer entitled to the entire increase in the tariff?

Mr. BRASSIL. Because to-day, if the binder was to give all the increased tariff to the laborer, he would be conducting his business at a loss, the same as he would be to-day if he was binding at the present prices. We must divide. We will give some of the benefit that is derived from the increase in the way of giving wages to the men. A man that is earning \$10 a week, it would put his wages up to \$20. We would give him work so that he could earn \$20 and \$27 instead of \$10.

Mr. CLARK. Why did he only earn \$10 a week?

Mr. BRASSIL. Because he did not have the work to perform. He would earn from \$20 to \$27 if he had the work.

Mr. CLARK. I do not know what your theory is, but your statement is that the reason you want this done is to increase the wages of American laborers. If that is the reason for the increase in the tariff, the laborer ought to get the whole of the tariff and it ought not to go to the proprietor of the establishment at all.

Mr. BRASSIL. You have put that in such a way that it would be misleading if I were to make a statement and answer yes or no; but in giving an explanation I can answer correctly so that it would not be misunderstood. I will not give all of the increase to the men who work. The increase would enable me to give the men better pay than they are getting to-day, inasmuch as instead of loafing part of their time they would have steady work.

Mr. CLARK. It would not cost you anything, though, would it?

Mr. BRASSIL. Wait a while, now. I must conduct my business. A portion of that must go to the expense of conducting that business. If I perform a thousand dollars' worth of work it costs me a certain percentage, and if I perform ten thousand dollars' worth of work it costs me practically ten times as much as for one thousand dollars' worth. Therefore a portion would go to the operating of the business and a portion to the wages, and a portion of it would go to the employer.

Mr. FORDNEY. Then you would have your investment in the machinery.

Mr. BRASSIL. There is not much investment in the way of machinery. I fancy that to-day very few art binders have \$5,000 invested in their plants. The principal thing is the tools, the fine hand tools.

Mr. HILL. You are entitled to an increase as much as the man who works for you, are you not?

Mr. BRASSIL. I do not know how that is. If I am conducting a business; yes, sir.

Mr. DALZELL. This purchase you speak of by Mr. Morgan, was the value of that purchase in the binding?

Mr. BRASSIL. No, sir.

Mr. DALZELL. What was it in?

Mr. BRASSIL. The value of that was in the illustrations, the illuminating and the binding. The binding probably cost \$150 per volume.

Mr. DALZELL. Per volume?

Mr. BRASSIL. Yes.

Mr. DALZELL. That was done in the United States?

Mr. BRASSIL. Yes, sir; in New York.

Mr. GAINES. Are these covers, such as this upon this book you have shown us, special designs, or are those designs conventionalized?

Mr. BRASSIL. That is a special design. At the suggestion of Mr. Little I am going to say to you what I was going to say later on. Under section 403 I was going to bring up the question as to why I would want an increase on the duty. There was one man who spent on the elaborating of that binding nine days. He received \$27 per week. That is practically \$40 that was paid for the actual labor on that cover.

As I say, on this book that man spent that much time—nine days—for which he was paid practically \$40. He worked nine days at \$27 per week. If that book were bound on the other side, as it is practically all hand work it is reasonable to assume that the Englishman—assuming it was bound in England—would bind it as quickly as it is bound in America, and as the Englishman receives at the extreme \$12 per week, he would bind it for a little less than \$20. That book was bound for \$50. The foreigner can sell it to an American for \$30. The American is compelled to ask \$50 for it. The difference is \$20. The American publisher gets the foreigner to bind the book at the price of \$30, and not the American at the price of \$50. That is a practical demonstration showing the actual cost. There you have the time that was actually spent in elaborating that book. You will notice that it is all inlaid. It is really a beautiful piece of work, and it is work of that kind with which we come in competition.

Mr. UNDERWOOD. About your wage scale. Who fixes your wage scale?

Mr. BRASSIL. In the extra binding, unfortunately—and I say unfortunately advisedly, too—we adopt the union scale and pay the union prices.

Mr. UNDERWOOD. Is that a reasonable scale?

Mr. BRASSIL. We pay more than the scale for any number of people employed. We have to pay the minimum price to people who are sometimes not worth the minimum price. In other words, for an artist, for a good man, a binder will not hesitate to pay more than the scale.

Mr. UNDERWOOD. Then, you think the scale is a reasonable scale, considering the cost of living in this country?

Mr. BRASSIL. Yes.

Mr. UNDERWOOD. And if you had enough work for these men to do under that scale, continuous employment, how much would a man make a month?

Mr. BRASSIL. As they would be paid from \$18 to \$30 per week, to multiply it is a simple matter.

Mr. UNDERWOOD. From \$18 to \$30 a week?

Mr. BRASSIL. Yes; \$18 to \$30.

Mr. UNDERWOOD. On the scale; that is according to the class of work they did?

Mr. BRASSIL. Yes, sir.

Mr. UNDERWOOD. If they had full time?

Mr. BRASSIL. If they had full time; yes, sir.

Mr. UNDERWOOD. The English scale is about \$7?

Mr. BRASSIL. \$7.50 to \$12 a week; and I have taken the extreme on that \$12.

Mr. UNDERWOOD. I just wanted to understand about that.

Mr. BRASSIL. Yes. So much in reference to section 501. Section 502 admits books or pamphlets printed in foreign languages free. We have no objection to books coming in here bound in cloth or paper covers. We realize that any number of poor people have immigrated to this country and are making their homes here, and we do not wish to deprive them of books cheaply obtained, printed in their own language, but we do object to having books come in bound in extra bindings, bound in leather. It is the man who sends abroad and who brings them in with him, a connoisseur, and wants something for his library who does that. There has been during the past ten years a growing number of French books imported, bound by the foreign binder, and that, we feel, you ought to give us protection against. It is a reasonable request. When we say that we are willing to have the books bound in cloth and paper come in free, you ought to protect us on the leather binding.

Under section 503, libraries, colleges, or any societies established for philosophical, educational, scientific, or literary purposes are allowed to enter two copies of a book in any one invoice free. When Congress passed this law it is safe to assume that they intended that libraries should be allowed to bring in two copies of any book that was published abroad for the purpose of giving general education to the people who are readers; but they did not intend that the library should be allowed to send to Europe books that needed rebinding, to be rebound, which they are doing to the extent of thousands of volumes every year. They are depriving workmen, from whom they derive their support in the way of taxes, of the means of earning their livelihood, by sending these books abroad. To my mind no public institution should be allowed to send work abroad for binding, depriving the American laborer of a means of earning a livelihood and maintaining himself. Public institutions are maintained by the community in which they exist, and the people of that community should be the ones to derive a support when they have any work to give out.

Mr. CLARK. Are there any libraries that are silly enough to send their books over there to have them bound at those extravagant figures?

Mr. BRASSIL. Not at those extravagant figures.

Mr. CLARK. Public libraries.

Mr. BRASSIL. Public libraries are sending books over to be bound, and because they have the privilege of bringing in two copies in any invoice free, they will send thousands of copies in one shipment, but only two of one title, and in the aggregate it amounts to thousands of volumes, although of a single title they have only two copies.

Mr. CLARK. Now, they do that so that it will save part of the cost of the labor. Do you suppose the Congressional Library is doing that?

Mr. BRASSIL. I do not believe it is. No, sir; I do not believe it is. I believe there is a good little establishment over here where they do some nice work; and they pay good prices, too.

Mr. FORDNEY. I understood you to say that that book cost \$50—that the work on it cost \$50?

Mr. BRASSIL. No, sir; the finishing alone, the elaborating, cost \$40.

Mr. FORDNEY. What would it cost abroad? Have you any idea?

Mr. BRASSIL. Yes, sir; \$20. I have specified that.

Mr. GAINES. Are volumes like that duplicated, or is there only one of those?

Mr. BRASSIL. That is one.

Mr. GAINES. That is—the work on that is put on something else?

Mr. BRASSIL. No, sir. An artist would design that, for instance. The binder may have an individuality about certain things, and you might be able to read his style of binding; and if you were to see one of his books among a dozen others, you would probably be able to pick it out; but there would be no two copies alike.

Mr. FORDNEY. Did I understand you to say that they could send only two books of one kind over?

Mr. BRASSIL. They can send only two copies of one book; but they can send, in the aggregate, thousands of volumes on one shipment.

Mr. FORDNEY. And they keep sending, time after time, those books until they get them all bound?

Mr. BRASSIL. Yes.

Mr. HILL. Do you mean to say that the educational institutions and colleges make a practice of sending their books abroad and having them bound, on the condition that they only bring two of a kind in a large shipment?

Mr. BRASSIL. Yes. I want to tell you this: In New York City to-day there is a binder who has an establishment in Bath, England, and he is getting books from libraries in New England and throughout this country, and shipping those books to England by the load—only two copies of a title in a load—and when he binds them over there he brings them back here, and they are admitted free.

The CHAIRMAN. Are there any further questions?

Mr. HILL. I should say that those three little words that are in the act—"in good faith"—were being violated, and those people were evading the customs.

Mr. BRASSIL. I have called upon the collector of the port of New York, and have called upon the appraisers in New York, and tried to show them where it was wrong, but they said "We are living by the spirit of the law. There is the law, and we can not do anything different."

Mr. CLARK. If we put in books bound in paper, muslin, and leather—plain sheep, for instance—and fix it so there would be no juggling about it—or bound in buckram—on the free list, would that satisfy you?

Mr. BRASSIL. Yes, sir; that is what I said here in my amendment.

Mr. CLARK. I know; but you confined it to those bound in paper.

Mr. BRASSIL. No, sir. My amendment was to insert after the word "pamphlets" the words "bound in cloth or paper covers." That takes in books bound in any style of cloth, buckram, and muslin. Then come pamphlets.

Mr. CLARK. Yes; I understand. Take plain sheep, for instance.

Mr. BRASSIL. Plain sheep? I believe you have a very small portion of books that come in foreign languages bound in plain sheep.

Mr. CLARK. Foreign languages?

Mr. BRASSIL. This is referring to foreign languages.

Mr. CLARK. Do you not think the tariff ought to be taken off of all books?

Mr. BRASSIL. No, sir; I do not.

Mr. CLARK. Except these fancy books, which would be used by a very small class of very rich people who care more for the bindings than the books? I am talking about the books that book lovers and book users want, the kind of books that the average citizen would read—a good copy of Dickens or Scott or Smollett, or any of the rest of them—bound in plain sheep. Using the word “plain,” I do not know the technicalities of the bookbinding business, but I know that that would be a combination of words that a revenue collector ought to be able to construe.

Mr. BRASSIL. The words “bound in plain sheep” eliminate so many other different styles that the collector would only be placing them under one specific thing.

Mr. CLARK. What I was trying to get at was to get cheap books for the bulk of the American people.

Mr. BRASSIL. Yes.

Mr. CLARK. That is, I was just making a compromise proposition.

Mr. BRASSIL. We have no objection to your bringing in the books that are bound in that way for the poor people and the working people.

Mr. CLARK. I am a workingman, and I like to have good books myself. I would not spend money on fancy covers, though.

Mr. BRASSIL. Yes; and being a workingman, is not a well-bound cloth book good enough for an ordinary library?

Mr. CLARK. Yes; for certain classes of books. My experience is that the ordinary sized volume is just as good bound in the ordinary cloth binding as it is in leather.

Mr. BRASSIL. Yes.

Mr. CLARK. But if you take a very heavy book, I do not think it is.

Mr. BRASSIL. Bind it in buckram and it will be.

Mr. CLARK. Perhaps buckram may be as good as leather.

Mr. BRASSIL. Yes.

Mr. CLARK. I have noted this. You take these encyclopedias, for instance, and I have noticed always that where they were bound in cloth they were soon shaken out of shape. I do not believe that a book as big as Webster's Dictionary would be worth carrying home, hardly, if it was bound in cloth.

Mr. BRASSIL. The style in cover is on the outside. That did not add one iota of strength to the inside of that book. That was the manner in which the book was bound on the inside of the cover, not the outside at all. If that cloth or leather book had been properly handled, and if the publishers had paid the proper price for it, it would have been bound strong enough so that it would not wobble. The trouble is with the binding on the inside.

The CHAIRMAN. That is all.

Mr. BRASSIL. No, sir; that is not all for me.

The CHAIRMAN. Well, it is getting to be laughable.

Mr. BRASSIL. No, sir; it is not laughable for me at all.

The CHAIRMAN. These conversations are becoming laughable.

Mr. BRASSIL. That is not all for me. I have spoken about sections 501, 502, and 503. Now I want to talk on section 403, these books, that are charged for at the rate of 25 per cent ad valorem. We ask that you amend that section by making a new paragraph, making it read "Books bound wholly or in part in leather, not including blank books, fifty per centum ad valorem."

Mr. GRIGGS. What is the duty now?

Mr. BRASSIL. Twenty-five per cent ad valorem. We are giving freedom to all classes of books except the extra-bound book, the book that is bound in leather, wholly or in part. We are not asking for a duty or an increase on blank books or any kind of printed matter that is bound in paper, but when it comes to those bound wholly or in part in leather, we are asking for that, and in behalf of the American workingman and in behalf of an industry that is fast dying out in this country. We feel that on account of the competition which we are having publishers are sending annually thousands and thousands of books abroad to be bound and that has been increasing yearly. They have been sending them to Europe and having them bound over there and brought in here, and they do not give the benefit of the difference in price to the buyer. No; they keep that as additional profits, and they are depriving the American workmen of his means of livelihood. They are compelling men to work half the time instead of all the time.

I have here an illustration. I want to have you gentlemen look at those books [exhibiting two books to the committee]. One of those was bound by an English concern and the other was bound by an American to imitate or match the English-bound book. The English book was bound for \$1.08. The American was obliged to ask \$1.75. The American's material cost 40 cents and the American's labor cost 80 cents. The material in that averaged 30 per cent duty, which the American had to pay. It consequently put the Englishman's book at a price for material of 30 cents, and his labor being only half of the price of the American's labor, it put it at 40 cents, so that for 70 cents he was able to get his material and his labor on a book on which the American was obliged to pay 40 cents for the material and 80 cents for the labor, or \$1.20. That is practically a difference of 50 cents. The American could bind the book for \$1.75 and the Englishman for \$1.08. Now, are we justified in asking for protection? I maintain we are, on that section, and I sincerely hope, gentlemen, that after this little talk and the demonstration which I have given to you, you will comply with our request.

Mr. GRIGGS. Did you mean us to understand that one of these books was bound in America?

Mr. BRASSIL. Yes, sir; one of them was bound in America.

Mr. GRIGGS. Did they take the name of some European firm?

Mr. BRASSIL. No, sir; not at all.

Mr. UNDERWOOD. They are English books and you took the cover off of one of them and bound it here?

Mr. BRASSIL. Yes, sir.

GEORGE ROGERS, BROOKLYN, N. Y., REPRESENTING THE INTERNATIONAL BROTHERHOOD OF BOOKBINDERS, CLAIMS THAT BOOKBINDERS HAVE PRACTICALLY NO PROTECTION.

SATURDAY, *November 21, 1908.*

Mr. Chairman and gentlemen, I might say here that I represent the International Brotherhood of Bookbinders, as a bookbinder. I appear here in behalf of the International Brotherhood of Bookbinders to make objection to three clauses in the tariff. In one clause it says that books over twenty years old shall come in free of duty, in another that all books in foreign languages shall come in free of duty, and in another that all books for educational purposes shall come in free of duty. You see, Mr. Chairman, we have no protection at all in the bookbinding business. These three things cover almost everything. All books over twenty years old come in free, all books in foreign languages come in free, and all books for educational purposes come in free of duty. That is the law as it stands to-day. Mr. Chairman, I will take three or four classes of bindings that come under that clause. I am only talking of bookbinding and how it affects the bookbinders of the United States. Take, first, the extra bindings, as they are called in the term of the trade here, which are good, honest leather bindings. By looking back for probably twenty years we will find that there are not one-sixth of the men employed in that business that there were twenty years ago.

The industry is dying down because our book lovers, our book publishers, and our booksellers send their books to England and France to have them done there, not because they can not have them done in the United States, but because they can have them done there cheaper; and I would like to call the attention of the gentlemen to that. In the first place, leather imported into this country for leather bindings pays the duty of 20 per cent. Papers vary from 25 to 35 per cent; binders' boards 25 per cent. I would like to call your attention to this point, that we have almost got to have the leather from England. They get almost all the raw material from England, more or less, and from France. There is a class of books sent over and done in what they call art binding and brought into this country by connoisseurs which they claim can not be done here; but, gentlemen, they go up there to an American binder and they ask him, "Here, how much will you take for that?" and when he tells them the price they say, "Oh, I can get that done in London or Paris for half that." There is a speculation attached to this. These rare books are worth money, and the older they get the more valuable they get, which you will readily see.

Six years ago my organization had more than twice the number of members we have to-day. Our membership has fallen away 50 per cent on that class of work, and we find there is more of that work being sold in America to-day than ever there has been, right through from the Atlantic to the Pacific coast. This country is flooded with that class of work; and I question very much if the purchaser of that class of work receives any benefit from it. I am rather afraid that the foreign book seller or publisher puts the price up according to the American price. From the basis of our organization I want to say to you that our minimum wages in New York City are \$18, \$20,

and \$24 a week. Those are our minimum wages in New York City. The minimum wages in London, according to the official report, are 35 shillings, and I can not give you the French wages officially, but I put it down at about 30 francs a week, and I am high when I say that. You can readily see that a book that it will take one hundred hours to bind in France or America will cost much less there. It takes one hundred hours in France and it will take one hundred hours here, or it will not take any more time here, and it will probably take less time. But think of the difference in wages.

Mr. UNDERWOOD. Were you born abroad?

Mr. ROGERS. Yes, sir.

Mr. UNDERWOOD. Were you educated in the business abroad?

Mr. ROGERS. Yes, sir.

Mr. UNDERWOOD. What is the difference in the cost of living in London and New York?

Mr. ROGERS. I beg pardon; did you say the cost of living?

Mr. UNDERWOOD. I asked, for men in your profession, what is the difference in the cost of living?

Mr. ROGERS. I have a room here which I could get for one-sixth as much there.

Mr. UNDERWOOD. I am trying to get at the basis of facts.

Mr. ROGERS. It is a long time since I lived there, and I probably could not give you what it is now. Everything is cheaper there than it is here.

Mr. UNDERWOOD. I understand that; but to live with the same degree of comfort that you have in New York, what would it cost you to live in London?

Mr. ROGERS. It takes all I can earn to keep me here, and I suppose it would do the same thing there.

Mr. UNDERWOOD. You mean if you got \$18 a week in London it would not be worth any more there than here?

Mr. ROGERS. Oh, yes; but what I mean is, when I work for \$18 or \$20 in Brooklyn I use it all in living, and if I got 30 shillings in London I would have to use it all.

Mr. UNDERWOOD. Suppose they protected everything here?

Mr. ROGERS. Naturally wages would go up, and they would go up there, too.

Mr. UNDERWOOD. You are not interested in the citrus-fruit growers?

Mr. ROGERS. No, sir. I am interested in books.

Mr. UNDERWOOD. You do not care whether they have any protection or not?

Mr. ROGERS. Oh, yes, I do; I beg your pardon. I do not ask you gentlemen to take the duty off of raw material. I want to allow these people to have some protection, too; but I want you to give me some. I have absolutely none.

Mr. UNDERWOOD. If nobody else had any, would you want any?

Mr. ROGERS. No, sir. If you put me on a free-trade basis, where I can live cheaper, what is the difference to me? If I can live for \$9 a week, I am as well off at \$9 as at \$18. I do not see any difference to me.

Mr. UNDERWOOD. I thought so. I did not know whether you were impressed with that or not.

Mr. ROGERS. But here is the point. We have French and English bookbinders in New York City, the finest trained binders, and they

have been a failure. They can not make a success of it right here, because the price has gone down. How can we compete with the French or English people in that work, who do not get half the wages?

Mr. UNDERWOOD. It is not your scale that makes it unprofitable, but it is the fact that you have not continuous work?

Mr. ROGERS. We have not any at all, hardly. It is a dying industry. Our organization has fallen off 50 per cent. You will find them in the cars, in the subway, as insurance agents, and everywhere, men that have been trained as mechanics, and are good ones, who have had to go out of the business because they could not get any work. You go around the city and look for work and you can not get any, and it has all gone abroad. You go down to these stores and see these books bound, and every one of them has a foreign binding on it. I saw lately, Mr. Chairman, a set of manuscript books. The manuscripts were all folio size, bound in London. That work could have been done just as well here, but it would have cost more. We admit that it would have cost more. By and by that work gets so that it is more valuable. Therefore it was a speculation on his part.

Mr. CLARK. About these connoisseurs you are talking about, is not a connoisseur of books a connoisseur of bookbinders?

Mr. ROGERS. Yes; of books and bookbinders.

Mr. CLARK. Those men care more for bindings than for books?

Mr. ROGERS. Yes, sir; some of them.

Mr. CLARK. Did you ever consider this philosophic proposition, that a certain tariff having been put on for the benefit of the laboring man, it all ought to go to the laboring man?

Mr. ROGERS. I do not understand.

Mr. CLARK. I say if a tariff is put on ostensibly for the benefit of the laboring man, ought not the laboring man to get the whole of that tariff?

Mr. ROGERS. Give us the tariff, and we will see.

Mr. CLARK. The question is if the tariff is levied for the benefit of the laborer, why should not the laborer get the tariff, all of it?

Mr. ROGERS. I will only answer you this way, that labor does not always get what it ought to get.

Mr. CLARK. That is what I think, too.

Mr. ROGERS. But if you give us the chance, possibly we will be able to make a little better bargain than we can make just now, if you give us protection.

Mr. CLARK. There are a whole lot of things which have a very high tariff on them, and the laborer does not get any more of that very high tariff than you get on this.

Mr. ROGERS. Probably; but we have none at all. We have nothing at all.

Mr. CLARK. I am trying to help you out.

Mr. ROGERS. Well, all right. We have no tariff, Mr. Chairman, that I can see, on that class of work. There we have the spectacle of booksellers importing bindings. They send all that work to England or France simply because they can get it done cheaper in London and Paris. I want to call your attention to this. Six years ago the Employers' Association of Paris got together and cut rates for America.

Mr. FORDNEY. If that duty was raised, would you expect that the labor would get its fair share of that increase?

Mr. ROGERS. Labor will fight for it.

Mr. FORDNEY. Do you think they would get it?

Mr. ROGERS. They will try awfully hard for it. I do not know whether we will get it.

Mr. CLARK. Do you think you would get it all?

Mr. ROGERS. No; I do not think we would, to be honest.

Mr. CLARK. But your share ought to be the whole thing.

Mr. ROGERS. If you could talk to my employer, you might convince him.

Mr. CLARK. I would like to get hold of all the employers and make that plea to them, and we might settle the tariff question for all time to come.

Mr. ROGERS. It is this way; there are hundreds of thousands of these bound books brought into this country daily and annually that are bound in England. I do not believe that the purchaser of one of those books gets the benefit of the price. I believe that the American bookseller and the American publisher charge on American basis.

Mr. Chairman, there are instances where they employ in one shop almost as many workmen as we have in the city of New York, because they can work one-half cheaper. But I will not detain you on these fine bindings. I would rather go along now to the educational part of it. I believe the gentlemen here to-day have been talking about the libraries. I would like to ask you gentlemen if you would consider every novel that may be published an educational work? In the libraries where I come from, you go in and you will get almost any novel that is published. All books can come in here free for educational purposes. The New York Library and the Brooklyn Library and the Newark Library and the Utica Library, and probably a dozen others, send their books abroad to be bound in England. Why do they do it? Can it not be done here? I claim, as a man with a little knowledge of the trade—more than thirty years' knowledge of it—that it can be done here as well as it can be done in any foreign country. But to come back to the first principle—cheapness. There is a firm in London binding books for the New York Library to-day that pays an average of \$7.50 a week wages, and that binder gets the bulk of the work. It is sent right over here, shipped over here, brought back in cases from England, and distributed to the various libraries in the country that he works for. We have talked with that gentleman on behalf of the organization, and tried to get him to locate his whole plant in this country, and he said: "Gentlemen, as long as the law stands as it is, I will take the full advantage of it; but when the law is changed, I will change my plant." Give us some protection on that work, and we will make him do the work here, and we will get the work to do.

I do not wish to take up any more of your time, but I would like to make a plea to you to give us something on these three clauses. We do not want it for profit—we want it for living. It means the bread and butter to us and our children—that is all. But if this thing goes on, Mr. Chairman, in a few years this class of binding will be wiped out or destroyed.

I beg to call your attention to the extremely inconsistent and contradictory state of the tariff law affecting books and bookbinding.

Books in the English language that have been printed more than twenty years at date of importation, and books printed in languages other than English, are free of duty.

Books in the English language printed within twenty years previous to date of importation are chargeable with duty at rate of 25 per cent ad valorem.

However, such books, even though they are printed in English and within twenty years previous to date of importation, are free of duty if imported for educational purposes.

These three classes of exemptions—first, books in English over 20 years old; second, books in foreign languages; third, books for educational purposes—have opened wide the ports of the United States to floods of foreign bookbinding.

The first two mentioned exemptions bring here probably about 70 to 80 per cent of the product of Paris and London in the way of artistic bookbindings, and have been largely the means of building up the extensive and famous art binding businesses of those two cities, while, as a direct consequence, the United States can not boast of a single art bindery as such.

The third-mentioned exemption allows publishers, booksellers, and dealers to ship from foreign binderies into the United States, frequently and continually, thousands upon thousands of volumes of current literature free of duty, because they are bound for schools, educational institutions, and public libraries of this country.

The American bookbinder could cheerfully take the chances of foreign competition opened against him by the three classes of duty exemptions just referred to were it not for the fact that all of the materials used in the production of books, such as paper, glue, cloth, leather, and gold leaf are subject to a heavy duty, and for the additional fact that the cost of labor for bookbinding, like the cost of labor for all work in a duty-protected country, is increased by taxes on food, clothing, shelter, and transportation.

Under the present tariff arrangement the bookbinder in the United States must buy his materials and labor at protection prices and sell large and important classes of his product at prices determined by free trade.

Thus, the foreign bookbinder obtains not only the advantage of the three classes of duty exemptions before mentioned; he obtains an additional advantage, practically a bounty from the United States Government in the form of a duty on bookbinding materials used here, which means, in other words, that nearly all foreign-made art bindings, all school and public library books from abroad, though made up of dutiable materials, such as paper, cloth, leather, and gold leaf, are imported duty free, while the American products of the same class are increased in cost by the impost of a burdensome tax on their component materials.

Foreign bookbinding is fostered; home bookbinding is taxed, in some classes, almost to extinction.

Now, having placed before you the serious disabilities which the contradictory state of the tariff imposes upon the bookbinding industry of the United States of America, I wish to ask if you would

kindly give your favor and support to a measure purposed to be introduced in Congress which will remedy the evils referred to, and place the bookbinding industry on a commercial basis level with that of the other industries of this country, and also with the bookbinding industries of other countries.

STATEMENT OF GEORGE SULLIVAN, OF PHILADELPHIA, PA., WHO WISHES TARIFF ON BOOKS LEFT UNDISTURBED.

SATURDAY, *November 21, 1908.*

Mr. Chairman: I have a short brief here which I will not read. I will state that on behalf of the book-paper part of the industry—that is, the book manufacturers of the industry—we do not ask for any increase of the tariff, but we request that the tariff remain as it is, and the various statistics pertaining to that industry you will find in this brief. Of course, the question of wages to our employees is, as in the rest of these industries, the most vital and important part, and we feel the present tariff on book paper of 15 per cent is not an excessive one, but it is certainly a just and fair tariff and should remain as it is for the benefit of our industry. We feel that we should not be picked out or selected as the one industry in the country in which the tariff would be such that it would affect us in any way, but that we should have the same protection as every other industry. Our people are American citizens—that is, as far as we can possibly tell—and the vast number of them are such that they require the same consideration as others. There is a comparative wage scale that you will find in this brief between one of the leading mills on the other side and one of the leading mills on this side, and the value of our production during the last year—that is, the year 1907—amounted to \$48,000,000. As a small illustration of the equity of the duty, I have here a volume which I have figured out, to illustrate just what a small thing it amounts to to the consumer. This book I purchased here this morning in Washington, and the method of figuring out you will find on this fly leaf, which shows that the duty on the paper in this book amounts to less than half a cent a copy to the consumer.

Mr. GAINES. What is the book?

Mr. SULLIVAN. This is just an ordinary novel, called "The Extreme Test," by Mrs. Reynolds.

Mr. GAINES. What did it cost you to buy it?

Mr. SULLIVAN. It cost \$1.18 at a bookstore here in Washington. Of course the figures here are ample, because we have weighed the cover, including it in the weight, and of course the part that interests us is the part inside.

Mr. RANDELL. I think the question was what it cost to bind it.

Mr. GAINES. No; I asked him what it cost to buy it.

Mr. RANDELL. I thought you said to bind it.

Mr. GAINES. No, to buy it. Did you buy it in Washington?

Mr. SULLIVAN. Yes, sir.

Mr. GAINES. What did it cost, do you remember?

Mr. SULLIVAN. A dollar and eighteen cents.

Mr. GAINES. What is the paper in it?

Mr. SULLIVAN. The paper is an average 4 cent a pound paper, less 3 per cent for 30 days, and the paper in this volume weighs a scant 15 ounces, including the cover, so that fifteen-sixteenths of this makes the cost of this 3.75 cents, or a trifle over 5 mills per copy.

Mr. GAINES. Assuming that the entire duty is added to the cost of the paper, how much would that increase the cost of that volume; how much would that be on the book?

Mr. SULLIVAN. Half a cent for this copy.

Mr. GAINES. Half a cent for a book costing a dollar and eighteen cents?

Mr. SULLIVAN. Yes, sir.

Mr. RANDELL. What did it cost to manufacture that book?

Mr. SULLIVAN. That I can not tell you, sir. I am a paper manufacturer and not a book manufacturer. Of course, you will have to ask some book manufacturer what it cost to manufacture. I am only talking about the paper.

Mr. RANDELL. What sort of binding is it?

Mr. SULLIVAN. Just the ordinary binding that is on novels.

The CHAIRMAN. Do not spend too much time on these exhibits. You can not get them into the record.

Mr. RANDELL. How would you describe that binding?

Mr. SULLIVAN. It is just an ordinary novel binding.

Mr. RANDELL. Is it cloth or leather?

Mr. SULLIVAN. It is a cloth binding. Now, I have two other illustrations here which may possibly interest you. Here is a magazine. This magazine weighs 10 ounces, so that in the twelve months there would be $8\frac{1}{4}$ pounds used in the year's issue. The tariff on that amounts to one-fourth of a cent to the consumer per number.

Mr. UNDERWOOD. Are you talking about the tariff on the book or on the paper?

Mr. SULLIVAN. On the paper.

Mr. UNDERWOOD. You are not talking about the printing or the binding?

Mr. SULLIVAN. No, sir; I am speaking only of the paper that is in the book. Here is another illustration. This is a better magazine, which shows a half a cent a number per year to the consumer; so that, taking all those facts into consideration, we feel that our duty is not an excessive one.

Mr. CLARK. Now, while you got a very little off of each one, you got a great deal off of the total; is not that true?

Mr. SULLIVAN. Of course that is true; yes, sir. But at the same time we feel that our industry is entitled to the same protection as all other industries.

Mr. CLARK. Some of these industries have a protection of 200 or 300 per cent. Do you want that or not?

Mr. SULLIVAN. No, sir; we ask that it shall remain as it is.

Mr. CLARK. Would you rather have them cut down to yours or have yours raised up to theirs?

The CHAIRMAN. What is it that has a protection of 300 per cent?

Mr. CLARK. I have a list in my desk where for six months there were some of them that had 100 per cent.

Mr. DALZELL. You are coming down now.

Mr. CLARK. No; I can find them where they had 300 per cent.

Mr. GRIGGS. You represent the paper makers?

Mr. SULLIVAN. The paper part.

Mr. GRIGGS. The book-paper manufacturers?

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. And you insist that you need this tariff which at present exists, and you do not want it increased or decreased.

Mr. SULLIVAN. No, sir; we respectfully ask that it remain as it is.

Mr. GRIGGS. Have you not had any combination among yourselves?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Did you not meet about a year ago, or some time ago, at Atlantic City and elsewhere, and raise the price of all this paper about \$10 a ton?

Mr. SULLIVAN. No, sir; we had no combination whatever.

Mr. GRIGGS. It went up \$10 a ton, did it not?

Mr. SULLIVAN. No; I do not think it did.

Mr. GRIGGS. What was it, \$9?

Mr. SULLIVAN. That depends on the grade. Of course the book papers you can buy as low as—

Mr. GRIGGS. I refer to the average.

Mr. SULLIVAN. The highest I can recall as far as our own price was concerned, I think the highest we got, was an increase of about \$7.50 a ton.

Mr. GRIGGS. Is that the highest you got?

Mr. SULLIVAN. That is the highest.

Mr. GRIGGS. The highest increase you got?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. Not the highest you made?

Mr. SULLIVAN. No, sir; because we make paper from 3½ cents a pound up to 6.

Mr. GRIGGS. I just wanted to understand where you got it. You said the highest increase you got was \$7.50 a ton. Where did you get that?

Mr. SULLIVAN. Where?

Mr. GRIGGS. Yes; you said you got it somewhere. Where did you get it?

Mr. SULLIVAN. How do you mean, where did we get it?

Mr. GRIGGS. I asked you where this increase came from and you said there was no combination and no understanding and no agreement, and when I asked you what was the highest, you began to speculate on it in your mind, and you said the highest you got was \$7.50.

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. Out of the deal?

Mr. SULLIVAN. No, sir; no deal. We have no affiliation with any other concern.

Mr. GRIGGS. You have no general agreement?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Did you all go up at the same time?

Mr. SULLIVAN. No, sir; we did not.

Mr. GRIGGS. How long did you wait after the others went up?

Mr. SULLIVAN. We were up before they were, or some of them.

Mr. GRIGGS. You went up first?

Mr. SULLIVAN. Yes, sir.

Mr. GRIGGS. The others followed you up?

Mr. SULLIVAN. I do not know whether they followed us or not. We increased the cost of our paper as the demand increased, and as the cost of the raw materials increased. We had to do it or quit business.

Mr. GRIGGS. And they all were in the same fix.

Mr. SULLIVAN. Yes, sir; I guess they were.

Mr. GRIGGS. And all understood it at the same time?

Mr. SULLIVAN. Yes; I can not say whether they understood it.

Mr. GRIGGS. And all went up. Now, did you not really have a meeting in Atlantic City?

Mr. SULLIVAN. Yes, sir; we had a meeting at Atlantic City, but it was rather a jollification at Atlantic City.

Mr. GRIGGS. That was after you got the price raised?

Mr. SULLIVAN. No, sir.

Mr. GRIGGS. Why the jollification?

Mr. SULLIVAN. There seems to have been a good deal of stress laid on the meeting at Atlantic City, and it is rather amusing from the fact that there was really nothing but a social time in Atlantic City.

Mr. GRIGGS. What is that?

Mr. SULLIVAN. So far as I know, there was nothing but a social time in Atlantic City, although there seems to be a great deal of stress laid upon the meeting at Atlantic City.

Mr. GRIGGS. It was a meeting of the manufacturers of book paper at Atlantic City, was it not?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. And they all with one accord, with no social ties, simply met in Atlantic City to have a jollification and a good time; is that true?

Mr. SULLIVAN. Yes.

Mr. GRIGGS. They simply wanted to get acquainted?

Mr. SULLIVAN. Yes, sir; that is right. They ought to have gotten acquainted. We did not know each other for a long time.

Mr. GRIGGS. How long was it after that jollification meeting before the price of paper went up?

Mr. SULLIVAN. That I could not tell you—as there was not any general rise in the price of paper.

Mr. GRIGGS. I understand. Your raise, I am talking about now.

Mr. SULLIVAN. That I could not tell you, whether it was before or after that. We raised from month to month as the cost of our material increased or we were in a position to do so. We had so much business we were in a position to ask for an increase.

Mr. GRIGGS. You represent really all of the book-paper manufacturers, do you not?

Mr. SULLIVAN. Only in presenting this brief.

Mr. GRIGGS. Well, I understand; I mean here. You represent all of them, and you really do not know when the price went up among the others.

Mr. SULLIVAN. I can not tell you positively now.

Mr. GRIGGS. But it went up soon after the jollification meeting you had in Atlantic City?

Mr. SULLIVAN. At the present time I can not tell you whether it was raised before or after that.

Mr. GRIGGS. Well, you want to amend your testimony on that part, then, because you said just now that paper did not go up until after that meeting.

Mr. SULLIVAN. No; I did not. I was speaking about ourselves. I said I could not tell you whether ours went up before or after. We were raising from month to month.

Mr. GRIGGS. But you said your price went up, and that it went up before the meeting at Atlantic City.

Mr. SULLIVAN. Yes.

Mr. GRIGGS. You did not intend to say that?

Mr. SULLIVAN. Yes, sir; it went up before; but I think it went up possibly four or five months afterwards.

Mr. BONYNGE. You did not make all the increase at one time?

Mr. SULLIVAN. No, sir; we did not. Our prices were raised 15 cents at a time.

Mr. FORDNEY. You ought to be entitled to a jollification once a year when some men have a jollification every day, ought you not?

Mr. SULLIVAN. That is true. We do not have many of them in our industry.

Mr. GAINES. What is the difference between news paper and book paper?

Mr. SULLIVAN. Most of the difference between news paper and book paper is that one uses ground wood and the other uses soda pulp.

Mr. GAINES. Which do you use?

Mr. SULLIVAN. Soda pulp.

Mr. GAINES. Is that what you call sulphite?

Mr. SULLIVAN. No, sir; both grades of paper use sulphite, both news and book paper. Soda pulp is the soda process. Sulphite is the sulphite process.

Mr. BOUTELL. You represent the manufacturers of book paper?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. And not the jobbers?

Mr. SULLIVAN. Not the jobbers.

Mr. BOUTELL. How many manufacturers are there of this book paper?

Mr. SULLIVAN. There are 46.

Mr. BOUTELL. Where are they located, geographically?

Mr. SULLIVAN. They are located all over the country, from Maine to Wisconsin. There is a list of them in this brief.

Mr. BOUTELL. Are there any of them west of the Mississippi?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. How far west do they go?

Mr. SULLIVAN. There is one out at Everett, Wash.

Mr. BOUTELL. So they extend clear across the continent?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. To whom do they sell, to the jobbers or the publishers direct?

Mr. SULLIVAN. Each one of these concerns has a different method of doing business. Some sell to the jobbers and do not sell to the consumers direct, and some mills sell to the consumers direct.

Mr. BOUTELL. There are only two classes of purchasers, either jobbers or consumers?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. Has there been any identity of interest to any extent of any two or more of these 46 mills?

Mr. SULLIVAN. No, sir; not to my knowledge.

Mr. BOUTELL. Are these 46 mills all operated by corporations?

Mr. SULLIVAN. No, sir. There are some here that are not corporations.

Mr. BOUTELL. Some are individuals and some firms and some incorporated companies?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. And there is no community of ownership between any two of them?

Mr. SULLIVAN. No, sir.

Mr. BOUTELL. Has there ever been any agreement between any two of more of these manufacturers of book paper, or a combination of territory?

Mr. SULLIVAN. Not to my knowledge.

Mr. BOUTELL. Or an agreement as to prices?

Mr. SULLIVAN. Not to my knowledge.

Mr. BOUTELL. To the jobber or to the publisher?

Mr. SULLIVAN. No, sir.

Mr. BOUTELL. What was the total output of these 46 factories for any one year. Take any one year you choose.

Mr. SULLIVAN. This brief says, upon that point: "Unfortunately, statistics covering the production of book paper and similar grades for the current calendar year are unavailable, the year of 1908 being still incomplete and having some fifty-odd working days (the months of November and December) still to hear from. But estimating the production for the year 1908 of all mills engaged in manufacturing book paper and similar grades at about 90 per cent of the normal productive capacity, we would have an estimated average daily production of about 2,100 tons."

Mr. BOUTELL. Two thousand one hundred tons per day would be the average?

Mr. SULLIVAN. Yes, sir.

Mr. BOUTELL. For any year?

Mr. SULLIVAN. Yes, sir. Of course in 1905, according to the Bureau of the Census—that was before we took any statistics ourselves—the paper manufactured was 434,500 tons, which is equal to a daily average of 1,448 tons, which is calculated on 300 actual working days to the year. That was in 1905.

Mr. BOUTELL. What is that total output?

Mr. SULLIVAN. Four hundred and thirty-four thousand five hundred tons.

Mr. BOUTELL. What was the import of the product during that same period?

Mr. SULLIVAN. That I can not tell you. I have not that. I will have to get that for you and let you have it if you wish.

Mr. BOUTELL. I do not know if there is any one factor more important and essential, when you are asking for a variation in the tariff, than the proportion between the domestic product and the imported product.

Mr. SULLIVAN. We are not asking for any variation.

The CHAIRMAN. I asked the Director of the Census some time ago to give us a complete statement under the various schedules of the amounts of the domestic products and the amount of the imports for the year 1905, following each other, covering all the schedules. That will go to the printer to-morrow morning and get here in a few days. I say that to show you where you can ultimately get this information. This gentleman does not seem to have it.

Mr. BOUTELL. Yes; but when we ultimately get that we will not have the gentleman here. I wanted to ask you a question, Mr. Sullivan, based on the comparison of the two.

Mr. SULLIVAN. I have not that.

Mr. BOUTELL. Of course you realize that the amount of the imported product shows the amount of competition there is with the domestic product. That is what I was trying to arrive at.

Mr. SULLIVAN. We did not know that you would ask that question, because we were not asking for an increase in duty.

Mr. BOUTELL. But you must have considered that we might contemplate a reduction in the duty.

Mr. SULLIVAN. Yes. Of course, in the discussion of such a thing as that, we ask that you make a reduction also in all the products we use in our manufacture, so as to enable us to exist. As you will see by this schedule, everything that goes into our product has a duty on it, which, of course, should be reduced in proportion. It does not make any difference so long as we have our duty of 15 per cent, but if the committee proposes to reduce our protection, we ask that they reduce also the duty on the things we have to use. It is absolutely impossible for us to exist unless you also make a reduction in proportion in the things that we use.

Mr. CLARK. How much do you export?

Mr. SULLIVAN. We export very little, and most of that goes from the other side of the continent to Japan.

Mr. CLARK. How long have you been in this business?

Mr. SULLIVAN. Twenty-five years.

Mr. CLARK. Have you ever had any connection with the paper trust?

Mr. SULLIVAN. Never heard of it.

Mr. CLARK. You never heard of the paper trust?

Mr. SULLIVAN. No, sir; except in the newspapers.

Mr. CLARK. You did not read President Roosevelt's message, then, did you?

Mr. SULLIVAN. Yes; I read that, too. I am a member of the American Pulp and Paper Association, but that is no paper trust.

Mr. CLARK. No; that is a pulp trust.

Mr. SULLIVAN. That is a social organization that up to the present time has done nothing but have one annual dinner every year.

Mr. CLARK. You do not talk any business at that dinner?

Mr. SULLIVAN. No, sir; we generally have some right good Congressman to come there and deliver a speech. [Laughter.]

Mr. CLARK. You get Congressmen to go?

Mr. SULLIVAN. Yes, sir; we do.

Mr. CLARK. Is there any connection between this book-paper business and the news-paper business?

Mr. SULLIVAN. No, sir.

Mr. CLARK. You do not make the same sort of paper?

Mr. SULLIVAN. No, sir.

Mr. GAINES. The so-called trust is the International Paper Company, is it not?

Mr. SULLIVAN. Indeed I do not know just what you call a trust. The International Paper Company is an organization, so far as my knowledge goes, that only makes about 40 per cent of the production of news paper.

Mr. GAINES. In the first place, have you any connection with the International Paper Company?

Mr. SULLIVAN. None whatever; no, sir.

Mr. GAINES. What proportion of the product that it deals in or manufactures is made by the International Paper Company, do you know?

Mr. SULLIVAN. They have their representatives here, and those gentlemen will be able to give you the accurate information. What I have is only hearsay.

Mr. GAINES. Very well, we will get it from them.

BRIEF OF GEORGE SULLIVAN, PHILADELPHIA, RELATIVE TO BOOK MANUFACTURING AND MATERIALS USED.

WASHINGTON, D. C., *November 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: From the figures given by the Bureau of Census in Bulletin 80 of the Department of Commerce and Labor, which are assumed to be correct, it would appear that the production of book papers in the year 1900 amounted to 282,093 tons. This was equivalent to an average daily production of 940 tons calculated on the basis of 300 actual working days to the year.

In 1905, according to the same authority, the amount of book papers manufactured was 434,500 tons, which is equal to an average daily product of 1,448 tons when calculated on the same daily basis as above, viz, 300 working days to the year. This increase in 1905 in the production of book papers is particularly impressive, representing, as it does, an increase of 504 tons per day, or an enlargement from a daily average of 940 tons in the year 1900 to a daily average of 1,448 tons in the year 1905. Hence the percentage of increase during this five-year period (from 1900 to 1905) is equal to about 54 per cent in the production of book papers alone.

The present estimated average daily productive capacity of all the mills in the United States engaged in the manufacture of book papers and similar grade is calculated to be about 2,328½ tons, or, say, approximately 2,330 tons. Attached hereto is a detailed statement containing the names and post-office addresses of all companies pro-

ducing the grades of paper in question, each representing a distinct, separate, and independent enterprise, and from which it will be observed that there are at present 46 concerns engaged therein.

Names and post-office addresses of companies engaged in the manufacture of book paper and similar grades.

Company.	Post-office address.	Average daily product.
		<i>Tons.</i>
American Writing Paper Company.....	Holyoke, Mass.....	69
Amoskeag Paper Mills Company.....	Manchester, N. H.....	10
Antietam Paper Company.....	Hagerstown, Md.....	4
Arlington Paper Company.....	Salisbury Mills, N. Y.....	16
Bardeen Paper Company.....	Otsego, Mich.....	24
Bare Paper Company.....	Roaring Spring, Pa.....	27
Bergstrom Paper Company.....	Neanah, Wis.....	18½
Bryant Paper Company.....	Kalamazoo, Mich.....	100
Bulkley, Dunton & Co.....	Bancroft, Mass.....	5
Champion Coated Paper Company.....	Hamilton, Ohio.....	180
Claremont Paper Company.....	Claremont, N. H.....	15
Crocker, Burbank & Co.....	Fitchburg, Mass.....	120
Curtis & Bro.....	Newark, Del.....	13
Dill & Collins.....	Philadelphia, Pa.....	38
Elkhart Paper Mills Company.....	Elkhart, Ind.....	15
Everett Pulp and Paper Company.....	Everett, Wash.....	25
Fitchburg Paper Company.....	Fitchburg, Mass.....	40
French Paper Company.....	Niles, Mich.....	25½
Friend Paper Company.....	West Carrollton, Ohio.....	70
Frank Gilbert Paper Company.....	Waterford, N. Y.....	13
Glatfelter Co., P. H.....	Spring Forge, Pa.....	50
Hamilton & Sons, W. C.....	William Penn Post-Office, Pa.....	34
Hammermill Paper Company.....	Erie, Pa.....	50
Jessup & Moore Paper Co.....	Philadelphia, Pa.....	53½
Kalamazoo Paper Co.....	Kalamazoo, Mich.....	20
Kenmore Pulp and Paper Co.....	Philadelphia, Pa.....	35
Kimberly-Clark Co.....	Neanah, Wis.....	136
King Paper Co.....	Kalamazoo, Mich.....	29
Mead Pulp and Paper Co.....	Chillicothe, Ohio.....	25
Merrimac Paper Co.....	Lawrence, Mass.....	24
Michigan Paper Co.....	Plainwell, Mich.....	20
Monadnock Paper Mills.....	Bennington, N. H.....	27½
Monarch Paper Co.....	Kalamazoo, Mich.....	21
Nashua River Paper Co.....	East Pepperell, Mass.....	60
New York and Pennsylvania Co.....	41 Park Row, New York.....	87
Nixon Paper Co.....	Manayunk, Philadelphia, Pa.....	30
Oxford Paper Co.....	Rumford Falls, Me.....	120
Patten Paper Co.....	Appleton, Wis.....	17
Poland Paper Co.....	Mechanic Falls, Me.....	31
Reading Paper Mills.....	Philadelphia, Pa.....	12
Ticonderoga Pulp and Paper Co.....	41 Park Row, New York.....	49
Tileston & Hollingsworth Co.....	Boston, Mass.....	55
Wanaque River Paper Co.....	Wanaque, N. J.....	19
Warren & Co., S. D.....	Boston, Mass.....	145
West Virginia Pulp and Paper Co.....	309 Broadway, New York.....	328½
Wheelwright Paper Co.....	Boston, Mass.....	42
Total average daily production.....		2,328½

Unfortunately, statistics covering the production of book paper and similar grades for the current calendar year are unavailable, the year 1908 being still incomplete and having some fifty-odd working days (the months of November and December) still to hear from. But estimating the production for the year 1908 of all mills engaged in manufacturing book paper and similar grades at about 90 per cent of the normal productive capacity we would have an estimated average daily production of about 2,100 tons, this being an increase of 652 tons per day over and above the production for the year 1905, such increase amounting to about 45 per cent.

While the increase of 54 per cent in the production of 1905 over the year 1900 seems marvelous, the increase in the production for the shorter period (from 1905 to 1908), a growth estimated at about 45 per cent, is none the less striking.

Comparisons of the average daily production of book papers for the year 1900 and the estimated average daily production for the year 1908 show that the increase and growth in production amounted to approximately 123.4 per cent within the period constituting the last eight years.

The marvelous growth and progress manifested in this one particular branch of the paper-making industry during the eight-year period indicated proves, if anything can, that its wonderful development became possible by virtue of the benign influences of our protective tariff, from the effects of which it has materially benefited.

The great increase in production of book papers and similar grades is largely attributable to the protective-tariff system. It is mainly responsible for the erection of all the new book-paper mills which have been constructed during the past eight years, likewise for additions and enlargements to older plants for the purpose of increasing their capacities, thus providing abundant opportunity for employment to the American wage-earner at a wage scale considerably higher than obtains in any other country.

A brief résumé of the rates of wages paid to employees in paper mills of this country, as compared with the rates of wages paid in paper mills of other countries, will undoubtedly interest your committee, and data of this character is hereto appended, together with the present tariff duties in force and covering the various materials and supplies used in the operation and conduct of paper and pulp mills in the United States.

Scotch mill as compared with Mechanicsville mills.

[Average of various companies in Scotland—Pay per two weeks (12 days).]

	Scotch mill.	Mechanicsville mill.
Beater men	\$20.00	\$46.08
First assistant	12.50	22.20
Second assistant	8.75	22.20
Machine men	24.00	56.16
First assistant	12.75	30.24
Second assistant	8.50	27.36
Grass boiler man	17.50	28.80
Assistant	10.00	21.00
Cutter men	18.75	40.20
Assistant	7.50	19.20
Cutter boys	4.00	15.00
Head machinist	30.00	45.00
Good journeymen	15.00	36.00
Apprentices	6.00	34.20
Head firemen	17.50	42.00
First assistant	11.25	28.80
Head finisher	20.00	49.20
Finishing girls	8.00	15.00
Tyers up	10.00	.....
Outside labor	9.00	18.00
Supercalender man	17.50	29.04
Helper	8.00	21.00
Steam engineers	20.00	33.00

Rates of wages paid per day of twelve hours in the United States as compared with other countries.

Department.	Occupation.	United States.	Austria.	Germany.	Sweden.	Norway.	England.
Wood room.....	Sawyer.....	\$3.00	\$0.75	\$0.87	\$0.90	\$0.95	.....
	Barker.....	2.68	.75	.87	.90	.95	.....
	Splitter.....	2.68	.75	.87	.90	.95	.....
	Chipper.....	2.68	.75	.87			.....
Digesters.....	Head cook.....	4.50	1.25	1.50	1.40	1.50	.....
	Cook.....	3.66	.90	1.00	1.00	1.00	.....
	Cook helper.....	3.00	.70	.75	.70	.80	.....
Beaters.....	Beater man.....	2.85	.80	.90	.80	.90	\$1.20
Paper machines.....	Machine tender.....	4.30	1.50	1.50	1.50	1.60	2.75
	Second hand.....	2.15	1.00	1.20	1.10	1.20	1.60
	Third hand.....	1.65	1.00	1.20	1.10	1.00	1.25
	Fourth hand.....	1.65	.80	.87	.80	.80	1.05
Repairs.....	Head millwright.....	4.66	1.10	1.25	1.20	1.20	2.00
	Millwright.....	3.60	.90	1.00	1.00	1.00	1.10
	Millwright helper.....	2.40		.75	.75	.80	.90
	Carpenters.....	2.35	.90	1.00	.90	.90	1.25
	Mason.....	6.00	.90	1.00	.90	.90	1.25
	Painter.....	2.00	.90	.87	.90	.80	1.10
	Electrician.....	4.00	1.00	1.25	1.10	1.00	1.25
	Laborers.....	2.20	.60	.75	.75	.70	.90
	Teamsters.....	2.20	.60	.87	.85	.80	1.00

Scale of wages paid at Duncan mills, Mechanicsville, N. Y., 1893-1908.

[Wages shown for 1893 are those paid in the month of May, which was prior to a general reduction of 10 per cent. Said reduction remained in effect until after May, 1898.]

PAPER MILL.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman, night.....	\$4.00	\$3.75	\$4.00	\$8.24	120
Foreman, finishing room.....	3.00	2.70	3.75	4.19	55
Finishers.....	2.00	1.80	2.20	2.40	33½
Foreman, cutter room.....	1.75	1.80	2.60	3.65	109
Assistant foreman, cutter room.....		1.50	1.85	2.00	33½
Crane men, cutter room.....				2.00	.....
Helpers, cutter room.....	1.50	1.35	1.40	1.60	18
Broke men.....		1.25	1.30	1.50	20
Cutter girls.....	1.00	.90	1.10	1.25	40
Foreman, calender room.....		2.00	2.40	4.44	122
Assistant foreman, calender room.....				2.75	.....
Men (66 calenders).....			2.15	2.30	7
Men (52 calenders).....			2.15	2.25	4
Men (44 calenders).....	1.75	1.67	2.15	2.20	40
Helpers, calenders.....	1.50	1.35	1.68	1.75	30
Rewinder runners.....			2.15	1.75	23
Rewinder helpers.....			1.68	1.60	5
Foreman, 1 and 2 machine room.....				7.16	.....
Foreman, 3 and 4 machine room.....		4.00	5.00	7.16	79
Foreman, 5 and 6 machine room.....				7.16	.....
Machine tenders.....	3.00	3.38	3.80	4.75	58
Back tenders and oilers.....	1.50	1.69	1.92	2.38	58
Wipers (days only).....			1.40	1.60	14
Beater engineers.....	2.50	2.93	3.05	4.00	60
Beater helpers.....	1.50	1.35	1.75	1.85	37
Beater wipers.....			1.40	1.60	14
Foreman, clay room.....				2.00	.....
Helpers, clay room.....			1.75	1.85	5
Broke mixing machine.....				1.75	.....
Engineers on steam engines.....		2.00	2.66	2.75	37½
Motormen.....			1.90	2.00	5
Taking care of pumps.....			1.40	2.00	43
Belt repairer (whole mill).....	1.50	1.35	1.60	2.00	48
Belt repairer's helper (whole mill).....			1.60	1.85	16
Filter men.....	1.50	1.35	1.72	1.85	37
Watchman.....	1.50	1.35	1.60	1.75	30
Laborers.....	1.25	1.12	1.40	1.60	43
Mechanics.....	2.50	2.25	2.60	3.00	33½
Mechanics' helpers.....	1.50	1.35	1.50	1.75	30

Scale of wages paid at Duncan mills, Mechanicsville, N. Y., 1893-1908—Cont'd.

SULPHITE MILL.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman, day	\$3.00	\$3.84	\$4.83	\$5.25	75
Foreman, night		3.00	3.50	3.85	28
Wet machine tenders		1.35	1.63	1.85	37
Screening machine tenders		1.25	1.40	1.65	32
Bleachers	1.75	1.57	1.85	2.10	34
Bleacher helpers	1.25	1.25	1.63		30
Bleach mixers			1.80	1.80	
Bleach mixer helpers		1.24	1.40		13
Digester cooks	2.50	2.75	2.85	2.90	16
First digester cook helpers	1.50	1.50	1.60	1.85	23
Second digester cook helpers		1.35	1.45	1.70	26
Acid makers	2.00	2.00	2.10	2.75	37½
Acid maker helpers	1.37	1.35	1.45	1.75	30
Screen men	1.25	1.35	1.69	1.75	40
Screen men helpers		1.25	1.63	1.65	32
Blow pitmen	1.25	1.25	1.63	1.65	32
Foreman wood room	1.50	1.70	1.85	2.25	50
Helpers, wood room	1.25	1.12	1.40	1.65	47
Lead burner	3.50	3.15	3.75	4.00	27
Lead-burner helper		1.25	1.40	1.75	40
Mechanics	2.50	2.25	2.60	3.00	33½
Mechanic helpers	1.60	1.35	1.40	1.75	30
Watchman	1.50	1.35	1.60	1.75	30
Laborers	1.25	1.12	1.40	1.65	47

SODA MILL.

Foreman, day	\$4.80	\$4.33	\$5.00	\$6.40	48
Assistant foreman, day	2.00	2.25	2.35	4.06	103
Foreman, night	1.87	2.00	2.25	2.40	28
Machine tenders	2.25	2.02	2.35	2.75	36
First machine hack tenders	1.75	1.45	1.60	1.65	14
Second machine hack tenders		1.25	1.45	1.60	28
Bleachers	1.75	1.57	2.16	2.10	34
Bleacher helpers	1.25	1.12	1.63		45
Screen men	1.37	1.24	1.63	1.65	33
Foreman, wood room	1.37	1.12	1.85	2.25	100
Helpers, wood room	1.25	1.12	1.45	1.65	47
Foreman, pit room	1.50	1.35	2.04	2.00	48
Helpers, pit room	1.25	1.12	1.40	1.65	47
Digester cooks	2.50	2.25	2.62	2.75	22
First helpers	1.37	1.24	1.69	1.70	37
Second helpers	1.37	1.24	1.45	1.65	33
Foreman, liquor room	2.00	1.80	2.10	2.33	29
Helpers, liquor room	1.37	1.24	1.63	1.65	33
Foreman, leach liquor makers	1.50	1.35	1.87	2.10	56
First helpers, leach liquor makers	1.50	1.35	1.63	1.85	37
Second helpers, leach liquor makers	1.25	1.12	1.40	1.70	52
Foreman, rotaries	2.00	1.80	2.10	2.30	28
Helpers, rotaries	1.75	1.57	1.85	2.05	30
Do	1.50	1.35	1.60	1.65	22
Evaporator men	1.75	1.57	2.16	2.25	43
Men unloading lime and soda ash	1.25	1.12	1.40	1.65	47
Men handling soda pulp				1.65	
Mechanics	2.50	2.25	2.60	3.00	33½
Mechanics' helpers	1.50	1.35	1.40	1.75	30
Watchman	1.50	1.35	1.60	1.75	30
Laborers	1.25	1.12	1.40	1.60	43

BOILER HOUSE.

Foreman	\$2.40	\$2.50	\$3.25	\$3.50	46
Water tender		1.75	2.16	2.40	37
Fireman	1.50	1.35	2.00	2.40	80
Coal and ash handlers	1.25	1.12	1.65	1.75	56

Scale of wages paid at Duncan mills, Mechanicsville, N. Y., 1893-1903—Cont'd.

MACHINE SHOP.

	1893.	1898.	1903.	1908.	Percentage of increase between lowest and present rates.
Foreman of mechanics.....	\$5.00	\$5.00	\$6.00	\$7.84	57
Shop foreman.....	3.00	2.50	2.75	3.75	50
Mechanics and millwrights.....	2.50	2.25	2.60	3.00	33½
Do.....			2.35	2.60	10
Do.....			2.25	2.35	4
Do.....			2.10	2.25	7
Mechanics' helpers.....	1.50	1.35	1.50	1.70	26
Foreman of pipers.....			2.50	3.75	50
Pipers.....	2.25	2.02	2.35	3.00	48
Do.....	2.25	2.02	2.35	2.50	24
Do.....	1.50	1.35	1.45	2.00	48
Blacksmiths.....	2.75	2.47	2.85	3.50	42
Blacksmiths' helpers.....	1.25	1.25	1.50		20
Masons.....	3.00	2.25	3.75	4.50	100
Do.....			3.50	4.25	21
Masons' helpers.....	1.50	1.35	1.55	1.75	30
Storeroom.....	1.25	1.50	1.70	2.33	86
Storeroom helper.....		1.35	1.60	1.75	30
Painters.....				2.00	
Painters' helpers.....				1.70	
Foreman electrician.....			6.00	8.42	40
Electrician.....		1.80	2.29	3.08	71
Do.....		1.80	2.00	2.50	39
Do.....			2.00	2.00	
Labor.....	1.25	1.12	1.40	1.60	43

YARD.

	1893.	1898.	1903.	1908.	
Foreman.....	\$2.25	\$2.25	\$2.75	\$3.92	74
Assistant foreman.....	1.37	1.75	1.75	2.10	53
Do.....	1.37	1.35	1.65	1.75	30
Teamsters.....	1.25	1.25	1.50	1.75	40
Barn man.....	1.25	1.25	1.50	1.60	28
Wood handlers.....	1.25	1.12	1.40	1.60	43
Yard helpers.....	1.25	1.25	1.45	1.65	32
Men on clay platform.....	1.25	1.12	1.45	1.75	56

Comparative wages of Tyrone (Pa.) mill.

	1893.	1898.	1903.	1908.		
				Wages.	Average daily bonus for year 1907.	Total daily wage and bonus.
Night foreman paper mill.....	\$3.60	\$3.50	\$3.76	\$4.00	\$0.49	\$4.49
Finishers:						
Boss and shipper.....	100.00	3.00	3.25	3.25		
Assistant shipper, etc.....				3.00		
Checker, etc.....				2.00		
Trimmers.....	1.75	1.75	1.90	2.15		
Do.....				2.05		
Do.....				1.90		
Finishers.....	1.50	1.60	1.75	2.00		
Counters, girls.....	.75	.90	1.00	1.10		
Do.....	1.00	1.00	1.10	1.20		
Do.....	1.10	1.10				
Cases and frames:						
Frame maker.....	(b)	(b)	(b)	1.65		
Do.....	(b)	(b)	(b)	1.90		
Outters:						
Outter girl, machine, first year.....	.65	.65	.76	.86		
Outter girl, machine, second year.....	.76	.75	.85	.95		

* Per month.

* During 1893, 1898, and 1903 frames were made by contract.

Comparative wages of Tyrone (Pa.) mill—Continued.

	1893.	1898.	1903.	1908.							
				Wages.	Average daily bonus for year 1907.	Total daily wage and bonus.					
Outters—Continued.											
Cutter girl, roll	\$0.75	\$0.75	\$1.00	\$1.10							
Do	.90	.90									
Cutter boss	2.25	2.00	2.10	3.00	\$0.32	\$3.32					
Cutter boss assistant				1.90							
Cutter boss helper	1.25	1.25	1.45	1.65							
Super calendars:											
Runner	1.75	1.60	1.65	1.80							
Helper	1.25	1.25	1.40	1.65							
Do	1.50	1.50									
Machine room:											
Machine tender	3.00	3.00	3.25	3.50	.32	3.82					
Do	2.75	2.75	3.00	3.25	.32	3.57					
Back tender	1.35	1.35	1.50	1.90	.16	2.06					
Back tender helper	1.25	1.25	1.35	1.50							
Winder boys			.85	1.10							
Beater room:											
Boss beater man	1.75 2.00 2.25 2.75	2.75	3.00	3.25	.32	3.57					
Helper	1.30						1.35	1.50	1.65 1.90	.16	1.81 2.06
Clay mixer							1.50	1.60	1.65		
Size, etc	1.35						1.50	1.60	1.90		
Engineers and firemen:											
Chief engineer	^a 100.00	^a 100.00	^a 125.00	^a 135.00	^a 8.00	^a 143.00					
Engineers	1.75	1.75	2.00	2.20							
Firemen	1.60 1.70 1.75	1.75	2.00	2.20							
			2.10	2.45							
Ash wheelers, etc.	1.35	1.25	1.45	1.65							
Mechanical department:											
Boss	3.25	^a 110.00	^a 125.00	^a 135.00	^a 8.00	^a 143.00					
Mechanics	1.50	1.50	1.60	1.75							
Do	1.75	1.75	1.90								
Do	1.85		2.00	2.20							
Do	2.00	2.00	2.20	2.40							
Do	2.25	2.25	2.50	2.70							
Do	2.50	2.50	2.75	2.95							
Oilers		1.75	1.60	1.90							
			1.90	2.05							
Outside labor:											
Boss	1.75	1.75	2.00	2.50							
Common	1.35	1.25 1.35	1.45	1.65							
Paper loader	1.35	1.35 1.50	1.45 1.60	1.60							
Night watchman	1.35	1.50	1.75	1.90							
Teamsters	1.35	1.35	1.50	1.75							
Do	1.50	1.50	1.60	1.90							
Do	1.75	1.75	1.90	2.05							
Bleach and wet machines:											
Bleach mixers			1.60	1.90							
Wet machines and screens	1.35	1.35	1.45	1.75							
Bleachers, etc	1.75	1.75	2.20	2.35							
Bleachers' helpers	1.60	1.60	1.75	1.90							
Digesters, dumping and alkali:											
Digesters	1.70	1.70	1.85	2.15							
Digesters' helpers	1.50	1.50	1.60	1.75							
Pan room	1.60	1.60	1.75	1.90							
Pan-room helpers	1.35	1.35	1.45	1.65							
Alkali	1.70	1.70	1.85	2.00	.12	2.12					
Alkali helper		1.60	1.60	1.75	.06	1.81					
Evaporators, rotaries, and leachers:											
Assistant to pulp superintendent			1.75	2.25	.12	2.37					
Evaporators	1.60	1.60	1.75	2.00							
Rotary	1.75	1.75	1.85	2.15							
Rotary helper			1.50	1.75							
Leacher	1.70	1.70	1.85	2.00							
Leacher helper	1.50										
Chipper:											
Chipper	1.50	1.50	1.60	1.75							
Helper	1.35	1.35	1.60	1.65							

* Per month.

Comparison of wages paid at pulp mill at Luke, Md.

	May, 1891.	January, 1891.	May, 1899.	May, 1904.	May, 1907.
Common laborer.....	\$1.25	\$1.15	\$1.20	\$1.35	\$1.45
Tour workers.....	1.333	1.20	1.30	1.40	1.50
Machine room foreman (J. Ryan).....	3.00	2.70	3.00	4.00	5.72
Cookers.....	2.50	2.25	2.25	2.35	3.46
Boss pipe fitter.....	2.25	2.25	2.25	3.10	4.51
Chief millwright.....	2.50	2.25	2.375	3.10	4.46
Assistants to millwrights.....	2.00	2.00	2.00	\$2.25-2.50	\$2.25-2.50
Chief engineer.....	3.50	3.65	3.40	3.98	5.51
Engineers.....	1.75	1.75	1.75	2.00	2.10
Firemen.....	1.50	\$1.40-1.50	\$1.40-1.60	1.50-1.70	2.00-2.25

Employees working regularly for more than one year now receive 5 per cent bonus, except foremen. This additional 5 per cent has not been figured in the above statement.—West Virginia Pulp and Paper Company.

Comparison of daily wages paid at paper mills at Luke, Md.

	May, 1893.	May, 1899.	May, 1904.	May, 1907.
Boss finisher.....	\$2.50	\$2.666	\$3.55	\$3.65
Finishing-room girls.....	.75	.75	.80	.95
Calendar-room boss (T. Gormley).....	2.50	2.75	3.46	3.46
Cutter girls.....	.75	.666	.70	.80
Machine tenders.....	3.00	2.75	4.15	4.76
Beater men.....	2.50	2.50	3.10	3.54
Back tenders.....	1.50	1.60	1.99	2.30
Outside labor.....	1.25	1.25	1.35	1.45
Boss millwright.....	2.50	2.50	2.90	3.10
Boss machinist.....	2.50	2.50	2.90	3.10
Helpers on calenders.....	^a 1.15	1.25	1.40	1.50

^a Mostly.

Machine tenders, beater men, and back tenders are now paid double time for working on Saturday nights, and due allowance has been made for this (as well as for bonuses) in the figures for May, 1907. Wages at present time are same as May, 1907.—West Virginia Pulp and Paper Company.

Have not considered the 5 per cent bonus paid employees who remain one year or longer in the May, 1907, column.

Comparison of wages paid at pulp mill at Davis, W. Va.

	July, 1898.	July, 1903.	September, 1907.
Chief engineer.....per month.....	\$75.00	\$90.00	\$185.60
Assistant superintendent (H. Male).....do.....	^a 2.00	80.00	175.60
Machine-room foreman (Martin).....per day.....	2.25	2.25	4.93
Machine tenders.....do.....	1.75	2.00	2.57
Chip-house foreman (Shoemaker).....do.....	1.60	2.00	3.52
Cooker (digger house).....do.....	2.00	2.00	3.52
Aid maker.....do.....	2.00	2.25	2.34
Firemen.....do.....	1.60	1.75	^b 2.00
Coal wheelers.....do.....	1.333	\$1.40-1.50	None.
Common labor.....do.....	1.15	1.35-1.40	\$1.35-1.50
Wood peelers.....per cord.....	.85	1.00	1.10

^a Per day.

^b Gas.

West Virginia Pulp and Paper Company.

Comparative labor figures—Paper mill (per day).

	June, 1900.	April, 1903.	April, 1908.
Finishers.....	\$1.76	\$1.78	\$2.17
Counters (girls).....	.62	.76	.90
Cutters (men).....	1.51	1.98	2.31
Cutters (girls).....	.59	.67	.84
Cases and frames.....	1.36	1.35	1.60
Boss machine tender.....	4.26	9.11	\$6.82-7.28
Machine tender.....	3.00	3.73	4.21-4.51
Back tenders.....	1.50	1.79	2.24-2.41
Third hands and reels.....	1.14	1.26	1.43
Beatermen.....	2.62	3.73	4.24-4.44
Helpers on beaters.....	1.34	1.40	1.74
Outside labor.....	1.25	1.36	1.53
Mechanics.....	2.50	2.67	2.69
Supers (runners).....	1.75	1.76	2.28
Supers (helpers).....	1.25	1.25	1.38
Common labor.....	1.25	1.25	1.40
All kinds.....	1.33	1.53	1.87
Office, including chemist.....	2.61	4.31	3.91

^a July.

West Virginia Pulp and Paper Company, Covington, Va.

Comparative labor figures—Sulphite mill (per day).

	June, 1900.	April, 1903.	April, 1908.
Foreman (drainer room to machine room).....	\$3.34	\$5.00	\$8.26
Foreman (night, drainer room to machine room).....	2.75		
Machine tender.....	2.75	2.61	3.73
Back tender.....	1.50	1.50	1.83
Wet machines.....		1.40	1.75
Loaders.....	1.37	1.42	1.69
Reel men.....	1.33	1.35	1.75
Bleachers.....	1.67	1.50	1.91
Bleach mixers.....	1.40	1.50	1.60
Screens, blow pits, and drainers.....	1.30	1.24	1.54
Foreman (digesters and acid room).....	2.88	3.01	4.98-5.82
Cookers.....	2.00	2.04	3.24
Acid men.....	2.00	1.87	2.80
Helpers (acid room and digesters).....	1.32	1.29	1.61
Mechanics.....	2.01	1.93	2.12
Foreman (chip house and yard).....	2.69	2.69	4.03-4.45
Chip house.....	1.27	1.47	1.59
Engineers and firemen.....	1.58	1.69	1.96
Outside labor.....	1.33	1.38	1.45
Common labor.....	1.25	1.25	1.40
All kinds.....	1.48	1.59	1.82

See paper mill figures for office. West Virginia Pulp and Paper Company, Covington, Va.

Mechanics in sulphite mill, April, 1908.—Two, at \$3.20; one, at \$2.75; two, at \$2.50; one, at \$2.45; one, at \$2.40; one, at \$2.38; four, at \$2.25; two, at \$2.20; two, at \$2.15; one, at \$2.10; three, at \$2; two, at \$1.75; two, at \$1.60; one, at \$1.50; fourteen, at \$1.40; one, at \$1.35; two, at \$1.25.

Scale of wages at New York and Pennsylvania Company's Johnsonburg mill from 1898 to 1908.

Names.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	Per cent.
Oilers.....	\$1.25	\$1.25	\$1.40 1.35	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.50 1.40	\$1.60 1.80	28 40
Repair crew:												
Blacksmith.....	2.50	2.50	2.25	2.25	2.25	2.50	2.50	2.75 2.50	2.75 2.50	2.75 2.50	2.75 2.75	10
Helper.....	1.20	1.50	1.50	1.75	1.40	1.40	1.60	1.60	1.60	1.60	1.75	46
Head carpenter.....	2.25	2.00	2.25	2.50	2.50	2.50	2.75	3.00	3.00	3.00	3.50	55
Carpenters.....	1.75	1.75	2.00	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	43
Helpers.....	1.50	1.50	1.50	1.40	1.40	1.40	1.60	1.60	1.60	1.60	1.60	7
Masons.....	2.75	2.75	4.00 2.75	4.00 2.75	3.25	4.00	4.00	4.00	4.00	4.00	4.00	45
Helpers.....	1.20	1.20	1.35	1.40	1.40	1.40	1.50	1.50	1.60	1.60	2.50 1.60	33

Rates of tariff on paper.

Ground wood, $\frac{1}{2}$ cent per pound.
 Chemical fiber, $\frac{1}{3}$ cent per pound.
 Bleached chemical fiber, $\frac{1}{4}$ cent per pound.
 Printing paper, value 2 cents per pound.
 Wrapping paper, various grades.
 Parchment.

Rates on supplies for paper mills' use.

Clay		\$2.50 per ton
Felts	44 cents per pound and 60 per cent or	100 per cent
Colors		
Wire cloth		35 per cent
Cotton dryer felts		45 per cent
Hemp twines	13 cents per pound or	100 per cent
Alum and alum cake	$\frac{1}{2}$ cent per pound or	50 per cent
Lumber		
Machinery		45 per cent
Steel forgings		35 per cent
Steel sheets		35 per cent
Soda ash		25 per cent
Leather belting		35 per cent
Rubber belting		30 per cent
Salt	8 to 12 cents	per hundred
Bleach		20 per cent

Wages.

	American.	European.
Women	About \$1 per day (indoor work)	\$0.37 $\frac{1}{2}$ to \$0.50
Men	From \$1.50 to \$5 per day, variation based on skill .....	.50 to 1.50

Investment.

It is estimated that the amount of capital invested in the manufacture of book papers, and grades of paper included in that category, is, in round figures, about \$105,000,000. In this investment are included the working capital and the value of timber lands and soda fiber and sulphite mills, which are maintained, operated, and conducted in connection with such book-paper plants.

All book-paper mills, however, are not equipped with their own chemical fiber mills for the manufacture of sulphite and soda pulp.

Labor.

The aggregate number of wage-earners employed in the mills manufacturing book paper and similar grades in the United States, including the soda-fiber and sulphite plants operated and conducted in connection therewith, is estimated to represent an army of, approximately, 30,000.

Conclusion.

It is contended that—so far as the paper-making industry is concerned—a protective tariff which insures for the American workingmen employed therein the highest scale of wages of any similar class of labor in any other country, and at the same time provides him with

abundant opportunity for employment, is of itself one of the most potential arguments that can be advanced in favor of its retention.

Experiment might not only prove fallacious, but disturbing to the paper-making industry as a whole, and perhaps inflict unnecessary and unjust hardship upon our American wage-earners.

The tariff duty on paper and pulp should be maintained and continued at its present standard. It is not alone required in the interests of the paper manufacturer, but likewise in the interests of the large army of American laborers dependent upon that industry for its employment.

Respectfully submitted.

GEORGE SULLIVAN.

**PROF. W. H. KRUSE, CONCORDIA COLLEGE, FORT WAYNE, IND.,
WISHES SCIENTIFIC WORKS TO BE DUTY FREE.**

FORT WAYNE, IND., *November 28, 1908.*

Hon. S. E. PAYNE.

Washington, D. C.

DEAR SIR: I noticed in the papers the other day that a number of New York publishers and printers appeared before your committee to urge a duty on books, pamphlets, and periodicals printed in foreign languages, which would include all scientific works. No doubt thousands of men engaged in intellectual pursuits feel exactly as I do in this matter, but they are likely to let this thing go by default and to come out with their protests when it is too late. In your letter to Mr. Carnegie you indicated a desire to hear from the citizens of this country in regard to the new schedules, and this encourages me to hope that you and your committee will not let my protest go unheeded.

Whether we like it or not, the most minutely specialized work and research is still done in Europe, and it is the sheerest folly to try to change this by a duty on such books. Whenever in our reading and study we reach a point that puzzles us we glance over the catalogues of European publishers, and usually find a few pamphlets and monographs restricted absolutely to this one point. This places at our disposal the very latest and best information that the world possesses. No encyclopedia can go so thoroughly into details and treat a subject so fully in all its bearings, to say nothing of the fact that they are necessarily from five to fifteen and more years behind the advance guard of the scientists. Just to give you an illustration: A physician of my acquaintance wished to get the very latest information on bleeding of the lungs (pulmonary hemorrhages); in four weeks he had a pamphlet of about two hundred pages that absolutely covered the subject and gave him all that the foremost men of Europe know. This same condition obtains in all branches of knowledge, particularly natural science and mathematics.

It seems to me a very short-sighted policy to obstruct even to the smallest extent the importation of ideas. Germany owes, in a large measure, its tremendous advance along industrial lines to the fact that they bring exact scientific knowledge to bear upon problems of manufacture. In America we are rapidly adopting the same method, and it would be strange, indeed, if we Americans, with our proverbial

knack of getting material benefits from abstruse scientific truths, should not far outstrip the Europeans. Only recently a German professor in a technical school warned the graduating class against admitting Americans to their factories, "for," he said, "they need only see a machine once and they will go home and build a better one." What is true of a visit to a factory in Europe applies in its way to books printed in a foreign language.

You are no doubt aware that all American universities require a reading knowledge of French and German of all candidates for a higher degree. The reason of it is that no man can do thorough work and keep abreast with the times in any line of research without these two languages. Those publishers of New York are assuming a very narrow and unpatriotic attitude; they are proposing to kill the goose that will in time lay golden eggs. The only books that could seriously compete with American publications are those from England, and no one has thus far proposed to levy a duty upon them. If the States are justified morally, legally, and economically in appropriating millions of dollars every year to the maintenance of universities and technical schools, some man with more logic than sense might conclude a bonus ought to be paid to every man importing a scientific work from abroad. Of course, no one asks that; we are satisfied to have present conditions remain as they are. It is bad enough to be subjected to the tantalizing torture of waiting a month or more for a book you want and really need in order to go ahead. If an American book of similar scope and thoroughness is to be had, we naturally buy it rather than put up with this long delay that so frequently dulls the edge of our enthusiasm. The gain to the Treasury from a duty on foreign books would be insignificant; the profits of these publishers ridiculously small compared with the immense harm such a provision of the law would do. These books are to us not luxuries but necessities, and we, as a class, are so placed financially that a duty on such books would be a real hardship.

Hoping that you and your committee will make no change in the present wise policy, I am,

Yours, respectfully,

W. H. KRUSE,
Concordia College.

W. P. CUTTER, FORBES LIBRARIAN, NORTHAMPTON, MASS., SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO BOOKS.

NORTHAMPTON, MASS.,
November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In view of the brief submitted to you by the Typothetæ of the city of New York at the hearing on November 21, 1908, and the brief submitted by Mr. Brassil, representing the Employing Bookbinders' Association of New York, and that of Mr. Rogers, of the International Brotherhood of Bookbinders, I beg leave to submit the following additional brief.

The Typothetæ in their brief ask your committee:

1. To increase the duty on books of all kinds, including blank books and pamphlets, and engravings, bound and unbound, photographs,

etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, from 25 to 75 per cent ad valorem.

2. To allow of free importation for the Library of Congress of printed material for that institution.

3. To do away with the privilege of free importation for public and educational institutions, including public libraries.

4. To do away with free importation of books in foreign languages, and of books in the English language which have been printed more than twenty years, and of books printed by individuals for free distribution, and of books imported for the use of the United States elsewhere than in the Library of Congress.

I shall take up these suggestions in the above order.

1. This is tariff protection which is prohibitory. The cost of the manufacture (and by this I mean the composition, making plates, paper, presswork, and casing) of the ordinary cloth-bound book does not average more than 25 per cent of the invoice value. The protection advocated would amount to a tax of 300 per cent of the cost of manufacture. To ask the citizens of this country to bear such a burden on the plea that it would protect American workmen is an insult to the intelligence of the committee. The present duty is high enough to afford all the protection needed. I quote from a letter I have just received from the largest importer of foreign books in New York City the following:

I do not think that during the last five years there have been published five books in a foreign language which it would have been profitable to reprint in this country; in fact, I do not know of any at present that has sold in more than 500 copies, not only through us, but through all importers combined. There are, of course, imported a number of English books and these come in in sheets, in editions possibly from 500 to 1,000 copies and more. They are imported by New York branches of London publishers and by other firms that act as special agents for the London publishers. While these are dutiable, the amount collected is exceedingly small, since it was published in the papers about a year ago that a book selling in this country at \$2 is invoiced from abroad at about 8 pence in sheets. The appraiser tried to raise the value, but the case went to court and the importers won on their statement that they should not pay any duty on the royalty being only paid on copies actually sold, while the copies they were importing were not sold. (From letter of G. E. Stechert to W. P. Cutter, dated November 25, 1908.)

I quote this letter to show that there is no need of protection for books in foreign languages, as there is small sale for them here, and that it is the custom of New York houses who are closely connected with these New York Typothetæ, to import sheets of a \$2 book, paying a duty of only 4 cents a copy; that at the same time the individual importing the book would have to pay at least 40 cents duty, and under the suggested amendment he would have to pay at least \$1.25 duty on a book that cost the New York publisher a little over 30 cents, duty paid; in other words, the printers, who are either publishers themselves, or work for them, are asking an outrageous amount of protection.

2. We all agree that the Library of Congress should have every facility for obtaining literature, without restriction. I would suggest that lithographs should be added to the schedule in paragraph 500. But I especially call your attention to the suggestion that all books "for the use of the United States" should be duty free. You all know that there are many collections of books, not only in Washington, for governmental use, but in Annapolis, West Point, Willetts

Point, and indeed everywhere that the Government has established institutions where study is necessary for the proper conducting of government. It is of course an absurdity to ask the Government to pay duty; it only shows the lack of serious study embodied in the suggestions of the Typothetæ.

3. The public educational institutions of this country have enjoyed the privilege of free importation of books and scientific instruments since 1816. They are part of the implements of the profession of education. As I have shown in my former brief, the importations of books are a very small percentage of the total consumption, a still smaller percentage being books which would ever sell in this country sufficiently to allow of reprinting here.

4. No country in the world taxes books printed in a language other than that spoken in the country. Such a tax would be a crime against our people. It is suggested merely to place importation in the hands of a few men in New York, who are grasping for all they can get. It is retaliation against the public institutions and educators of this country, who are the purchasers of 90 per cent of these books.

Books printed more than twenty years are second-hand books. Not 1 per cent would ever be printed in this country. Many of them are already bound in leather, and were bound, not to compete with American workmen, but to preserve them for future generations. They are bought by public institutions solely for their contents, or as samples of the printing of past ages. They are books for scholars. If the binding is an artistic binding, it ranks with other art objects, which, for the education of our people, should come in free.

Books printed privately for private distribution are almost entirely small pamphlets, with negligible value. To tax them is an absurdity.

As near as I can determine from a somewhat close examination of the statutes, the present duty of 25 per cent was a war tax, having been first levied in 1864. It has never been reduced. It has served, not only to foster the printing and publishing trades, insure higher wages, but even has led to an agreement on control of prices, which was first made in 1901 and is still in existence, although ostensibly abandoned in 1907. I can personally see no reason for the continuation of such a duty. It serves not so much to protect the American workingman as to build up a monopoly controlling the sale of books at standard high prices, and as such is fostering a combination which the courts have declared illegal.

I personally believe that the duty should be reduced. I do not believe it should be entirely stricken off, for the printing of books in this country would cease. If libraries are to be denied free entry, the duty should be decreased. If they are given free entry, the libraries as such have no opinion to express.

I append several letters sent to J. C. Dana, chairman of my committee. I could file 100 such letters, but do not desire to cumber the report with them.

Very respectfully,

W. P. CUTTER,

Committee on Book Buying, American Library Association.

EXHIBIT A.

PUBLIC LIBRARY OF CINCINNATI,
Cincinnati, Ohio, November 16, 1908.

Mr. JOHN C. DANA,
Librarian Newark Free Library, Newark, N. J.

MY DEAR MR. DANA: I was somewhat staggered upon receiving yours of the 13th, in which you state that an attempt may be made to do away with the free importation of books for libraries. It goes without saying that the imposition of a duty on books imported for libraries would be a direct tax on education. We do not import wittingly American books, that is, books written by Americans. We import very little fiction, but we do import a good many books in history, literature, science, and the fine arts. We import those books only when we can get them on the other side for less money than the same books can be had in the United States, that is, when we can save the additional charge of the duty. The books that we import are, for the most part, to be had only by importation; they are not books which are republished on this side of the water.

Yours, very truly,

N. D. C. HODGES,
Librarian.

EXHIBIT B.

CLEVELAND PUBLIC LIBRARY,
Cleveland, November 19, 1908.

Mr. JOHN COTTON DANA,
*Librarian Free Public Library,
Newark, N. J.*

MY DEAR MR. DANA: I am greatly interested in retaining the right of free importation of books for libraries, because it is absolutely illogical to tax an institution for free popular education and inconsistent with recognized public policy which exempts it from all other taxes. It would not only increase by the amount of the duty the cost of English books which libraries import, but it would place them still more at the mercy of the publishers in this country by destroying the only existing competition. I sincerely hope that the law will remain unchanged in this respect.

Yours, very truly,

W. H. BRETT, *Librarian.*

EXHIBIT C.

SALEM PUBLIC LIBRARY,
Salem, Mass., November 17, 1908.

Mr. J. C. DANA,
Free Public Library, Newark, N. J.

DEAR MR. DANA: In the revision of the tariff I trust that there will be no restriction on the free importation of books by public libraries, colleges, and learned societies. Our National Government has always encouraged learning and education, but an import duty on books

directly discourages both of these important interests. By increasing the cost of books it diminishes the number that can be bought, thereby lessening the library's service to the public. It is directly in the line of the library's most important work, the educational, that this restriction would most be felt. Popular fiction and other ephemeral books are generally reprinted in this country at prices less than they can be imported, while the more serious scholarly books are so costly to reprint and the demand is so small that one edition serves both the foreign and American market. Any action that increases the cost of such books is unworthy of our enlightened nation.

Yours, very truly,

GARDNER M. JONES.

EXHIBIT D.

NEW YORK STATE LIBRARY,
Albany, N. Y., November 14, 1908.

Mr. J. C. DANA,
*Chairman Bookbuying Committee of the
American Library Association, Newark, N. J.*

MY DEAR MR. DANA: I am distressed to learn that there is a possibility of another attempt at the abolition of free importation of books for libraries at an early hearing of the Ways and Means Committee.

The chief reason for opposing any such action is always that such restriction lays the United States under the imputation of hostility, or at any rate of discouragement, toward the means and facilities for not only creative scholarship, but for ordinary intellectual information and progress. With free importation, the important libraries of the country can provide books at a minimum of expense and in quantity sufficient to provide easy resort for scholars. Without importation these scholars and thousands of individuals would be obliged to provide such books for themselves at much greater cost and in far larger quantities than if the libraries could make them more freely and generally available.

Very truly, yours,

J. I. WYER, Jr.

EXHIBIT E.

THE BUFFALO PUBLIC LIBRARY,
Buffalo, N. Y., November 14, 1908.

Mr. JOHN COTTON DANA,
Free Public Library, Newark, N. J.

MY DEAR MR. DANA: I most sincerely hope that no interest will persuade our representatives that it is either good policy or can in any way be of service to the American people to do away with the privilege of the free importation of books now granted to educational institutions.

Such importations are, for the most part, of books not reprinted in this country, but of great value to the few through whose study the whole are benefited. Others are of books the American editions of which are not suitable for public library use or are too expensive for such use, and therefore would not be purchased.

Few American publishers could in any way benefit by the exclusion of the bulk of the books now imported by libraries, and it would be a calamity, as well as a great tax upon public education. It would be to grant a doubtful benefit to a few individuals at the certain expense and to the positive harm of all American readers and students.

Yours, very truly,

WALTER L. BROWN,
Librarian.

EXHIBIT F.

LIBRARY OF PRINCETON UNIVERSITY,
Princeton, N. J., November 16, 1908.

J. C. DANA, Esq.,
Public Library, Newark, N. J.

MY DEAR MR. DANA: Referring to yours of November 13:

1. The chief advantage of free importation of books for libraries is negative. It saves us a nation from the unequivocal stamp of hopeless Philistinism.

2. The justification for free importation is of course popular culture or education. Free importation of books encourages this. As a Republican protectionist I hold that the business of education should be highly protected by the State through free admission to all consumers of its raw materials, whether books or pictures, and by large subsidies in the way of national, state, and municipal appropriations for the purchase of books for free public libraries. A tax on books, pictures, and apparatus is a tax on the necessities of education, and is justified only in some great political need, such as a war tax.

3. Whatever justification there may be for a tax on private consumers of books and pictures, the taxing of free libraries is an economic self-contradiction. The money spent for the books is raised by local taxation or given for the public good. For the Federal Government to raise money for federal expenses by taxing taxes raised for local education is contrary to the spirit of our institutions and it is self-contradictory and futile in that it is simply paying out of one pocket of funds intended for the public welfare into another. In this case it is paying out of education into federal expenses, but at bottom it reduces to the same economic absurdity that would rise if a municipality should tax its own school buildings.

4. Practically speaking, the advantage of free importation of books is like the advantage of the free importation of tools of precision not made in this country; it encourages and enables the production of better work, without interfering at all with home industry.

Very sincerely, yours,

E. C. RICHARDSON.

W. P. CUTTER, NORTHAMPTON, MASS., FURNISHES ADDITIONAL STATEMENT RELATIVE TO FREE BOOKS.

NORTHAMPTON, MASS., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: It has occurred to me that a few suggestions from me in my private and personal capacity may be of service to the committee in considering the schedule covering paper and manufactures of paper, concerning which your committee was kind enough to hear me in an official capacity on November 21. As experience is the first criterion in judging of one's ability to give an opinion, I may point out that I have been engaged in the purchase of books for public institutions since the year 1890; that ten years of this service was in the Library of Congress and the library of the Department of Agriculture; three years in the library of a small college in Utah; four years in this, a medium-sized public library, much frequented by scholars.

There seems to be some confusion in the minds of some of the committee with reference to binding done abroad for export to this country. In the trade, a leather binding is known as an "extra" binding, as opposed to the commercial cloth bindings, which are largely the work of machinery. Extra binding is practically all hand work. It may be divided into two classes, that done simply to insure durability, and that done to decorate the book. The former is the work of the ordinary binder; the latter that of the art binder. The latter includes originality of design, richness of material, and the highest grade of work. The former requires durable material, honest workmanship, and that is all.

The ordinary cloth case placed on a book by the publisher is sufficiently durable for private use, provided the book is not too heavy or too severely used. Even for private use leather makes a much more durable binding. For public library use, especially in books having a large circulation, an extra durable binding of leather, with a sewing adapted especially to library conditions, is a desideratum.

We may then say that there are really four kinds of bindings required:

1. Cloth cases for private libraries and ephemeral literature.
2. Durable leather binding for private libraries, where the book is either heavy, in constant use, or is in a set worthy of a better binding.
3. Plain, but especially substantial binding for books having large circulation in a public institution.
4. More or less elaborately decorated binding, for rare books, or the libraries of wealthy persons who are willing to pay for artistic excellence and expensive work.

In considering the placing of a duty on binding it should be borne in mind that there is such a difference. To differentiate further, let me say that of the above classes, class 1 is very cheap, costing only a few cents. Class 2, on the ordinary octavo book, will cost from 25 cents to \$1 per volume. Class 3, from 50 cents to a dollar. Class 4, from \$5 or less to a thousand dollars or more per volume.

There are some of our citizens who prefer genuine Sevres porcelain to any American product. There are some who prefer Paris gowns

to the New York City product. So there are some who prefer a binding by Zaehnsdorf of London, or Riviere, to any work, however meritorious in design, done in New York City. They prefer these bindings because they believe that they are more artistic, or simply because they like them better. If we consider these bindings simply from the artistic standpoint, they would or should be entered free as works of art. If we consider them no more works of art than a Paris gown, they might well be dutiable, not only for revenue, but for the protection of the American workman who is attempting to develop artistic binding in this country. But the duty should be a reasonable one.

Class 2, called in the trade edition "extra bindings," are almost entirely made for publishers or booksellers. The cost of the extra binding is often doubled or trebled in the additional cost of the book in an extra binding. Such binding can well afford a moderate duty for purposes of protection or revenue. Libraries often have consecutive volumes of sets of a periodical published in a foreign country bound in that country, for the sake of uniformity, and to insure parts not being lost. Very few libraries send books once their property in this country to any other to be bound, except as a few may desire especially durable work.

Class 3 represents this special work. I can say from my own experience that a durable binding for a book in constant circulation is one of the most difficult things to insure. The paper now being used in books is of such a flimsy character that especial precautions must be taken to adapt the work to this special use. Such work requires especial study and constant experiments, both with material and methods. Some of the libraries of the country have become convinced that a certain firm having branches in Brooklyn, N. Y., and in Bath, England, has given the preparation of these bindings more careful study than any other firm. These libraries have therefore given some of their binding to this firm. In my own library I have tried many binders. I have told them to put on the most durable binding they could make. I have given them explicit directions. The result has been a great disappointment. The binders have had in mind cheapness rather than goodness. Up to the present time I have, after all these trials, employed the binder in Brooklyn and in Bath. Some books go to England; some do not. The books cost a high price compared with the work offered by the ordinary American binder. But they are bound forever, and in the long run they are cheaper.

The binder in his Brooklyn shop has a nonunion shop. There have been attempts made to induce him to go into the union. He has refused. He pays union wages and his people work union hours.

These are the facts. I have no quarrel with the American binders, nor am I under any obligation to any binder either here or elsewhere. When I find an American binder that will do the work, not promise to do it, but really do it, I will employ him.

I take the liberty of appending two documents. The first is a communication from Mr. Cedric Chivers, of Brooklyn and Bath, England, addressed to the Library Journal; the second is the comment of the editor of that publication. The former statement, which I have no reason to doubt in the slightest particular, shows that the size of Mr. Chivers's business in Brooklyn, employing American labor, is of sufficient importance to justify his being heard as an American manufacturer.

I append also the original of a letter from Mr. A. L. Bailey, chairman of the American Library Association Committee on Bookbinding, stating, in response to a letter of mine, his official opinion of this binding. Mr. Bailey has made the most searching investigations into library bindings, and his opinion is worth much more than mine.

Very respectfully,

W. P. CUTTER.

EXHIBIT A.

THE OTHER SIDE OF THE BOOKBINDING CONTROVERSY.

[The Library Journal, November, 1908.]

The other side of the bookbinding controversy is represented in the following statement by Mr. Chivers:

My attention has been called to the publication in the Library Journal of the resolutions recently passed by the board of aldermen of the city of New York and to the affidavits from members of the International Brotherhood of Bookbinders regarding sending public library books to England for binding.

As some of the statements made appear to be rather misleading, I beg to present the full facts in the case.

From the wording of the affidavits it would seem that I merely have an office at 911-913 Atlantic avenue, Brooklyn, for the sole purpose of receiving and dispatching bookbinding abroad, and that all work sent to me is done by aliens.

The truth is I have here a large bookbinding business employing 80 hands, among whom there are only two women and two men who are not American citizens.

My workshop is an "open one," but some of the men in my employ are union. I make no difference when putting on a workman as to whether he is union or not. The conditions under which my workshops are conducted with regard to hours and wages are second to none in advantage to the workers.

It has been complained by the representatives of the trades union that New York suffers from the fact that while unemployment is rife, work is being sent away from this city. I wish to submit that this is not a complete or fair statement of the case. Per contra, I am the cause of more bookbinding being done in New York than was done before I established my business, for I am drawing work from other places. My improved methods of work and better materials are the basis of practically a new business in this city, and I repeat, there is to-day more bookbinding being done here because of my establishment, and not less, as is alleged.

Regarding the sending to England of a portion of the work I receive, the facts are these:

I was invited by a number of the chief librarians of the United States to establish myself in this country for the purpose of binding public library books according to methods and patents which had effected great economies in England and its colonies.

About four years ago I started a bookbinding business in New York, and immediately employed a considerable staff of Brooklyn

work people. My success has enabled me to steadily increase this staff, and they find constant employment with me up to the present time without a day's loss of time or wages.

But my business has grown so rapidly that I have had more work than it has been possible for me thus far to educate a staff to accomplish here. In spite of one removal I am now negotiating to enlarge my present premises. All this has rendered it desirable in order to give prompt service to the libraries to temporarily avail myself of my English workshops. This temporary help during the costly period of training and establishment here has enabled me to do work at a less cost than would otherwise be possible.

I explained to the trades union delegation when they called at my bindery that having a part of the work done abroad was only a temporary expedient, and that I am rapidly training workers into my special methods and enlarging my premises, in order to do the work in this country. I may add that the ability to send a share of the binding abroad has greatly benefited the public institutions for which I work, because it would have been impossible to establish such methods as I have introduced into bookbinding without such aid.

As to the moral and legal rights of the case, I have always understood that since the Congress left it open for libraries to buy and have their work done abroad it was with the special intention that the kind of business I have been doing should be done so that educational institutions should be advantaged.

I was the first bookbinder to recognize the necessity for readapting bookbinding; first, to the severe usage to which books are subjected in public libraries. Before my time, and now beyond the influence of my work, books are bound for hard library service as they are bound for the limited service of the private house.

Second. I have and am adapting the binding of books to the various needs of modern papers, which during the last twenty-five years have varied more in quality than during the previous four hundred years. On both accounts I have made several improvements and introduced new methods in order to meet the necessities of both cases.

The value of these methods and patents have been publicly recognized by the awards of the gold medal at St. Louis, 1904; *diplôme d'honneur*, at Liege, 1905; *grand prix*, at Milan, 1906; and the *grand prix* at the Franco-British Exposition, London, 1908. My examples, also, were considered worthy of public exhibition in the Library of Congress, Washington, D. C., during 1905, when a show case containing samples of my improvements was on exhibition during several months.

I set up a standard of work for public libraries in this country, enabling books to serve for very many more issues, and advantaging the lending-library system of the United States by giving library books much longer life. In other words, my methods have enabled two books to serve the library where formerly three were used. As a result, thousands of dollars are being annually saved in the libraries, books are enabled to live and serve much longer, more books are bought with the money saved, and the cost of administration is considerably lessened.

EXHIBIT B.

[Editorial from the Library Journal, November, 1908.]

The bookbinding question raised in New York by the onslaught of the unions upon Mr. Chivers has rather far-reaching relations. The facts are that Mr. Chivers, by the use of his "duro-flexible" binding and the use of stout washable cloth sides with pigskin back has built up a library business in Brooklyn already employing 80 work people and attracting patronage from nearly 500 libraries in different parts of the country. The American business was beyond the possibilities of his present American organization, and perhaps a quarter of the work was sent to his establishment in Bath, England, and reimported under the "free importation for libraries" clause in the tariff. To this the unions naturally took exception, and after various endeavors elsewhere they finally obtained from the New York aldermen the resolution printed in the last issue. The statement of Mr. Chivers in the present number tells the other side of the story and corrects a number of misstatements. Mr. Chivers has done a great service to libraries directly and in bettering the standard of library workmanship in other binderies, and it would be a pity should a narrow and restrictive spirit interfere with his good work. There have been cases where members of a trade union have refused to avail themselves of the privileges of a local library because its work or the books it contained did not bear the union imprint. This is of course a logical result of the extreme union spirit, and it shows to what that may lead. As there is no doubt that Mr. Chivers is within the law in these reimportations, the attack is not likely to be of serious result, especially as it is understood that it is his intention to do more and ultimately all of the work in his American establishment.

EXHIBIT C.

THE WILMINGTON INSTITUTE FREE LIBRARY,
Wilmington, Del., November 24, 1908.

MR. W. P. CUTTER,
*Librarian, Forbes Library,
 Northampton, Mass.*

DEAR MR. CUTTER: In answer to your question as to my opinion of the Chivers's binding, I wish to say that I believe Mr. Chivers gives the best binding for public library use of any one either in this country or abroad. Several binders in this country have adopted many of Chivers's methods, and in some cases they have endeavored to make the books look like those bound by Mr. Chivers. I have not seen many volumes of such imitations, but such as I have seen are not comparable to the books bound by Mr. Chivers either in appearance or workmanship.

Very truly, yours,

A. L. BAILEY,
*Chairman American Library
 Association Committee on Bookbinding.*

THE FACULTY OF BRYN MAWR (PA.) COLLEGE URGES THE FREE IMPORTATION OF BOOKS AND CHARTS.

DECEMBER 3, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: The faculty of Bryn Mawr College, informed that certain interests are urging upon your honorable body changes in the tariff which it believes to be seriously detrimental to the cause of public education, has directed the undersigned to act as a committee to bring to your notice its protest against these changes.

The present law contains certain regulations permitting the free importation of books, charts, maps, scientific apparatus, chemicals, etc., for colleges, universities, and libraries, and it is very desirable that these regulations be retained in the revised bill. We are informed that proposals are before you looking to the abrogation of this privilege, a step which would be harmful to all the institutions which benefit by the existing conditions; and in their behalf, as well as in the interests of this college, we urgently beg that no such step be taken by your honorable body. Every year hundreds of students leave this country to visit European universities, and many do this because of the greater library and laboratory facilities to be found on the Continent and because of the liberal manner in which these libraries and laboratories are equipped and research is fostered by the various governments. If the laboratories of research and other educational facilities of our own colleges and universities are to be made in any sense comparable with those of Europe they must have every burden removed which can possibly limit their usefulness. There can be no truer protection to American industries than this kind of protection of American colleges and of American scholars.

We desire to call your attention to another proposed change in the tariff which will injuriously affect American scholars. We are informed that you are asked to include in your revision the removal of the provision of the tariff which permits the free importation of books in foreign languages, and also those in English, published more than twenty years ago. The provision has proved most helpful to those teachers and scholars who are obliged to make use of foreign books in their work. The greater number of these books are never translated into English at all, because being of interest only to specialists they do not warrant an American publisher in undertaking the expense of reproduction, while such as are translated appear in that form only after so long an interval that their usefulness to teachers is materially lessened. American scholars in many subjects are obliged to get these books as soon as published, in order to keep informed as to the progress of investigation in their own departments.

The great bulk of such scholars are poor men, and a tariff on foreign books is for them a grievous burden, which is at the same time quite unnecessary, inasmuch as these books do not come into competition with those published in this country, and consequently no American interest is prejudiced. Indeed, foreign books of the class described not merely do not come into competition with American publications, but assist them in two ways; first, the scholar who needs foreign books to keep abreast of the times needs domestic

ones as well, and our experience is that he is as careful to provide himself with all American books of value as he is with foreign; secondly, foreign books act as a stimulus to the production of independent work in this country.

It has been a matter of congratulation to observe the increasing number of American publications in educational and scientific subjects that have been issuing from the American press in recent years. It is strictly within the limits of accuracy to affirm that the authors of the vast majority of these have had to take account of the recent work done in foreign lands in their subjects. To render it difficult to become familiar with the work of foreign scholars, as the proposed tariff on foreign books would do, is to restrict American production, and thus go contrary to the very principle of protection which the tariff is intended to foster.

Secondly, the importation of old books is a matter of the utmost importance and deserves every possible encouragement. There are gradually growing up in this country libraries, both public and private, of considerable size and value. These collections of books will in time become such as to make us relatively independent of European libraries, and their increase deserves to be furthered in every possible way. All the private collections will in time be scattered to form new private libraries or will be absorbed into the larger public libraries. No such collection can be sold for anything like the cost of making it, so that these private libraries are practically never a source of profit to their owners. The proposed tariff on books, old and new, will make the expense of extending these collections greater than most owners can bear.

We therefore respectfully but urgently ask that no such restrictions upon the usefulness of our colleges and universities and upon the full development of American scholarship may be imposed by your honorable body.

Signed on behalf of the faculty of Bryn Mawr College:

JOSEPH W. WARREN,
THEODORE DE LAGUNA,
WM. B. HUFF,
Committee of the Faculty.

In accordance with the instructions of the faculty:

M. CAREY THOMAS,
President of Bryn Mawr College.

HON. J. VAN VECHTEN OLCOTT, M. C., FILES LETTER OF C. R. CORNING, NEW YORK, ADVOCATING FREE BOOKS.

NEW YORK, *December 8, 1908.*

Hon. J. V. V. OLCOTT, M. C.,
Washington, D. C.

MY DEAR MR. OLCOTT: I find on my desk a memorandum calling for a letter to you concerning the tariff on books which we discussed at the Union League Club a short time since.

The United States is one of the very few civilized countries in which a protective tariff on books is maintained. I view this tariff as affecting principally three classes in the community—the author, the

printer, and the consumer. Provided the author's copyrights are protected, to which there is no objection in the world, the other two alone remain for consideration.

The printer is not dependent on the work of publishing books in this country for his livelihood. The consumers may be divided into those to whom a rise in the price of the books does not make any material difference, but there is a very large intellectual class which, as a rule, is not wealthy and which needs a great many books, which are now burdened with a heavy duty for its work. This class is composed of college professors, college students, professional men of all kinds, such as engineers, architects, lawyers, chemists, physicists, and others. While it may be said that professors and students can avail themselves of the libraries of the institutions which they are frequenting, I know from personal experience how difficult it was when I was a student to at times secure the very books I needed most, because some one else needed them at the same time and they were not in the library. Reference to books of this nature in the library of an institution is often not at all the equivalent of a private ownership, as you will readily understand.

At the present all non-English books are free and all English books more than 21 years old are also free. All other English books pay 25 per cent duty, and not only is this duty payable, but the customs administration of the law in this matter is often of the most unfair. I have come across this matter personally as chairman of the library committee of the Union League Club. When I ordered Stieler's Atlas, a German publication with all its descriptive wording in German, for the use of the library, although it is printed, published, and essentially German, the New York custom-house classed it as an English book because certain geographical names were English. They were English simply because there are no German equivalents and they are, so far as all intents and purposes are served, used in German as German words.

It would be an immense boon to a very large class in this country if all books and all bindings on such books, if of plain character, were made free of duty. I speak particularly of bindings because a great many books published in English are published without bindings; they are simply bound when they come from the press in plain linen or similar material instead of a paper cover, which is the method prevailing on the Continent.

Hoping that something may be possible in this matter, I remain,
Yours, very truly,

C. R. CORNING.

JEROME D. GREENE, SECRETARY OF FACULTY OF HARVARD UNIVERSITY, WRITES IN ADVOCACY OF FREE BOOKS.

WASHINGTON, D. C., *December 19, 1908.*

Hon. S. E. PAYNE, M. C.,

Chairman Committee on Ways and Means.

MY DEAR MR. CHAIRMAN: I am inclosing herewith letter from Mr. Jerome D. Green, who is secretary of the faculty of Harvard University.

Sincerely, yours,

H. S. BOUTELL.

CAMBRIDGE, *December 17, 1908.*

HON. H. S. BOUTELL, M. C., *Washington, D. C.*

DEAR SIR: I hope that the cause of education and of the diffusion of culture throughout this country will not suffer longer the handicap which purely mercantile interests are imposing by their support of the present duty on books printed in England. Whatever may be said about the interests of the consumer as compared with those of the protected manufacturer or artisan in other industries, it seems perfectly clear that the interests of the consumer are paramount where culture is concerned. It would be no more unjust or inexpedient, though doubtless more difficult, to impose a tariff on the importation of ideas than to put an obstructive tax on books and works of art. When one considers the large sacrifices which the people of Illinois and Wisconsin, for example, make to support their educational system—and those States are merely leaders in a movement which characterizes the entire country—it seems inconceivable that the commercial interests of an insignificant number of men should be allowed to stand in the way of what is really one and the same cause, namely, that of popular education and enlightenment.

Sincerely, yours,

JEROME D. GREENE.

**TRUSTEES OF NEW YORK LIBRARY, ASTOR, LENOX, AND TILDEN
FOUNDATIONS, OPPOSE INCREASE OF BOOK DUTY.**

ST. LOUIS, Mo., *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: At a meeting of the board of directors of the St. Louis Public Library on Thursday, December 17, 1908, the following resolutions were adopted:

“The board of directors of the St. Louis Public Library have learned with much regret that an effort is making to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

“The existing tariff imposes a duty of 25 per cent ad valorem on books, excepting, however, first, books printed wholly in foreign languages; second, books in English which have been printed more than twenty years; third, books imported for the use of the United States or the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

“An import duty on books differs entirely in its effect upon the manufacturer from other duties, in that the copyright laws afford protection to authors and publishers quite apart from the tariff.

“The protection afforded, moreover, is extremely limited, affecting only such imported modern books and periodicals as are printed in English. So far as it goes, however, the duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

“The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing

has been the law for many years, and the result will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments.

"This board therefore respectfully protests against any diminution of the privileges that libraries now possess, and further expresses the opinion that all import duties upon books and other printed matter should be entirely abolished.

"*Resolved*, That an attested copy of the foregoing minute be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each member of the House and of the Senate representing the State of Missouri."

PAUL BLACKWELDER,
Acting Librarian, St. Louis Public Library.

**TRUSTEES OF NEW YORK LIBRARY, ASTOR, LENOX, AND TILDEN
FOUNDATIONS OPPOSE INCREASE OF BOOK DUTY.**

NEW YORK, *December 21, 1908.*

HON. SERENO E. PAYNE,
Ways and Means Committee, Washington, D. C.

DEAR SIR: By direction of the trustees of the New York Public Library, Astor, Lenox, and Tilden foundations, I have the honor to transmit to you herewith an attested copy of a minute and resolutions adopted by the trustees on December 9, 1908, upon the subject of an effort which, as they are informed, is now being made to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

Yours, respectfully, C. H. RUSSELL, *Secretary.*

NEW YORK CITY, *December 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: At a meeting of the trustees of the New York Public Library, held in the city of New York, on Wednesday, December 9, 1908, the following minute and resolutions were adopted:

The trustees of the New York Public Library have learned with deep regret that an effort is making to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

The existing tariff imposes a duty of 25 per cent ad valorem on books, excepting, however, first, books printed wholly in foreign languages; second, books in English which have been printed more than twenty years; third, books imported for the use of the United States or the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

An import duty on books differs entirely in its effect upon the manufacturer from other duties, in that the copyright laws afford protection to authors and publishers quite apart from the tariff.

The protection afforded, moreover, is extremely limited, affecting only such imported modern books and periodicals as are printed in English. So far as it goes, however, the duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing has been the law for many years, and the result will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments.

This board, therefore, respectfully protests against any diminution of the privileges that libraries now possess; and further expresses the opinion that all import duties upon books and other printed matter should be entirely abolished.

Resolved, That an attested copy of the foregoing minute be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each Member of the House representing the State of New York.

Resolved, That the executive committee be and it is hereby authorized to take such measures as it may think proper to have the views expressed in the foregoing minute presented to the committees of the present and the next Congress, either orally or otherwise as may be thought most expedient.

A true copy from the minutes.

Attest:

C. H. RUSSELL,

Secretary of the Trustees of the New York Public Library.

(The above resolution was concurred in by the trustees of the Brooklyn Public Library, December 15, 1908. Similar resolutions were adopted by the Free Public Library of Newark, N. J., John Cotton Dana, librarian.)

**THE TRUSTEES OF THE PUBLIC LIBRARY OF CINCINNATI, OHIO,
ADOPT RESOLUTIONS FAVORING FREE BOOKS.**

CINCINNATI, OHIO, *December 22, 1908.*

HON. SERENO E. PAYNE,

Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: At a meeting of the trustees of the Public Library of Cincinnati, on Thursday, December 17, 1908, the following resolutions were adopted:

The trustees of the Public Library of Cincinnati have learned with deep regret that an effort is making to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

The existing tariff imposes a duty of 25 per cent ad valorem on books, excepting, however, first, books printed wholly in foreign languages; second, books in English which have been printed more than twenty years; third, books imported for the use of the United States or the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

An import duty on books differs entirely in its effect upon the manufacturer from other duties, in that the copyright laws afford protection to authors and publishers quite apart from the tariff.

The protection afforded, moreover, is extremely limited, affecting only such imported modern books and periodicals as are printed in English. So far as it goes, however, the duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing has been the law for many years, and the results will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments.

This board therefore respectfully protests against any diminution of the privileges that libraries now possess; and further expresses the opinion that all import duties upon books and other printed matter should be entirely abolished.

Resolved, That an attested copy of the foregoing minute be sent to each member of the Committee on Ways and Means of the present House of Representatives and to the Member of the House representing the First Congressional District of the State of Ohio.

Resolved, That the executive committee be, and it is hereby, authorized to take such measures as it may think proper to have the views expressed in the foregoing minute presented to the committees of the present and the next Congress, either orally or otherwise, as may be thought most expedient.

Very truly, yours,

BOARD OF TRUSTEES, PUBLIC LIBRARY OF CINCINNATI.
By EUGENE SCHAEFER, *President*.

**THOMAS L. MONTGOMERY, PENNSYLVANIA STATE LIBRARIAN,
OPPOSES ANY INCREASE OF DUTY ON BOOKS.**

HARRISBURG, *December 24, 1908.*

HON. JOHN DALZELL, M. C.,
Washington, D. C.

MY DEAR SIR: I have heard that there is an effort being made to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

There is, as you probably know, a duty at present of 25 per cent ad valorem on books so imported, with the exception of books printed wholly in foreign languages, books printed in England more than twenty years ago, and books imported for the use of the United States,

the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

In my opinion, it would be a hardship to all these institutions to have such a measure enacted, and that the injury imposed would be totally out of proportion to the benefit which would accrue to the retail bookseller for whose benefit this amendment is suggested.

The importations of the large libraries of the country are made up of items which can not be secured in this country through the ordinary avenues of trade. Very few institutions made use of English editions of current books, even when published in England but reprinted in America.

In the smaller libraries, of which there are thousands in the United States, the importation of current literature from abroad is almost unknown.

To enact such a measure as would prohibit the acquiring of books and other printed matter would be totally out of keeping with the treatment accorded educational institutions by all enlightened governments, and, in my opinion, this would be the result if the proposed amendment goes into effect.

I have always personally expressed strong sympathy with the retail dealer in books in the difficulties he has had to meet by reason of the encroachment upon his business by the department stores, but in view of the facts which have been stated above I can not see that he will be at all benefited, and certainly the libraries would be injured.

I hope that you may see the fairness of our reasoning in this matter and oppose the passage of this amendment by every means in your power.

Yours, very truly,

THOMAS L. MONTGOMERY,
State Librarian.

**THE INTERNATIONAL BROTHERHOOD OF BOOKBINDERS ASKS
PROTECTION FROM FOREIGN LABOR.**

NEW YORK, *December 29, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives.*

GENTLEMEN: During the recent hearing of your committee on the question of tariff schedules, our organization was represented by Mr. George Rodgers, to whom your committee gave a hearing on November 21, when the subjects considered by your committee were pulp, paper, books, etc.

While Mr. Rodgers gave you a pretty fair idea of what is required by a bookbinder mechanic of this country, we think that perhaps a little repeating of what he said, or adding to his statement, might not be amiss, especially so, as the particular clauses in the tariff that we are trying to have corrected means a great deal to the American mechanic.

In the first place, we want to say that we have no fault to find with the tariff as at present levied. Our objections are principally against three of the clauses, as follows:

First. That clause which permits the importation of books for educational purposes free of duty; and

Second. That clause which permits books published over twenty years to come in free of duty; and

Third. That clause which permits books printed in foreign languages to come in free of duty.

The first-named clause is being used to a very great extent at the present time in the furnishing of books for the libraries, both public and private, of this country.

There is a firm who has a small plant located in Brooklyn, N. Y., who makes a practice to purchase the flat sheets from the publisher in this country of books of American publication, and these sheets are shipped to the city of Bath, England, where this firm has a rather large plant, where the books are bound by foreign workmen and returned to this country for use of the libraries as cited above, and admitted free of duty under the educational clause.

Our understanding of the intent of this law is that books of an educational character would only include books such as histories and works of a like character, but it surely should not intend to include novels or works of fiction, which most of the libraries are made up of.

The book published over twenty years and admitted free of duty applies largely to the finer class of bindings which are on the shelves of our more wealthy book lovers and connoisseurs, and we feel that this work could be done just as well in this country as in foreign lands; in fact, we believe it would be were it not for the tariff exemption which allows these bindings to be done on the other side, where wages are less than one-half of the average of what they are in this country.

The books printed in foreign languages and admitted free of duty we have no objection to as long as the books are published and bound abroad, but when they are sent abroad from this country for re-binding we are of the opinion that the tariff laws are being violated.

Ten years ago, or even less, statistics compiled by our organization show that there were over 1,000 bookbinders employed on this class of work, whereas to-day there are less than 300. The cause of this has been that the publishing firms who handle these classes of work find it a great deal cheaper to send it to English, German, or French binders in preference to giving it to the American mechanic, and we believe the free clauses in the tariff, as cited above, are largely to blame for this change in conditions.

We feel that we are heavily handicapped by these conditions, and our hope is that your committee will see its way clear to make corrections as will give this work to the American mechanic in preference to the foreigner. There are two or three instances which we could cite where firms have told our people that the only object they have in sending the work abroad was on account of its cheapness, but that they did not deny that the American mechanic could perform the work just as well.

I trust you will pardon me for intruding upon your deliberations at this time, knowing we are somewhat late in presenting this state-

ment of facts, but we are intensely interested, and will therefore ask that this be our excuse.

Thanking you in advance for your courtesy, I remain,
Very truly, yours,

JAS. W. DOUGHERTY,
Secretary-Treasurer
International Brotherhood of Bookbinders.

**HON. ERNEST F. ACHESON, M. C., FILES LETTER FROM LIBRARIAN
OF THE FREE LIBRARY OF PHILADELPHIA RELATIVE TO IM-
PORTATIONS OF BOOKS.**

1217-1221 CHESTNUT STREET,
Philadelphia, Pa., December 29, 1908.

HON. ERNEST FRANCIS ACHESON, M. C.,
House of Representatives,
Washington, D. C.

MY DEAR SIR: The trustees of The Free Library of Philadelphia have learned that there is an effort being made to increase the duty now levied on books and other printed matter imported into the United States and to remove from the free list all classes of books now included therein.

There is, as you probably know, a duty at present of 25 per cent ad valorem on books so imported, with the exception of books printed wholly in foreign languages, books printed in English more than twenty years ago, and books imported for the use of the United States, the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

It is the opinion of our board that it would be a grievous hardship to libraries as well as to the other institutions and societies mentioned to remove books from the free list, because the injury imposed would be totally out of proportion to the benefit which would accrue to the retail bookseller.

The importations of the large libraries of the country are mostly made up of those items which can not be secured in this country through the ordinary avenues of trade. Very few institutions make use of the English editions of current books, even when published in England in advance of the American reprint. In the smaller libraries, of which there are thousands in the United States, the importation of current literature from abroad is almost unknown.

To prohibit the acquiring of books and other printed matter from foreign countries would be, in our opinion, totally out of keeping with the treatment accorded educational institutions by all enlightened governments.

The Free Library of Philadelphia has always entertained the strongest sympathy for the retail dealer in the troubles that he has had to meet within the last few years by reason of the encroachments made on his business by changes in trade methods and from the difficulties incident to the carrying of a large stock, which is necessary to meet the wants of the public; but in view of the facts which have

been stated above, we can not see that such a dealer would secure any return which would be at all commensurate with the injury inflicted upon the institutions designated.

We sincerely trust that you will see the fairness of our position in this matter, and by every means in your power oppose the passage of this suggested amendment to the tariff law.

Yours, very truly,

JOHN THOMSON,
Librarian and Secretary The Free Library of Philadelphia.

THE LIBRARY COMPANY OF PHILADELPHIA FAVORS THE DUTY-FREE ADMISSION OF ALL BOOKS AND PRINTED MATTER.

NORTHWEST CORNER LOCUST AND JUNIPER STREETS,
Philadelphia, December 30, 1908.

To the COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

The Library Company of Philadelphia, founded in 1731 by Benjamin Franklin and his friends, has had an existence of one hundred and seven years, during which time, although never a rich institution, by care and economy it has collected some 200,000 volumes or more, which the public freely consults. It has been a great help to the company that it has been able to import its foreign books free of duty; indeed, it would have been impossible to make so valuable a collection without this help. Now, should the duty be increased and the free entry of books be removed, with its present limited means, a very heavy blow would be struck at the usefulness of the library; in fact, it would be almost necessary to cease buying books printed in Europe.

Therefore, the directors of the Library Company of Philadelphia subscribe to and most heartily indorse the following resolutions of the New York Public Library, Astor, Lenox, and Tilden Foundations:

At a meeting of the trustees of the New York Public Library on Wednesday, December 9, 1908, the following resolutions were adopted:

The trustees of the New York Public Library have learned with deep regret that an effort is making to increase the duty now levied on books and other printed matter imported into the United States and to remove from the free list all classes of books now included therein.

The existing tariff imposes a duty of 25 per cent ad valorem on books, excepting, however, first, books printed wholly in foreign languages; second, books in English which have been printed more than twenty years; third, books imported for the use of the United States or the Library of Congress or for the use of libraries, educational institutions, or societies of a literary or scientific character.

An import duty on books differs entirely in its effect upon the manufacturer from other duties, in that the copyright laws afford protection to authors and publishers quite apart from the tariff.

The protection afforded, moreover, is extremely limited, affecting only such imported modern books and periodicals as are printed in English. So far as it goes, however, the duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing has been the law for many years, and the result will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments.

This board, therefore, respectfully protests against any diminution of the privileges the libraries now possess; and further expresses the opinion that all import duties on books and other printed matter should be entirely abolished.

The directors of the Library Company of Philadelphia respectfully join in this protest, and direct that a copy of the same be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each member of the House representing the State of Pennsylvania.

EDW. S. BUCKLEY.
S. WEIR MITCHELL.
GEORGE H. FISHER.
HENRY C. CHAPMAN.
OWEN WISTER.
CLEMENT BUCKLEY NEWBOLD.
G. E. DE SCHWEINITZ.
CHAS. E. DANA.
SYDNEY G. FISHER.
J. PERCY KEATING.

THE BOARD OF DIRECTORS OF THE LOS ANGELES (CAL.) PUBLIC LIBRARY WANTS DUTY-FREE BOOKS.

LOS ANGELES, CAL., *January 1, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: At a meeting of the board of directors of the Los Angeles Public Library on Wednesday, December 29, 1908, the following resolution was unanimously adopted:

Resolved, That the directors of the Los Angeles Public Library, which serves a population of 300,000 and circulates nearly three-quarters of a million volumes per year out of this building, besides the enormous study-use inside the building by all classes of students in art, architecture, and science, earnestly protest against the removal from the free list of the books now imported into the United States, particularly by libraries.

The most important text books in many branches of art, architecture, and history are of necessity imported. Some of them are in foreign languages, some procurable only in foreign countries. A 25 per cent ad valorem tax on these books simply would mean that this city, which is the center of education for nearly a million square miles, would be reduced in effective scholarship by that amount. In our judgment it would be a step backward toward barbarism to deprive our students of these privileges.

We respectfully but urgently protest against any withdrawal of privilege now possessed by public libraries under the present tariff.

Resolved, That a certified copy of these resolutions be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each Member from the State of California.

Attest:

CHAS. F. LUMMIS,
Librarian, Los Angeles Public Library.

**THE DETROIT (MICH.) PUBLIC LIBRARY COMMISSION WANTS NO
INCREASE IN BOOK DUTIES.**

DETROIT, *January 2, 1909.*

HON. JOHN DALZELL, M. C.,
Ways and Means Committee,
House of Representatives.

DEAR SIR: I am instructed by the Detroit library commission to forward to you the inclosed memorandum of action unanimously taken at their most recent meeting.

Yours, very truly,

H. M. UTLEY,
Librarian, Public Library of Detroit, Mich.

The Detroit library commission respectfully protests against the efforts now being made to induce Congress to increase the duty at present levied on imported books and other printed matter and to remove from the free list all classes of books now included therein.

To increase the duty on books would not tend to the encouragement of any industry, but would simply increase the profits of publishers at the expense of book buyers. Authors and publishers are now protected by copyright and no good reason appears for double protection.

To withdraw from libraries and educational institutions the privilege of free importation of books would be distinctly a backward step. Many years ago Congress relieved libraries and educational institutions from import duties, on the theory that all efforts to promote the intelligence of the citizens should be encouraged and stimulated.

Publishing conditions in Great Britain, as well as in this country, have already resulted in a recent considerable increase in the prices of books. The funds of public libraries, raised almost wholly by taxation, are necessarily limited, and many libraries find their purchasing resources badly handicapped by the increased cost of books. To add duties on all foreign publications would seriously cripple many of these, which even now find their facilities for public service much curtailed.

The commission sees no good reason for changing the existing laws and earnestly hopes that the privileges which libraries now possess may be continued and extended.

SIDNEY T. MILLER, *President,*
HINTON E. SPALDING, *Secretary,*
DIVIE B. DUFFIELD,
HERBERT BOWEN,
GEORGE OSIUS,
RALPH PHELPS, Jr.,
Detroit Library Commission.

HON. A. P. GARDNER, M. C., SUBMITS RESOLUTIONS ADOPTED BY TRUSTEES OF BOSTON ATHENÆUM FAVORING THE REMOVAL OF DUTY FROM BOOKS.

WASHINGTON, *January 5, 1909.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives.*

MY DEAR SIR: I beg to inclose you herewith resolutions adopted by the trustees of the Boston Athenæum, favoring the removal of the duty on books and other printed matter.

Very truly, yours,

A. P. GARDNER.

At a meeting of the trustees of the Boston Athenæum on Monday, December 21, 1908, the following resolutions were adopted:

The trustees of the Boston Athenæum have learned with regret that an effort is being made to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

We commend the statement of Dr. J. S. Billings that, "So far as it goes, the present duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

"The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing has been the law for many years, and the result will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments."

The trustees of the Boston Athenæum, therefore, respectfully protest against any diminution of the privileges that libraries now possess; and further express the opinion that all import duties upon books and other printed matter should be entirely abolished.

Resolved, That an attested copy of the foregoing minute be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each Member of the House representing the Commonwealth of Massachusetts.

A true copy. Attest:

ALBERT THORNDIKE, *Secretary.*

UNION THEOLOGICAL SEMINARY, NEW YORK, APPEALS FOR DUTY FREE SCIENTIFIC AND TECHNICAL BOOKS.

700 PARK AVENUE,
New York, January 6, 1909.

CHAIRMAN COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

DEAR SIR: I have the honor to send to you, inclosed herein, a preamble and resolution adopted by the Society of Biblical Literature and Exegesis at its annual meeting, held at Columbia University on December 30, 1908.

Very truly, yours,

JULIUS A. BEWER,
Corresponding Secretary.

At a meeting of the Society of Biblical Literature and Exegesis, held in New York City December 30, 1908, the following preamble and resolution were adopted:

Whereas the present duty of 25 per cent ad valorem on books in the English language published abroad is, so far as scientific and technical works are concerned, of the nature of a tax on scholars without compensating advantages of protection to authors or publishers, or of appreciable increase of revenue, and is to that extent contrary to public policy, and especially to that policy of fostering learning and education which has always characterized the administration of our Government: Therefore be it

Resolved, That the Society of Biblical Literature and Exegesis petition the Committee on Ways and Means of the National Congress to take steps for the repeal of the duty on books of a scientific and technical character in the English language, published abroad, putting these books on the same footing as books published in a foreign language.

A true copy.

WILLIAM H. COBB,
Recording Secretary, Union Theological Seminary.

THE MODERN LANGUAGE ASSOCIATION OF AMERICA ADOPTS
RESOLUTIONS RELATIVE TO WORKS OF ART, BOOKS, AND
SCIENTIFIC APPARATUS.

107 WALKER STREET,
Cambridge, Mass., January 7, 1909.

HON. SERENO PAYNE,

Chairman of House Committee on Ways and Means.

DEAR SIR: At the annual meeting of the Modern Language Association of America, held at Princeton University, December 30, 1908, the following resolutions were (unanimously) adopted:

Resolved, (1) That the Modern Language Association of America, representing the scholars and teachers of the modern languages and literatures in the schools and colleges of the United States, believing that the present tariff laws, with their import duties upon works of art, books printed in foreign countries, and scientific apparatus, impose an unjust burden upon scientific work in this country, and act as an obstacle to the advancement of learning and general culture, while accomplishing little as regards the end for which such laws are framed, respectfully petition the Congress of the United States, in the proposed revision of the tariff laws, to remove the existing duties upon works of art and their reproductions, including photographs, upon all books printed in foreign countries, and upon scientific instruments intended for the private use of investigators.

(2) That the association instruct its secretary to communicate to Congress, at the proper time and through the proper channels, a copy of these resolutions.

Respectfully yours,

C. H. GRANDGENT,
Secretary The Modern Language Association of America.

PHOTOGELATIN PRINTS.

[Paragraph 403.]

THE ALBERTYPE CO., BROOKLYN, N. Y., PETITIONS FOR PROTECTION FOR AMERICAN PHOTOGELATIN INDUSTRY.

BROOKLYN, N. Y., *November 17, 1908.*

Mr. W. M. K. PAYNE,

*Clerk of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The photogelatin-printing business has been established in the United States for a quarter of a century, but has remained diminutive in comparison with the extent it has now acquired in Europe, and especially in Germany.

The printing by this process is slow and greatly subject to the influences of weather and temperature. The cost of labor therefore is larger proportionately than that of other printing methods.

The wages paid to workmen in our branch are on the average:

	United States.	Germany.
Steam printer.....	\$20.00 to \$25.00	\$7.00 to \$9.00
Plate maker.....	25.00 to 35.00	7.00 to 8.00
Reproduction photographer.....	20.00 to 35.00	7.00 to 8.75
Photographic retoucher.....	15.00 to 24.00	6.00 to 7.00

Rents and other business expenses show a similar proportion. Paper and cardboard of American manufacture cost two to three times the German prices for equal grades.

A great contributor to the rise of the photogelatin printing in Germany of late years has been the growth of the illustrated post card. The production of the American view and art post card has almost been monopolized by German manufacturers, whose agents here pick up the views of every city, village, and crossroad, of every scene, of any advertising subject, and send it to Germany to have 500, 1,000, or more post cards made of a subject. Not that we could not make an equally good article, but the German manufacturer can produce the 1,000 plain gelatin post cards for 7½ marks, or \$1.80, while we can not produce the 1,000 under \$5 or \$6.

The imported gelatin post card comes under the customs tariff schedule of printed matter and pays 25 per cent duty.

We hand color many gelatin post cards of our own make, giving thereby employment to 3 artists and 15 girls.

The importer also brings over many hand-colored post cards, omits the designation "hand colored," and is enabled thereby at some ports of entry to pass them as lithographs between eight one-thousandths and twenty one-thousandths of an inch in thickness at 5 cents per pound.

The majority of colored post cards are lithographs or chromolitho, and pass at the same rate of duty of 5 cents per pound, equal to about 45 cents per 1,000 post cards.

Here exists a flagrant discrimination against the American manufacturer. Compare *f. i.* the tariff schedule: Lithographic cigar

labels in less than eight colors, 20 cents per pound; lithographic cigar labels in eight or more colors, 30 cents per pound.

The German-made colored post cards vary between six and ten colors and pay only 5 cents per pound duty, while they are printed on the same lithographic presses as the cigar labels, with the exception of the great minority of gelatine hand-colored make.

Holiday cards, calendars, booklets, advertising cards, hangers, novelties, and pictures of many kinds share in the same discrimination. Post cards, being of recent growth, have not before come to the attention of the Congress. They are more commercial than educational, are largely used for advertising towns, resorts, real estate, and any kind of mercantile enterprise.

Well might the domestic manufacturer receive his fair share of this trade, instead of four-fifths of post cards being imported.

The unlimited cheapening of the article through foreign competition can not be said to have made it more lucrative to the retail trade, but has tended to depreciate it in the public estimation.

By the official report on the commerce of the United States, there were imported under the head of "Books, music, engravings, etchings, photographs, and other printed matter," in the fiscal years ending June 30, 1905, free, \$2,609,181; dutiable, \$1,980,677; 1906, free, \$3,000,326; dutiable, \$2,599,622; 1907, free, \$3,379,182; dutiable, \$3,072,127.

The European apprentice systems further contribute to the low cost of foreign labor, while here we do not have any unpaid labor.

Many smaller importations of post cards, fancy cards, other printed matter, photographs, and engravings come by mail cheaply and quickly, thus further diminishing the chances of the domestic manufacturer.

The photographer, as a rule, can not afford to copyright his scenic views, nor does the law ultimately protect him, according to recent decisions of the United States courts. The photographer's views, therefore, are the prey of the foreigner's agent. Example: We instruct our traveling photographer to photograph for us certain scenes in Oregon or Texas. He does it at great expense. We publish the views in the form of post cards or a souvenir book or a calendar. The foreigner, through his alert helpmate here, buys the finished article for a few cents and sends it to Europe for copying. In a short while our market, local or general, becomes flooded with cheap copies. The domestic manufacturer may then turn his wits to new fields, but the mail offers such easy facilities to the copyists here and abroad that to-day the American lithographers and kindred trades have resigned themselves to the conclusion that post cards and similar articles belong to the foreigner.

THE ALBERTYPE COMPANY.

EXHIBIT A.

BROOKLYN, N. Y., *November 18, 1908.*

I, Walther Hoeschel, married and residing at 179 Thirteenth avenue, Astoria, Queens County, State of New York, and working as a photographic retoucher with the Albertype Company, Brooklyn, N. Y., for the past three years, and previously with Stengel & Co., photogelatin printers, Dresden and Berlin, Germany, two years,

testify from my own knowledge that in Germany, in the photogelatin printing line, a first-class photographer earns 20 to 35 marks a week (\$5 to \$8.75); retoucher earns 18 to 25 marks a week (\$4.50 to \$6); apprentices, some nothing, others earn 2 to 4 marks a week (50 cents to \$1).

In every branch of the business apprentices are engaged, almost one to every workman. Girls feed the power presses.

To this statement I subscribe my name,

WALTHER HOESCHEL.

Subscribed and sworn to before me this 18th day of November, 1908.

[SEAL.]

HENRY STÜBING,
Notary Public, Kings County, N. Y.

**THE CAREY LITHOGRAPH COMPANY, NEW YORK CITY, ASKS FOR
ADDITIONAL PROTECTION AGAINST FOREIGN POST CARDS.**

NEW YORK CITY, *November 19, 1908.*

Mr. W. K. PAYNE,

Clerk of the Committee on Ways and Means,

Washington, D. C.

DEAR SIR: We have been advised that a hearing regarding tariff schedule covering papers, books, etc., will be held next Saturday, and that the subject of photogelatin printing will be heard in connection with this schedule. As figures and other data pertaining to this subject have undoubtedly been submitted by other parties, we will, in order to avoid repetition, refrain from stating same, but we wish to submit this undeniable fact:

American efforts and American capital have created a demand for gelatin printing in this country, a demand which is constantly increasing through our work, while European establishments, principally German, are getting the results. Large contracts for postal cards, art subjects, etc., are continually placed on the other side and executed, and this is not done for reasons of superior workmanship, but simply on account of our inability of competing with foreign quotations.

Yours, very truly,

CAREY LITHOGRAPH COMPANY.
PETER J. CAREY, *President.*

BRIEF SUBMITTED BY THE CAMPBELL ART COMPANY, OF ELIZABETH, N. J., RELATIVE TO PHOTOGELATIN PRINTING.

ELIZABETH, N. J., *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The photogelatin printing process was introduced in this country about 1871, and while it has flourished mightily abroad, especially in Germany, it has never secured in this country the place which it is entitled to hold as the best process for the repro-

duction of art pictures and kindred work, where fine details and graduation of tones are required.

On the 17th of this month the Government Printing Office called for bids on nearly 3,000,000 photogelatin prints as illustrations for an important publication where the above-mentioned qualities are absolutely required. There are not three photogelatin plants in the United States capable of turning out this work within the desired time, and the reasons are not far to seek—the low duty on foreign photogelatin work and the tremendous difference in the cost of labor and materials between Germany and the United States tell the story.

No photogelatin power presses are made in this country, and we have to pay a 45 per cent duty on such a machine. The finished product of a photogelatin press in the form of post cards come in under the customs tariff as printed matter, on which a duty of but 25 per cent is imposed, which is manifestly unfair and a discrimination in favor of foreign capital and labor. I find no fault with the 45 per cent duty on the press, but I submit that the duty on the finished product should, to say the least, be no less. I speak of post cards because they represent the largest single item of imported gelatin work.

I think I am within the truth in stating that two years ago more than 75,000,000 photogelatin post cards were imported. I have not the data regarding last year. Practically none of this work was done here, although we needed it badly enough. Many of these cards are hand colored, but come in under the same 25 per cent duty, which is a still harder proposition for the manufacturer here as it involves more cheap labor, not to mention the very prevalent impression that some of these hand-colored cards come in at certain ports of entry under the classification of "lithographs," "chromos," etc., at 5 cents per pound, which would bring the duty down to an absurdity on this class of work.

There is a large business in these cards in South America, about one-half as much as in this country, but under the present conditions we can get none of it; the same is true of Mexico and Canada. If we can not secure any part of this trade, I submit that we should at least be protected in our own country.

The following is a comparative scale of wages which shows where we find ourselves on the labor problem:

	Germany.	United States.
	<i>Per week.</i>	<i>Per week.</i>
Photographer.....	\$8.00	\$25.00
Retoucher.....	\$5.00 to 6.00	\$15.00 to 25.00
Platemaker.....	6.00 to 8.00	20.00 to 30.00
Printer.....	7.00 to 9.00	18.00 to 25.00
Feeders.....	1.50 to 2.00	3.00 to 6.00
Other handling and finishing (by women and girls).....	1.50 to 3.00	2.50 to 6.00
Hand coloring.....	2.00 to 4.00	8.00 to 12.00

Certain features of this process call for skilled labor, which it is almost impossible to get in this country, and we are restrained under the law from making contracts for foreign labor. If men of the required ability come here of their own accord, the labor unions immediately get hold of them and settle the wage question for them in a

hurry. Any relief, therefore, in the way of cheaper labor is exceedingly remote.

Concerning the principal materials entering into our work, we find ourselves in practically the same position, as the following figures will show :

	Germany.	United States.
	<i>Per pound.</i>	<i>Per pound.</i>
Paper.....	\$0.08	\$0.13
Gelatin.....	.60	\$0.95 to 1.25
Ink.....	.50	.95

Of course, if paper were on the free list, that would be a great help to us. We do not ask that, but do ask that the adequate protection of one industry shall not operate as a disadvantage to us because we are not properly protected.

The duty on machinery, gelatin, ink, and paper is, in every case, higher than the duty on photogelatin printed matter, and possibly no further argument should be necessary to demonstrate the fairness of an advance in duty on the latter. As to how much this advance should be, those whom I represent, in a measure, here, differ, as the briefs will show, ranging from a minimum of 45 per cent to a maximum of 100 per cent. The Campbell Art Company, for whom I speak directly, feels that a maximum of 75 per cent and a minimum of 60 per cent ad valorem would be equitable and reasonable in view of the figures just given, which can readily be authenticated, concerning the relative cost of labor and material here and abroad.

On the basis of such an advance it is probable that ten presses would soon be running where one is in operation to-day, and that many hundreds of both skilled and unskilled workmen would find steady employment where scores are busy to-day.

I submit briefs and letters from the Albertype Company, of Brooklyn, N. Y.; Meriden Gravure Company, of Meriden, Conn.; Campbell Art Company, of Elizabeth, N. J.; The Photogravure and Color Company, of New York; Carey Lithograph Company, of New York; E. Moebius, of Camden, N. J.; Heliotype Company, of Boston, Mass.; Taber Art Company, of Springfield, Mass., constituting practically all of the important concerns in this country in this line of work.

We buy our materials, manufacture our products, and sell our goods in this country. There is no combination among the people engaged in this line of business, and I can assure you that the competition between ourselves is keen enough to protect the public so far as prices are concerned. What we want and ask for is such measure of protection as will keep our factories running and our people employed. We think that we are at least entitled to as fair treatment as is accorded to others, and this we feel we are not receiving at the present time.

All of which is respectfully submitted.

ARTHUR F. RICE,
Vice-President Campbell Art Company, Elizabeth, N. J.

EXHIBIT A.

123-125 FEDERAL STREET, CAMDEN, N. J.,
Tuesday, November 17, 1908.

MESSRS. CAMPBELL ART CO.

(Mr. A. F. RICE, VICE-PRESIDENT, *Elizabeth, N. J.*)

DEAR SIR: Replying to your communications of November 12 and 16, I regret that I shall be unable to be present at the hearing on November 21. However, as you desire my views on the subject, I will state that it appears to me only reasonable that the duty on the printed work should be equal, at least, to that imposed on the photogelatin press, and for the benefit of those interested in the printing in this country as much more as possible. As matters stand at present, it is impossible for printers to compete with the foreign price on photogelatin work, and it is to be hoped that any endeavor to have the duty on imports of this nature increased shall meet with the success fairness justifies.

Would be pleased to receive copy of the laws.

Very truly, yours,

E. MOEBIUS.

EXHIBIT B.

BOSTON, MASS., *November 17, 1908.*

MR. ARTHUR F. RICE, CAMPBELL ART CO.,
Elizabeth, N. J.

DEAR SIR: Your favors of the 12th and 16th in matter of the duties on gelatin printing at hand, and, of course, writer is strongly in favor of an increase in the present rate on such work. The postal-card situation illustrates forcibly the need of such increase. We have figured a number of times on large orders of cards, but have been informed by the prospective customer that our prices were much more than the ones obtained from Germany. As this business has attained such large proportions, it would seem only right that the American manufacturer and workman should have an equal chance with the foreigner, especially as post cards can hardly be classed as anything else but a luxury. The cost of production, of course, applies equally to other uses of the process. A lot of work for special publications is now done abroad, in some cases apparently paying no duty whatever, as writer remembers hearing of a large book of photographs of views sold to artists and architects which was all large page illustrations printed by gelatin process, but with the title (a few words—the name of the town or building) printed in French or German, entering the country as a foreign-language publication and therefore free of duty.

Writer would like to be present at the hearing, but circumstances prevent. He wishes you all success in your efforts in behalf of the trade, and if he finds any opportunity to help along the cause, will certainly take advantage of it.

Very truly, yours,

(Signed)

W. C. RAMSAY.

EXHIBIT C.

NEW YORK, *November 17, 1908.*

MR. A. F. RICE, VICE-PRESIDENT CAMPBELL ART CO.,
Elizabeth, N. J.

DEAR SIR: We are in receipt of your favor of the 16th instant, in regard to meeting of the Ways and Means Committee to be held at Washington November 21.

Mr. Witterman, of the Albertype Company, in Brooklyn, visited us and talked this matter over, and we assured him that we would do our share in bringing about the desired revision of the tariff.

Thanking you for bringing this matter to our attention, we are,
Yours, very truly,

CAREY LITHOGRAPH COMPANY.

EXHIBIT D.

NEW YORK, *November 17, 1908.*

CAMPBELL ART COMPANY,
Elizabeth, N. J.

GENTLEMEN: In reply to your favor of November 16, wish to say that I should have been very glad to join with you in your effort to revise the present tariff on pictures, but the time is so short that I do not think I can arrange to go to Washington on Saturday.

Of course we are more interested in the duty on photogravure plates and prints. One trouble is that our fine work has to be printed on imported paper, on which there is a heavy duty. This places us at a disadvantage with the foreign houses, because they get the paper much cheaper; and with a small duty on the prints makes it difficult for us to compete with them.

It would be better for all of us if the duty on fine paper that can not be made in this country was reduced and the duty on the pictures printed on this paper increased. That would place us in a position to sell our goods in South America and Mexico.

I should like to have an interview with your representative who is going to Washington, and I might be able to suggest something that would be to our mutual benefit.

The photogelatin printers of this country are constantly going into competition with the photogravure houses in Europe.

Yours, truly,

PHOTOGRAVURE AND COLOR COMPANY,
KARL A. ARVIDSON.

EXHIBIT E.

MERIDEN, CONN., *November 18, 1908.*

MR. ARTHUR F. RICE,
Vice-President Campbell Art Co., Elizabeth, N. J.

DEAR SIR: Regret to say it will be impossible for me to appear before the Ways and Means Committee on the 21st, and should be glad if you could represent us, as well as yourself, at that time.

We hold that the present tariff on photo-gelatin work is wholly inadequate to put us on an even footing with the German manufacturers, when the wages paid, hours worked, and cost of materials on the other side are considered.

We also hold that it is a manifest injustice to compel us to pay 45 per cent duty on machinery for this process (and we can get this machinery in no other way than by import), and then protect us on the product of the machinery by only 35 per cent or less.

Very truly, yours,

THE MERIDEN GRAVURE COMPANY,
J. F. ALLEN, *Treasurer*.

EXHIBIT F.

CHICAGO, *November 16, 1908.*

CAMPBELL ART COMPANY,
Elizabeth, N. J.

GENTLEMEN: We have your letter of November 12, which was forwarded from our old address.

The tariff relative to the photo-gelatin industry is, as you say, manifestly unjust and we are cordially in sympathy with any movement which has in view a readjustment of this matter.

Considering the impossibility of American photo-gelatin firms of competing with European firms under the present tariff, we should suggest that the presses come in free and that a duty of 100 per cent or more on the finished product would be putting us on a more equitable plane of competition.

Thank you for calling our attention to this important subject and for the interest you are taking in the matter.

Very truly, yours,

WESTERN PHOTOGRAVURE COMPANY,
JOS. SCHOENINGER, *President*.

STATEMENT OF ARTHUR F. RICE, FLATIRON BUILDING, NEW YORK CITY, RELATIVE TO PHOTOGELATIN POST CARDS.

SATURDAY, *November 21, 1908.*

Mr. RICE. Mr. Chairman and gentlemen, I would like to speak on the photo-gelatin printing process as affected by the present tariff.

Mr. HILL. Do you know what paragraph of the law that is in?

Mr. RICE. It is hard to say, because we are not, I think, properly classified, if classified at all. On the basis of the duty charged on imported photo-gelatin work, we belong in paragraph 403.

Mr. HILL. What is the particular business you are in?

Mr. RICE. The photo-gelatin printing process, and I will say that I represent practically all of those in that business. We thought it was unnecessary to bring you gentlemen long papers on this subject. I think I represent all these people, practically, and I will give you the names of those I represent, and what I have to say will occupy but a short time. The photo-gelatin printing process was introduced in

this country about 1871, and while it has flourished mightily abroad, especially in Germany, it has never secured in this country the place which it is entitled to hold as the best process for the reproduction of art pictures and kindred work, where fine details and graduation of tones are required.

On the 17th of this month the Government Printing Office called for bids on nearly three million photo-gelatin prints as illustrations for an important publication where the above-mentioned qualities are absolutely required. There are not three photo-gelatin plants in the United States capable of turning out this work within the desired time, and the reasons are not far to seek—the low duty on foreign photo-gelatin work and the tremendous difference in the cost of labor and materials between Germany and the United States tell the story.

No photo-gelatin power presses are made in this country, and we have to pay a 45 per cent duty on such a machine.

Mr. HILL. What is the duty on the product?

Mr. RICE. Twenty-five per cent as it comes in now, classified as printed matter. It comes in under the duty of 25 per cent.

Mr. GRIGGS. What do you want to make it?

Mr. RICE. The finished product of a photo-gelatin press in the form of post cards comes in under the customs tariff as printed matter, on which a duty of but 25 per cent is imposed.

Mr. GRIGGS. How much do you want to make the duty?

Mr. RICE. I will arrive at that. I have the briefs here of all the important photo-gelatin men. The bringing in of the finished product of the process at a duty of 25 per cent is manifestly unfair and a discrimination in favor of foreign capital and labor. I find no fault with the 45 per cent duty on the press, but I submit that the duty on the finished product should, to say the least, be no less. I speak of post cards because they represent the largest single item of imported gelatin work.

The CHAIRMAN. Have you a written brief there?

Mr. RICE. Yes.

The CHAIRMAN. Then I think you had better submit it to the committee in that form.

Mr. RICE. Yes. I am speaking of the duty on the finished product which comes in here, to our great detriment. I think I am within the truth in stating that two years ago more than 75,000,000 photo-gelatin cards were imported. I have not the data regarding last year. Practically none of this work was done here, although we needed it badly enough. Many of these cards are hand colored, but come in under the same 25 per cent duty, which is a still harder proposition for the manufacturer here, as it involves more cheap labor, not to mention the very prevalent impression that some of these hand-colored cards come in at certain ports of entry under the classification of "lithographs," "chromos," and so forth, at 5 cents per pound, which would bring the duty down to an absurdity on this class of work. There is a large business in these cards in South America, about one-half as much as in this country, but under the present conditions we can get none of it; the same is true of Mexico and Canada. If we can not secure any part of this trade, I submit

that we should at least be protected in our own country. The following is a comparative scale of wages, which shows where we find ourselves on the labor problem:

	Germany.	United States.
	<i>Per week.</i>	<i>Per week.</i>
	\$3	\$25
Photographer.....	5 to 6	15 to 25
Retoucher.....	6 to 8	20 to 30
Plate maker.....	7 to 9	18 to 25
Printer.....	1.50 to 2	3 to 6
Feeders.....	1.50 to 3	2.50 to 6
Other handling and finishing (by women and girls).....	2 to 4	8 to 12
Hand coloring.....		

I assure you, gentlemen, that those are conservative figures. There is no guesswork about them. In connection with the briefs submitted by several of the other gentlemen are sworn statements in respect to the labor cost in Germany, and those can be substantiated here at any time. Certain features of this process call for skilled labor, which it is almost impossible to get in this country, and we are restrained under the law from making contracts for foreign labor. The question is asked why they do not all come here from Germany and why we do not get the skilled labor. If men of the required ability come here of their own accord, the labor unions immediately get hold of them and settle the wage question for them in a hurry. Any relief, therefore, in the way of cheaper labor is exceedingly remote.

Concerning the principal materials entering into our work, we find ourselves in practically the same position, as the following figures will show:

	Germany.	United States.
	<i>Per pound.</i>	<i>Per pound.</i>
	\$0.06	\$0.13
Paper.....	.60	.95 to 1.25
Gelatin.....	.50	.95
Ink.....		

Of course, if paper were on the free list, that would be of great help to us. We do not ask that, but do ask that the adequate protection of one industry shall not operate as a disadvantage to us because we are not properly protected. The duty on machinery, gelatin, ink, and paper is, in every case, higher than the duty on photogelatin printed matter, and possibly no further argument should be necessary to demonstrate the fairness of an advance in duty on the latter. As to how much this advance should be, those whom I represent in a measure here differ, as the briefs will show, ranging from a minimum of 45 per cent to a maximum of 100 per cent. The Campbell Art Company, for whom I speak directly, feels that a maximum of 75 per cent and a minimum of 60 per cent ad valorem would be equitable and reasonable in view of the figures just given, which can readily be authenticated concerning the relative cost of labor and material here and abroad. On the basis of such an advance, it is probable that ten presses would soon be running where one is in operation to-day, and that many hundreds of both skilled and unskilled

workmen would find steady employment where scores are busy to-day. I submit briefs and letters from the Albertype Company, of Brooklyn; Meriden Gravure Company, of Meriden, Conn.; Campbell Art Company, of Elizabeth, N. J.; The Photogravure and Color Company, of New York; Carey Lithograph Company, of New York; E. Moebius, of Camden, N. J.; Helio-type Company, of Boston, Mass.; and Taber-Prang Art Company, of Springfield, Mass., constituting practically all of the important concerns in this country in this line of work. We buy our materials, manufacture our products, and sell our goods in this country. There is no combination among the people engaged in this line of business, and I can assure you that the competition between ourselves is keen enough to protect the public so far as prices are concerned. What we want and ask for is such measure of protection as will keep our factories running and our people employed.

Mr. HILL. How many of you are there engaged in this printing from gelatin plates?

Mr. RICE. The eight factories I have named, and there are several smaller concerns.

Mr. HILL. What is the total American production, in round figures?

Mr. RICE. That would be a difficult question to answer.

Mr. HILL. A million dollars?

Mr. RICE. Yes, sir.

Mr. HILL. Two million dollars?

Mr. RICE. I hardly think so.

Mr. HILL. Do you know what the importations are? They are not classified separately in the government reports.

Mr. RICE. I spoke of post cards as the largest item, and if I am correctly informed—and I believe I am—two years ago—I can not tell what it was last year—

Mr. HILL. In dollars and cents, what is it?

Mr. RICE. There were 75,000,000 post cards imported.

Mr. HILL. What did it amount to in dollars and cents?

Mr. RICE. You mean their price or ours?

Mr. HILL. No; the total amount, after they are admitted into this country. What would be, in your judgment, the total importation? They are about \$2 to \$4 a thousand, we will say, and there were 75,000,000 of them. That would be about \$200,000, would it not?

Mr. RICE. Yes; \$300,000, nearly.

Mr. HILL. Your estimate is that the American production is from a million to two million, and the importation is from \$200,000 to \$300,000?

Mr. RICE. I am speaking of only one item, namely, post cards.

Mr. HILL. Yes.

Mr. RICE. Then, there are other things that come in, art pictures, catalogue covers, and booklets, and the Smithsonian Institute, for instance, is getting some work in Germany to-day. The only place where the American photogelatin printer has a chance to-day is where the customer must have his work immediately, and where he must have good quality, because you can get as good quality in this country as in Germany; but if a man has to wait sixty or ninety days for his goods, an American manufacturer can sometimes get an order for immediate shipment. But it is not only the post cards. That is the most striking feature of it, but the other things are creeping in and getting their hold because of the difference in the price.

Mr. HILL. Will you look into the matter and let the committee know whether the American production is increasing and the foreign importation falling off, or whether the American production is decreasing and the foreign importation increasing?

Mr. RICE. I can tell you that. I will say at once that the American production is falling off. For instance, we used to make a lot of these post cards. We made them for ourselves to sell and for other people to sell, for jobbers. We quit that business because we had to; we could not continue in the business. In other words, all the photogelatin post cards made in this country to-day do not amount to anything compared to what they were a few years ago, and they are being pushed right out of the country, so that there is no market in this country. There is only one answer to that question.

Mr. UNDERWOOD. How much ad valorem duty do you have now?

Mr. RICE. Twenty-five per cent. The photogelatin printed matter—the pictures, because that is what the matter consists of, practically, and there is no printed matter in the actual acceptation of the term—comes in under the head of printed matter on a 25 per cent duty.

Mr. UNDERWOOD. And you want it raised how much?

Mr. RICE. I would like to see it raised to 60 per cent.

Mr. UNDERWOOD. What effect would a duty of 60 per cent have in the trade and on the revenue?

Mr. RICE. It would put us, I think, on about an even keel, so far as purchases are concerned, with the importer, and we do not ask anything else. All we want is just to be put on an even keel. If we can not merchandise our goods and make the quality as good as the foreigner can, that is our lookout.

Mr. UNDERWOOD. Do you think that 60 per cent would exclude the foreign goods?

Mr. RICE. No, sir.

Mr. UNDERWOOD. How much of the American market would your production control?

Mr. RICE. I think we might get back what we have lost, and perhaps divide the business with them.

Mr. UNDERWOOD. You think that it would give you control of 50 per cent of the business?

Mr. RICE. I think so.

Mr. UNDERWOOD. And not more than that?

Mr. RICE. Yes; and I do not know whether we could get that.

**THE CAMPBELL ART COMPANY, ELIZABETH, N. J., SUBMITS
SUPPLEMENTAL BRIEF ON PHOTOGELATIN PRINTS.**

ELIZABETH, N. J., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We ask that the products of the photo-gelatin press be classified in the tariff schedules separately from other "printed matter," excepting photogravures, as both the process and the products differ entirely from other printed matter, and at present are not mentioned at all in the tariff. We ask that the duty on imports of photo-gelatin and photogravure work, which are similar in character,

be made not less than 60 per cent ad valorem, for the reasons stated below and in our original brief.

Strictly speaking, the photo-gelatin process is a fine art, and the work turned out by it is a luxury. The process is very slow—500 sheets a day for one press, as against 3,000 to 5,000 from a type of lithographic press. The cost of the work, especially as a finer grade of paper must be used, is correspondingly large. This narrows our business down to art pictures (samples of which are hereto attached) and to the highest grade of commercial work, such as book inserts, postcards, expensive calendars, and the like. There is not enough art business to keep the photo-gelatin concerns going, and the commercial work, on which our very existence depends, is going elsewhere, chiefly to Germany, but also to France, Austria, and England. If individuals or publishers want book illustrations, fine catalogues, art reproductions, or high-grade post cards, they order them chiefly from abroad, unless they are in a hurry for the delivery. For more than thirty years this dainty and beautiful process has struggled along in this country without making money for anybody. One after another of those engaged in it have sunk their capital, and those remaining in it are obliged to rely on accessory lines of business in order to keep their plants running.

Abroad it is entirely different. In Germany huge factories operating 20 or more power presses each, are running from ten to fourteen hours a day and thousands of people are employed and a large fraction of the output is marketed in the United States, coming in as "printed matter," at 25 per cent, if it does not come in under the head of lithographs, etc., at a still lower duty. Here it is not considered important enough to be mentioned in the tariff, but we can assure you, gentlemen, that it is a vastly important matter to the eight or ten concerns who have invested between two and three million dollars in the business, and we trust we are not so small as to escape notice altogether in the adjustment of the tariff. We ask for at least 60 per cent ad valorem on photo-gelatin and photogravure prints and cards, and this could scarcely be called an advance of the present duty because photo-gelatin and photogravure work has not been classified at all. It would be putting us, rather late to be sure, where we belong, namely, in a position to compete successfully with foreigners who pay about one-third as much for a longer day's work, and one-half as much for materials as we are obliged to. The exports of photo-gelatin work from this country in 1907 were practically nothing, probably less than \$10,000, and consisted almost entirely of reproductions of copyrighted pictures protected under the international copyright law. The imports for that year (1907) were \$350,000 at the port of New York alone. It is conservatively estimated that \$150,000 more came in at Boston, Philadelphia, and other ports of entry, making \$500,000 worth of photo-gelatin imports alone without counting gravures, which also came in as "printed matter" on a 25 per cent duty. Five hundred thousand of these recently came from England on one consignment, to be framed and sold in competition with our own products.

Since submitting our original brief we have carefully investigated the output from the eight largest photo-gelatin concerns and find it to have been less than \$1,000,000 for 1907, whereas the entire importation of photo-gelatin and photogravure work at all ports of entry

would run up well toward that sum. In the largest single item, post cards, all of which should have been made here, we have been put out of business. The plain cards, which are laid down in New York, duty and commission paid, at from \$2 to \$4 per thousand, cost nearly double that to manufacture here; and the colored cards, which are quoted at from \$4 to \$5 per thousand, are a still more difficult proposition. (Attached are prices quoted by dealers to substantiate the above.)

Properly protected there is no reason why the photo-gelatin process should not flourish here as well as abroad and become an important commercial factor. It is probable that an increased demand for the presses would bring about their being built here and thus create a new industry.

The question of encouraging and keeping alive the photo-gelatin process is one that means more than the mere welfare of those who are engaged in it. The process itself is invaluable for the fine reproduction of art pictures, drawings, or natural objects. It is called for by the United States Geological Survey, the National Academy of Sciences, the Bureau of Ethnology, the United States Fish Commission, the Bureau of Forestry, Smithsonian Institution, Carnegie Institute, and others. (Samples along these lines are hereto attached as evidence both of the quality and practical usefulness of the work.)

We do not expect or ask for a monopoly of the market for our products. We realize that the Government is largely supported by the duties imposed on importations, and we are willing to stand our share of the burden, but a 60 per cent duty would by no means be prohibitive, and if imports fell off one-half, which is extremely improbable, the government revenues would be greater than they are to-day with a 25 per cent duty, and the other half of the business would be the salvation of those who in thirty years have never asked for help or protection, but who sorely need it now.

CAMPBELL ART COMPANY,
ARTHUR F. RICE, *Vice-President.*

EXHIBIT A.

NEW YORK, *November 18, 1908.*

The CAMPBELL ART COMPANY, *City.*

GENTLEMEN: In reply to your inquiry of the 17th, we are sending you, under separate cover, samples of our plain photo-gelatin cards and offer you same in lots of 25,000; that is, 1,000 each of 25 subjects, at \$3.25 per 1,000. The same cards in hand painted would cost \$5 per thousand extra.

We are also inclosing you some samples of the hand-painted cards, and should be pleased to soon hear from you again.

We have a cheaper hand-colored card which we offer at \$7.50 per thousand, and if you want to see samples kindly let us hear from you.

Our terms are 2 per cent ten days, or thirty days net, after receipt of goods.

Hoping to soon hear from you, we remain,

Yours, very truly,

LAESSIG & Co.
Per W. E. GERNAN.

EXHIBIT B.

NEW YORK, *November 18, 1908.*

CAMPBELL ART COMPANY,
New York, N. Y.

DEAR SIR: Replying to your favor of the 17th instant, will say that we can make delivery of black and white gelatin cards in eight weeks after receipt of photos. Advance samples are generally received after five or six weeks, and the goods arrive two weeks later. If 25 subjects are ordered at one time, we can quote you \$3.10 per 1,000, and the same card hand-colored style, best quality, at \$5.75 per 1,000 f. o. b. New York, 2 per cent ten days, or thirty days net.

We also print 500 of a subject in these two styles if necessary, but of course the prices are, in proportion to the larger quantity, much higher.

We inclose you herewith a few samples of our works, and, hoping that you will favor us with your esteemed commands, we remain,

Very truly, yours,

NEWFIELD & NEWFIELD.

P. S.—If you desire to buy in marks at the factory, you do pay all charges from either Berlin or Frankfort to this port. You can save about 5 per cent on the above quoted prices, but this would only pay you if you get shipments of not less than 50 mille at a time.

PAPER NOVELTIES.

[Paragraph 407.]

**THE PAPER NOVELTY MANUFACTURING CO., NEW YORK CITY,
 ASKS A COMPOUND DUTY ON ITS PRODUCTS.**

NEW YORK, *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to file with you our brief regarding the tariff on paper decorations and paper novelties.

The products involved are paper decorations and paper novelties.

These are at present classed under paragraph 407, Schedule M, as all other paper not specially provided for in this act and are at present subject to a duty of 35 per cent ad valorem.

We respectfully recommend that these articles henceforth be specially classified as paper decorations and paper novelties and that they henceforth be subject to a specific duty of 6 cents per pound and 25 per cent ad valorem. In view of this we recommend that the following paragraph be inserted into the new tariff law "On all paper decorations and paper novelties a specific duty of 6 cents per pound and 25 per cent ad valorem."

REASONS.

Letter A from S. H. Knox & Co., of Buffalo, N. Y., of the 5 and 10 cent syndicate, having eighty-odd stores, gives some idea of the quantity of this line of goods used by such a concern. This

order would (including a proportionate amount of 10-cent bells) have amounted to upward of \$15,000; this entirely without any other form of paper novelties other than the red tissue bell. This concern also sells green paper bells, paper garlands and wreaths, and a conservative estimate of their complete order in paper novelties would be \$20,000.

F. W. Woolworth & Co., of New York, have 200 stores, and figures proportionately they would use \$47,059 worth of these goods annually. S. H. Kress & Co., of New York, and F. M. Kirby & Co., of Wilkes-Barre, Pa., each have 85 stores, and would use approximately \$20,000 worth. J. G. McCrorey & Co., of New York, have 65 stores, and would use probably \$15,000 worth annually. Then there are E. P. Charlton, of Fall River, Mass., with 32 stores; S. S. Kreage, of Detroit, Mich., with 19 stores; and several other syndicates with 10 and 15 stores, who would use proportionate amounts.

Then there are Sibley, Lindsay & Curr Company, of Rochester, N. Y., and Butler Brothers, of New York City, George Borgfield & Co., of New York, Stroebel & Wilkin Company, of New York, and several others throughout the country who use from \$5,000 to \$20,000 worth of goods in this line annually. Then, there are hundreds of stores who use from \$500 to \$3,000 worth of these goods throughout the year. At present fully 85 per cent of the business in this line goes to foreign manufacturers.

Again, calling your attention to letter "A." In reply we wrote that we would have special dies made for any size that might be desired.

Now, calling your attention to letter "B." The 5-inch bell referred to is shown by sample No. 1. The cost was 62½ cents per gross to produce. We submitted bell No. 2 as one for 60 cents per gross, but it was too small. The 7-inch bell referred to was represented by No. 3, and cost was \$1.04½ per gross to produce. Letter No. 3 represents the regrets of Messrs. S. H. Knox & Co., and when Mr. Connable was seen by one of our representatives on the occasion of his next visit to New York he informed him that the only reason for his placing the order with an import house was because of our inability to compete in the smaller sizes of bells, in which he did his largest business.

Letter No. 4 from Messrs. Sibley, Lindsay & Curr Company, of Rochester, N. Y., shows plainly the inability of the domestic manufacturer to compete with foreign manufacture of the goods. We are using machinery identical to that used in the manufacture of the foreign article, having imported our original machines from Europe.

The differences in costs, as shown by the example cited below, must therefore be accounted for in the difference between wage scales of the different countries as compared with those existing in the United States.

Bell No. 4 is an imported bell. These would cost us 27 cents per gross to produce. These bells are sold to the jobber by the importer at 30 cents per gross. The importer sells these goods at a profit of 10 per cent. This 30 cents then represents the 100 per cent of cost (duty paid) and the 10 per cent profit. The cost (duty paid), therefore is 27½ cents per gross. This 27½ cents now represents the 100

per cent billed to the importer and the 35 per cent duty; the cost as billed to the importer is therefore $20\frac{1}{4}$ cents.

In this class of goods a manufacturer can not possibly sell at less than 20 per cent profit, as he must figure his running expenses into the goods and also allow for wear and tear on the machinery and breakage of dies. Granting that the foreign manufacturer makes in this instance the minimum profit, this $20\frac{1}{4}$ cents now represents the 100 per cent of importer's cost and this 20 per cent profit. The manufacturer's cost price is therefore practically 17 cents per gross; as previously stated, it would cost us 27 cents per gross to produce this bell. We have then a difference of 10 cents per gross. These goods weigh 12 ounces to the gross. The specific duty at 6 cents per pound would equal $4\frac{1}{2}$ cents. The 25 per cent ad valorem duty would equal $4\frac{1}{4}$ cents. Adding the two we have $8\frac{3}{4}$ cents, leaving a difference of only $4\frac{1}{2}$ cents in the cost of production of the foreign article and that of the American.

Bell No. 5 represents a bell of foreign manufacture, which is sold by the importer to the jobber at 60 cents per gross, whereas the same size costs us to produce 58 cents per gross. Again, figuring off the 10 per cent importer's profit, the 33 per cent duty, and once more allowing that the foreign manufacturer makes the minimum profit, we find the cost of the production of the foreign article to be $34\frac{5}{8}$ cents. This article weighs 42 ounces to the gross. The specific duty at 6 cents per pound would be 17 cents. Twenty-five per cent ad valorem would be $8\frac{1}{2}$ cents. Added, would be $25\frac{1}{4}$ cents. Added to the cost price of the foreign production would bring it practically to 60 cents, or about 2 cents higher than the cost of production of our article.

In the case of the fan, sample No. 6. These are sold by the importer to the jobber at 65 cents per gross. Our cost is $63\frac{1}{2}$ cents per gross. Again, figuring off the 10 per cent, the 35 per cent, and 20 per cent, we find the manufacturer's cost of the foreign article to be $36\frac{1}{2}$ cents. The weight per gross is 3 pounds. The specific duty at 6 cents per pound equals 18 cents. Twenty-five per cent ad valorem equals $9\frac{1}{8}$ cents. Added, equals $27\frac{1}{8}$ cents; plus the manufacturer's cost of $36\frac{1}{2}$ cents brings it to $63\frac{5}{8}$ cents, or one-eighth of a cent higher than our cost of production.

Practically the same ratio of comparative costs of production exist throughout the entire line.

It can be seen, therefore, that a specific duty of 6 cents and a duty of 25 per cent ad valorem about equalizes the cost of foreign and domestic production.

Although it is impossible to get at the exact wage scale existing in foreign countries in this line, it can be seen from the fact that although we are using the same machines as that used in the manufacture of the foreign article, the difference must be caused by the difference of wages.

This brings our petition strictly within the lines of the Republican party platform in that part of the tariff plank which says that a sufficient duty will be levied on imported articles so as to equalize the wage scale.

This industry is one comparatively young in this country, and it is one in which the field is enormous. Were sufficient duty levied upon the article so as to enable the domestic manufacturer to compete with

the foreign manufacturer of the goods it is one which would assume large proportions in a few years.

The reason a specific duty and ad valorem duty are asked for in preference to the ad valorem duty is that 6 cents per pound will account for the difference in cost between materials. Six cents per pound and 15 per cent ad valorem is the duty at present levied on tissue papers in reams. The 25 per cent ad valorem allows the domestic manufacturer a fair working margin to account for his manufacturing expenses, such as rent, cost of gas, steam, or electric power, wear and tear on machinery, breakage of dies, etc.

We trust that coming as we do strictly within the lines upon which the tariff is to be revised, our application will be regarded favorably.

Very respectfully,

PAPER NOVELTY MANUFACTURING CO.

EXHIBIT A.

BUFFALO, N. Y., *May 28, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
New York, N. Y.

GENTLEMEN: In regard to the Christmas-bell business, there are some novelties in the way of paper stars that we can only get on import, and we do not want sufficient quantities to make individual shipments. Also extra inducements were tendered us to get the order on bells. Both of these matters influenced us to place the order elsewhere.

The writer regrets very much to have put you to so much trouble, but assure you that the quotations are strictly confidential, and I appreciate your disposition to meet our wishes in every way, and trust we may be able to give you some business possibly in this line out of stock through the fall, if not in some other line, that will reimburse you in a way for the time spent with us.

Yours, truly,

S. H. KNOX & Co.,
Per RALPH CONNABLE, JR.

EXHIBIT B.

BUFFALO, N. Y., *April 4, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
New York, N. Y.

GENTLEMEN: Yours of the 2d at hand, and in reply will say after going over our figures we find that the quantity that we could give you of the small paper bells is not very heavy. We could use probably 5,000 gross to sell at 6 for 5 cents; 1,200 gross to sell at 2 for 5 cents; 1,200 gross to sell at 5 cents; all red, heavy paper. The sizes you submit are not right for these selling prices as to still give us a good margin. The bells that we use should cost us not far from 60 cents, \$2, and \$4 per gross.

We doubt whether this quantity would warrant you in getting up special dies that you could offer us at about these prices.

Yours, truly,

S. H. KNOX & Co.,
Per CONNABLE.

EXHIBIT C.

BUFFALO, N. Y., *April 10, 1908.*PAPER NOVELTY MANUFACTURING COMPANY,
New York, N. Y.

GENTLEMEN: The writer was in New York this week, but did not have time to stop in and see you. We therefore reply to yours of the 7th and will say the 5-inch bell would be all right, except price, and would not sell it at 6 for 5 cents. You should have something in this to cost not over 60 cents per gross. The next size, 3 for 5 cents, your 7-inch bell would do if it did not cost us over \$1. You did not quote us on this in your letter of April 7, so do not know what your price is.

Your 9-inch would answer very well for the 2 for 5 cents bell, and your 12-inch possibly for the 5-cent bell, if you would give us 8 more layers of paper. The meshes should be glued a trifle closer together.

Now this gives you an idea of what we want. Please advise us what you can do in the matter.

Yours, truly,

S. H. KNOX & Co.

**GEORGE BORGFELDT & CO., NEW YORK, OPPOSE SUGGESTED
CHANGE IN CLASSIFICATION OF PAPER NOVELTIES.**

48-50 WEST FOURTH STREET,
*New York, January 25, 1909.*CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: We beg to refer briefly to the request filed with the committee to take such articles as Christmas bells, garlands, and fans (all of tissue paper) out of the purview of paragraph 407 of the Dingley Act, wherein they are provided for as manufactures of paper at the rate of 35 per cent ad valorem, and that the rate on these articles be increased to 25 per cent ad valorem, and 6 cents per pound, making an ad valorem rate of between 50 and 60 per cent.

This we desire to strongly protest against for the simple reason, if no other, that such action would impose upon the importers of this merchandise a gratuitous and unnecessary burden, in that the advance to a specific rate on these articles of about 60 per cent would not be of benefit to the American manufacturer, but would, on the contrary, be of harm to the importer and necessarily diminish the revenue derived from the importation of these articles.

There is no competition between the domestic and the imported article. The imported article can not compete with the same domestic article. The domestic article is made cheaper and is marketed cheaper than the same can be imported, and the sale for the imported article is only to the extent that it is new and novel. As soon as the importers bring out novelties and new goods, place the same upon the market, and they prove successful, they are at once imitated by the American manufacturer, and manufactured cheaper than they can be imported. Importation, therefore, practically ceases, and the domestic article takes its place. This holds true in every instance after a novelty has met with success in the American market.

Reference is made in the application referred to, as one of the reasons the domestic interests are asking for the increased rate on

these tissue-paper articles, is that certain 5-cent and 10-cent houses throughout the country are importing large quantities of paper bells, paper garlands and wreaths, which it is thought desirable to have made and sold here. An element which enters into the placing of orders for these articles by the houses in question, and which is not considered by the gentlemen petitioning, is that, in our opinion, the question of price is not controlling or the one that leads these houses to import these articles, but more so the question of convenience of packing these goods with toys or other goods which they get from Europe. The reason for this is that the demand of the individual small store of these syndicates does not warrant making shipment of these items alone. These stores are scattered throughout the country and in the smaller cities.

A further and cogent reason against removing these articles from the "manufacture of paper" clause, and placing a specific duty upon them as "paper decorations and paper novelties," is that it would lead to endless litigation, and untold confusion would arise. It would be utterly impossible for any examining officer to classify such articles as "novelties." What would be a novelty to-day would cease to be a novelty to-morrow. A novelty article of this nature, after its newness has worn away, is no longer a novelty. Webster defines a novelty as "the quality or state of being novel; new; freshness; recentness of origin or introduction; something novel; a new or strange thing."

With reference to the wage scale referred to, we beg to say that while we have not the facts and figures in comparison between the two, judging from existing conditions it must be in favor of America; otherwise our novelties could not be copied and undersold here in the American market. There is, in addition to the duty of 35 per cent enjoyed by the American market, also the geographical protection, not to speak of the cost of transportation in bringing these goods a distance of some 4,000 miles, plus the additional protection arising from the cost of cases, amounting to about three times as much abroad as in this country. Any difference in the labor charge we believe is more than offset by these additional charges which have to be borne by the importer. At any rate, the result is as stated, that the imported article can not meet the domestic article in competition, and the principal sale of the imported article is so long as it is "novel."

Respectfully submitted.

GEO. BORGFELDT & Co.

PRESS BOARDS.

[Paragraph 407.]

THE ROGERS PAPER MANUFACTURING COMPANY ASKS FOR ADEQUATE PROTECTION FOR PRESS PAPER.

WASHINGTON, D. C., *December 21, 1908.*

TO HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

DEAR SIR: We have the following facts to lay before you and the committee in reference to the higher grades of press boards:

The present duty on the lower grades is ample, but on the higher grades it is inadequate.

The high-grade press boards are known in the American market as press board, press paper, and sometimes as Fuller's boards. In the European market they are often simply called cardboard or press cardboard.

This product does not appear in the present schedule. It is commonly included under miscellaneous paper products like boards or cardboards, but it is an entirely different manufacture. Cardboards are made largely from a waste product or from wood pulp. Press boards of these higher grades are made entirely from the best kind of new rags, and are finished by continuous, long, and repeated rolling and by friction surface burnishing, which consolidates and highly surface-finishes it, so that it is a radically different article from the common wood, straw, or binder's board. The price per ton often rises to \$400, according to the labor spent in the rolling and surface-finishing.

Present law, see schedule M, paragraph 407.

Change desired: On the higher grades, selling from 8½ cents to 20 cents per pound, 35 per cent to 70 per cent.

Reasons therefor: These high-grade press boards are manufactured from rags, and not at all from wood pulp or waste papers.

Amount of product in the United States is estimated about 6,000 tons per year on all grades.

Price of high grades of press board as sold in the market is 8½ to 20 cents per pound, according to the quality.

Product used for what purpose: Finishing textile goods, especially silks, woolens, and knit goods.

Number of persons interested in the industry are estimated at about 250.

Percentage of labor to cost of material in finished product of the high grades of press board: Approximately 80 per cent and upward of cost of product is labor only.

Opposition from abroad is active and increasing. Owing to the lower price of labor abroad, foreign manufacturers are able to pay freight charges, a profit to the paper dealer or middleman, and the present duty of 35 per cent, and still undersell us in this country. This is true to such an extent that at the present time we manufacturers here are shut out of our own home market when we try to sell our high grades of press boards.

The average price paid a workman here for finishing press board will run from \$2.25 to \$3 per day, and for the same labor abroad, for finishing, the workman is paid from 75 to 90 cents per day.

The foreign manufacturer has little if any advantage over us excepting as to labor, but in our particular product, this highly finished press board, the cost of the labor is fully 80 per cent of the entire cost of the product; hence his advantage is so great that he controls our home market on the high grades of press board.

Our company has installed considerable machinery for finishing high grades of press board, which lies idle months at a time simply because we can not sell our product here in our home market under the present conditions.

Give us cheap labor or adequate tariff protection and we can produce these goods.

We have the honor to remain,

Yours, sincerely,

THE ROGERS PAPER MANUFACTURING Co. (Incorporated),
KNIGHT E. ROGERS, *President.*

STRAWBOARD.

[Paragraph 407.]

THE CALIFORNIA PAPER AND BOARD MILLS, SAN FRANCISCO, ASKS A HIGHER DUTY ON STRAWBOARD.

SAN FRANCISCO, CAL., *November 20, 1908.*

HON. J. C. NEEDHAM, M. C.,
Washington, D. C.

MY DEAR MR. NEEDHAM:

* * * * *

We are the only company left on this coast manufacturing strawboards, all the others having gone to the wall. We have been forced through foreign competition on strawboard to almost abandon the production of that important article.

This board is made from straw produced by the farmer and with the use of lime and other products manufactured on this coast. The market is now being supplied with strawboard from Japan, Germany, and Holland.

The lowest labor that we have in our employ is \$1.75 per day, and this varies up to \$5 per day. Our last figures on the cost of production show that it costs us \$27.88 to produce a ton.

The receiver of the United Boxboard Company, which failed in the East recently, in his printed report shows that it cost them East about \$26, no doubt the difference being in slightly reduced common labor.

A wholesale paper house here has lately contracted for 500 tons of strawboard from Holland at \$28.50 per ton delivered in this city, duty and freight paid.

As the raw material costs them very near as much as it does us, you will see the difference is almost entirely in the cost of labor. Deducting freight and the present tariff, they only receive about \$16 for their boards at the mill, whereas it costs us at least \$10 more per ton to produce the same board at our mill, which difference is represented in the increased wages we pay our help.

Under the circumstances, not only should the duty not be reduced on strawboard, but, in order to keep this industry from entirely ceasing, it should be increased.

If this were done we would be able to use more raw material produced by the farmer and other products of the producer in this State, keep our present help at their present wages, and our money on this coast, instead of sending it abroad.

I am writing to you personally because of my old acquaintance with you, and also because this company is the only one on this coast

engaged in this form of business, and it was impossible to join with any other interests in presenting the matter.

Japanese strawboard is selling in this market, duty and freight paid, for \$28 to \$30 per ton, according to sizes.

Thanking you in advance for any attention that you may give this request, and hoping to hear favorably from you in regard to it, I am,

Very truly, yours,

M. R. HIGGINS, *President.*

SAMPLE BOOKS AND CARDS.

CHICAGO, *November 14, 1908.*

HON. SERENO E. PAYNE, M. C.,

Chairman of Ways and Means Committee,

Washington, D. C.

DEAR SIR: We respectfully call your attention to the importation of sample books and sample cards from foreign countries, and in particular from Germany and Switzerland.

We find the law governing sample books very slack, inasmuch as the law reads that samples of no value should enter our ports free of duty.

This may be justice all right, or very desirable for the importer, but it is certainly a great injustice to the sample-book and sample-card manufacturers of the United States.

Samples entering this country without a duty might be justified, but that sample books which contain samples should not be subject to a duty is an absolute injustice to the manufacturers of sample books and sample cards in this country, as well as to the bookbinders and printers employed in that trade.

We have taken this matter up with the American Protective Tariff League of New York, of which we are, by the way, members, and they advise us that on the 25th instant the matter of pulp, paper, and books will come before your committee.

We have reason to believe that the importation of sample books and sample cards are railroaded through the custom-house with a few samples in them, making them sample books of no value under the present law, and yet these books are filled for several seasons with new samples and carried by the various salesmen from the Atlantic to the Pacific coast.

We know, for instance, of firms who are importing certain sample books amounting to from \$500 to \$2,000 a year, and on all the book-binding and printing not a cent of revenue is paid, because the claim is made that sample books enter this country free of duty.

If it would be necessary for us to send a sample to you we shall gladly do so, or furnish you with any further information you might desire. As a rough estimate, and a very conservative figure, we believe at least \$100,000 importations per year are made which are not paying duty.

Very respectfully, yours,

E. W. BREDEMEIER & Co.,
E. W. BREDEMEIER.

PAPER MATERIALS.

**GEORGE W. WHEELWRIGHT PAPER COMPANY, BOSTON, MASS.,
ADVOCATES REDUCTION OF DUTY ON ALL ARTICLES WHICH
ARE USED IN PAPER MAKING.**

95 MILK STREET, BOSTON, *January 4, 1909.*

To the Committee on Ways and Means of the House of Representatives:

Respectfully represents the George W. Wheelwright Paper Company of Massachusetts, manufacturers of book and card papers, that it sent representatives to the hearing before your committee on November 21, 1908, and that lack of time prevented your committee from hearing these representatives, and the said company therefore asks leave to file this short brief.

Your petitioner desires to call your attention to the fact that it, like other manufacturers, is a large consumer as well as producer. There has not been made to your committee any suggestion that the rates of duty on paper should be increased.

In the general scheme of tariff revision it seems proper that with the idea of raising revenue and reducing the artificial scale of prices the duties of many imported articles will be considerably reduced. That such a reduction would be for the benefit of the community at large, and of the manufacturers in particular, seems to have been the opinion of both political parties in the last campaign, and it seems clear that it is only by reduction that the cost of the articles consumed in paper making, for instance, can be reduced for the benefit of the consumer as well as of the manufacturer.

The experience of the past twenty years has shown that the consumer of paper has constantly benefited by the lowering of manufacturers' costs, and that the consumer has had almost the entire benefit of the savings of the manufacturers as represented in increased plants; the increased production, the essential element in the reduction of costs, being made possible only by increased facilities, requiring large investments.

As an illustration of this reduction, the price of uncalendered book paper in 1888 was 6 cents per pound and is to-day 4 cents per pound. The industry seems to have reached the point that, while some further reduction in cost of production may be arrived at by improved economical methods of manufacture, the only great reduction of cost possible would be from a reduction in the price of the articles consumed in manufacture. Below is appended the table of duties upon articles consumed in paper manufacture.

Lumber, sawed boards, etc., planed on one side, \$1 per thousand, and higher as further worked on, up to \$2.50 per thousand. (Paper manufacturers consume large quantities of lumber in making packing cases, and a great quantity of heavy lumber is used in the construction of mills and works which have to be continually renewed.)

Steel castings, etc., section 135 of the tariff of 1897. Steel beams, 0.5 of a cent per pound. Machinery, 45 per cent ad valorem.

Coal, bituminous, \$0.67 per ton.

Wire cloth: The rate of duty imposed on wire, which is 45 per cent ad valorem, and in addition thereto $1\frac{1}{4}$ cents per pound.

Felts valued at over \$0.70 per pound, the duty per pound is four times the duty imposed by the Dingley bill on 1 pound of unwashed wool of the first class, that is \$0.44 and 55 per cent ad valorem.

Chemicals: Alum, duty one-half cent per pound, price 1 cent delivered our mill. Soda ash, three-eighths cents per pound, price 1.04 cents per hundred pounds delivered. Bleaching powder, one-fifth of a cent per pound, price per hundred pounds 1.35 delivered.

Colors: Prussian blue, 8 cents per pound. Ocher, one-eighth of a cent per pound. Ultramarine blue, $3\frac{3}{4}$ cents per pound. Wood pulp chemical bleached, one-fourth of a cent per pound; unbleached, one-sixth of a cent per pound. Wood pulp ground, one-twelfth of a cent per pound.

As far as your petitioner is aware, no request has been made your committee to increase the duties on any of these articles except upon colors. The manufacturers of coal-tar dyes have asked you for (a) the removal of the duty on all intermediate products, and (b) an increase from 30 per cent to 40 per cent ad valorem of the duty on aniline dyes.

These manufacturers now import intermediate products, which may have reached the seventh, eighth, or ninth stage in a scale of ten steps in the process of manufacture, the object being to get as near the finished article as possible without subjecting it to the duty of the final resulting color. The conversion of these intermediate products into aniline dyes is very slight and simple. The manufacture of coal-tar dyes in their entirety from the raw material is an industry, but the buying of intermediate products and converting them into dyes is a business but not an industry.

Your petitioner wishes to record its objection to the increase of the duty on aniline dyes.

But your petitioner, thinking it probable that your committee will determine in their revision of the tariff upon a general lowering of duties, desires to make clear to you the great benefit which would accrue to it as a manufacturer were the burden of the tariff on the above articles lightened.

Were this done, a reduction in the duties upon manufactured book paper could properly be made.

Such a reduction, particularly of the duties on coal, iron, lumber and wood pulp, would tend to preserve the natural resources of the country, and to bring about a decided reduction in the cost of paper. (It is estimated that each ton of book paper manufactured is enhanced in cost some \$3 by the duties upon the factors which go to make it.) The protection which is given to a manufacturer by cheapness of raw material and of articles consumed, aids him in all his transactions, domestic and foreign, and enables him to maintain a steady production.

Particularly in regard to coal is a reduction or a taking off of the duty much to be desired; for example your petitioner makes about 15,000 tons of paper per annum, and consumes in so doing about 15,000 tons of coal. As its mills are situated in New England, it is at a disadvantage in the matter of the price of coal over mills in any other of the paper-making States outside New England. Even if the price of the coal now consumed is not increased by the whole

amount of the duty on it, it is clear that there is some enhancement of cost. The matter of coal prices is largely a question of freights; New England's natural coal fields are in the maritime provinces, while western parts of Canada would naturally get their coal from the United States were it not for the tariff line.

Esparto grass is a very valuable fiber for the manufacture of paper. This grass is not grown in this country in any commercial quantities, and should be put on the free list, and pulp made from this grass, which now is subject to a duty of 45 per cent, should certainly not pay a higher duty than chemically prepared wood pulp; but, as it is a pulp which can not be produced in competition with wood pulp, it would, however, be very desirable to place it on the free list. Esparto pulp is made in England to advantage, because the grass is brought back together with ores by the ships bearing coal to the ore-producing countries which also produce Esparto grass, such as Spain and Algiers.

Our commercial arrangements do not permit this interchange.

The cost of manufacturing book paper is not only increased by the above duties on the articles consumed in the process, but by the higher wages paid in this country. More than twice the daily wage is paid than in Great Britain, for instance. When these increased costs are considered, it is evident that the duty on the final product is moderate and just.

In conclusion, your petitioner would state that it recognizes the necessity of the Government raising a revenue adequate for its needs, and it feels it to be just that the paper industry should, in common with the other great industries, bear its share of the burden. It believes that the tariff should be so contrived as to cheapen the raw materials of manufacture, to conserve the natural resources of the country, and to bring about a reduction of the artificial prices of all commodities which greatly increase the cost of living and have of late years made the burden of local taxes exceedingly heavy.

Respectfully submitted.

GEO. W. WHEELWRIGHT PAPER COMPANY,
By GEO. W. WHEELWRIGHT, *President*.

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